

# VALUE CREATION MODEL

OUR CAPITALS...

...ENABLE VALUE-ADDING

BUSINESS ACTIVITIES THAT CREATE...

INPUTS

BUSINESS OVERVIEW



## FINANCIAL

- **RM30.9 billion** market capitalisation
- **RM20.5 billion** total assets
- **RM1.6 billion** free cash flow
- **RM1.9 billion** CAPEX



## MANUFACTURED

- **>750,000 km** domestic fibre optic cables nationwide
- **>400,000 km** across **39** submarine cable systems
- **6** data centres (including 1 in Hong Kong)
- **7** edge data centres
- **26** Points of Presence (PoPs)
- **153** Content Delivery Network (CDN)



## INTELLECTUAL

- AI Centre of Excellence
- Multimedia University (MMU) as education arm
- TM R&D with **RM55 million** investment value in R&D
- **167** total number of researchers
- TM Learning & Development
- TM Digital Academy
- TM One Innovation Lab & Enterprise 5G Lab



## HUMAN

- **17,300** Warga TM
- **RM22.6 million** invested in training and development



## SOCIAL & RELATIONSHIP

- **>1,800** active suppliers with **RM3.6 billion** spent on local suppliers
- **RM57.4 million** invested in community development including scholarships, humanitarian efforts and social impact programmes
- **506** TM-managed NADI centres nationwide



## NATURAL

- **480,521 MWh** of energy consumed
- **1,681** megalitres of water drawn from municipal water supplies
- **96,587** MWh of renewable energy through Green Energy Tariff

### Market Trends

- Driving Digital Economy
- Expanding Digital Infrastructure
- Orchestrating Digital Ecosystem
- Embedding Sustainability

For more information, please refer to pages 54 to 57.

### Risks and Associated Opportunities

- |  |  |
|--|--|
| <b>1</b> Geopolitical Uncertainties                          | <b>6</b> IT and Digital Resilience                                   |
| <b>2</b> Infrastructure Readiness for Future Business Growth | <b>7</b> Anti-Corruption and Integrity Practices                     |
| <b>3</b> Mobile Business Growth                              | <b>8</b> Climate Change Impact                                       |
| <b>4</b> Regulatory Compliance                               | <b>9</b> Workforce Development for New Technologies                  |
| <b>5</b> Cybersecurity Threats                               | <b>10</b> Artificial Intelligence (AI) Adoption and Governance (New) |

For more information, please refer to pages 58 to 64.

## BUSINESS ACTIVITIES

BUSINESS-TO-CONSUMER (B2C)



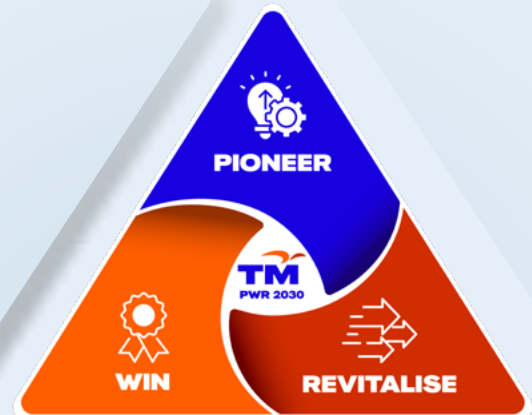
BUSINESS-TO-BUSINESS (B2B)



CARRIER-TO-CARRIER (C2C)



EDUCATION AND NATION-BUILDING



AI-DRIVEN

**PWR 2030:  
DIGITAL POWERHOUSE  
FOR MALAYSIA  
AND THE REGION**

For more information, please refer to pages 65 to 71.

### Material Matters

#### PROSPERITY

- M1** Innovation & Technology
- M2** Customer Experience
- M3** Network Stability & Quality
- M4** Sustainable Value Chain
- M5** Responsible Communication
- M6** Cyber Resilience
- M7** Good Governance

#### PLANET

- M8** Environmental Management
- M9** Climate Change

#### PEOPLE

- M10** Labour Practices & Human Rights
- M11** Learning & Development
- M12** Health & Safety
- M13** Digital Inclusion
- M14** Community Empowerment

...VALUE FOR OUR STAKEHOLDERS

OUTPUTS/  
OUTCOMES

ACTIONS TO ENHANCE OUTCOMES

STRATEGIC  
TRADE-OFFS

UN SDGs



- Total dividend payout: **RM1.2 billion**
- Return on Equity (ROE): **14.2%**
- Return on Invested Capital (ROIC): **12.3%**
- Share Price Growth: **21.05%**

For details, please refer to pages 3 and 4 of the Financial Statements

- Drive sustained revenue growth across lines of business (LOB)
- Improve cost efficiency to boost profitability
- Optimise cost of capital to maximise shareholder value and returns

Financial Capital is channelled into Manufactured, Intellectual, Human, Social & Relationship and Natural Capitals through investments in digital infrastructure, innovation, talent and sustainability. While this may temporarily reduce Financial Capital, it strengthens earnings resilience, operational efficiency and long-term value.



- 3.2 million** fixed broadband customers
- >1.1 million** fixed broadband customers subscribing to mobile and content services
- >400,000** MSME customers
- >2,000** government customers
- >5,000** enterprise customers
- 194** domestic customers
- 580** international customers

- Strengthen network resilience and capabilities
- Enhance convergence offerings as well as MSME digital solutions and trainings
- Strategic investments and partnerships in future-ready digital infrastructure

Investments in network expansion, resilience and next-generation digital infrastructure require upfront capital and ongoing cost commitments. While impacting near-term Financial Capital, these investments enhance service quality, scalability, customer growth, long-term competitiveness, while ensuring long-term revenue for the company.



- MMU's new **Faculty of AI and Engineering (FAIE)** established
- First Malaysian telco to be certified under **ISO/IEC 42001:2023 AI Management Systems (AIMS)**
- 1,217** SCOPUS research publications
- 92** Intellectual Property Rights (IPRs)
- Introduced **new smart solutions** such as Vision AI

- Strengthen capabilities in digital innovation and research
- Foster industry-academia collaboration to advance knowledge and talent development
- Strategic investments in R&D

Investments in R&D, AI capabilities and talent development to build a strong innovation pipeline may have immediate financial impact and longer gestation periods. However, they enhance TM's ability to develop proprietary solutions, strengthen research output and intellectual property, and drive continuous innovation to support long-term growth while supporting national talent development.



- 100%** *Warga TM* trained in data governance, digital products and cybersecurity
- A total of **1,118,761** training hours delivered with **11,078** training sessions concluded
- Onboarded **3,534** Digital Competent talents in the Talent Marketplace Platform

- Continue equipping *Warga TM* with the skills and mindset to enhance digital capabilities through structured training and development programmes

Investments in workforce upskilling, digital capabilities and organisational development may initially impact Financial Capital in the short term. Nevertheless, they build a more agile, productive and future-ready workforce, supporting execution excellence and sustained performance.



- 104** active vendors in TM's Bumiputera Vendor Development Programme (BVDP)
- 225,830** beneficiaries including communities, students and general public
- Rolled out of flagship community programmes such as *Jangkau Digital TM*, TM Future Skills, as well as support for national sepak takraw development and neurodivergent community

- Empower suppliers through capability-building initiatives
- Support local entrepreneurs through empowerment initiatives and industry-relevant training
- Continue to strengthen community empowerment programmes

Investments in supplier development, ecosystem enablement and community initiatives require dedicated financial resources without immediate financial returns. Over time, these efforts strengthen stakeholder trust, expand market access, support inclusive growth and reinforce TM's nation-building role.



- TM's carbon emissions reduction improved by **34%** from the 2019 baseline
- Strengthened water disclosure from **8** sites in 2024 to **60** sites in 2025
- Implemented rainwater harvesting for non-essential use

- Reduce energy consumption through partnerships with solar power producers (SPP) and network modernisation and optimisation
- Reduce water reliance on municipal supplies through improved water management and technology use

Investments in energy transition, resource efficiency and environmental management involve upfront capital and operational adjustments. While impacting short-term Financial Capital, they reduce long-term environmental risks, improve efficiency, support regulatory alignment and strengthen stakeholder confidence.



IMPACTED STAKEHOLDERS/SUSTAINABILITY AND RELATED UN SDGs

# UNDERSTANDING STAKEHOLDER NEEDS

We are committed to proactive, transparent and continuous stakeholder engagement to build trust, strengthen relationships and create long-term shared value. Through regular, structured and meaningful engagements, we seek to understand evolving stakeholder expectations, ensure alignment with our strategic priorities and deliver positive, sustainable outcomes for all stakeholders.

## Frequency of Engagement

- D Daily  
 W Weekly  
 M Monthly  
 Q Quarterly  
 A Annually  
 B Biannually  
 R When Required

## E EMPLOYEES

### Who They Are and Why We Engage

Warga TM is at the heart of our transformation and nation-building journey towards a Digital Malaysia. We engage with them to cultivate a high-performance, inclusive and purpose-driven culture that supports well-being, lifelong learning and meaningful career growth.

### How We Engage and Frequency of Engagements

- D Emails
- W Internal digital platforms – *Cerita Kita* e-newsletters and Viva Engage, our internal communication and engagement platform
- M Engagement sessions
- B Performance reviews and continuous feedback conversations
- B Employee surveys
- R TM health and well-being app
- M Well-being webinars
- R Clubs and societies

### Stakeholder Expectations

- A workplace that prioritises well-being, safety and work-life balance
- Opportunities for continuous learning, career development and progression
- Clear, transparent communication on company direction and plans
- A culture of trust, togetherness and collaboration, enabled by supportive leadership

### Our Approach

- Foster a safe, healthy and flexible work environment
- Enable continuous learning via TM Learn to build future digital skills, talent and leadership development programmes, such as the ASPIRE leadership programme for women in middle management
- Strengthen internal communication and employee engagement
- Promote open, transparent and timely communication
- Foster a culture of trust, collaboration and empowerment via internal programmes, such as Spark the PWR

### How We Track Value

- Organisational Health Index (OHI)
- Training hours per employee
- OSH performance

#### Capitals Deployed:



#### Material Matters:



For more information, please refer to pages 210 to 220.

## C CUSTOMERS

### Who They Are and Why We Engage

Our customers, from individuals to businesses to the government, rely on TM's infrastructure and digital solutions to grow and thrive.

We engage with them to better understand their needs, enhance the customer experience and build lasting trust that supports sustainable growth.

### How We Engage and Frequency of Engagements

- R Feedback channels
- A Surveys
- R Customer touchpoints
- D Social media listening
- R Loyalty programmes
- R Engagement sessions and meetings
- A Sales conferences and networking events
- R Digital platforms

### Stakeholder Expectations

- Fast and secure connectivity and digital solutions
- Seamless and personalised customer experience
- Value for money and competitive packages
- First-time-right issue resolution

### Our Approach

- Offer a comprehensive portfolio of competitive and tailored services to meet diverse customer needs
- Proactive network monitoring, service notifications and early fault detection
- Customer experience enhancements including Ultra Experience

### How We Track Value

Net Promoter Score (NPS) as a key indicator of customer loyalty, satisfaction and advocacy

#### Capitals Deployed:



#### Material Matters:



For more information, please refer to pages 160 to 163.

**S&I SHAREHOLDERS & INVESTORS**

**Who They Are and Why We Engage**

Our shareholders and investors provide the capital confidence that enables innovation, growth and long-term value creation. We engage with them to ensure transparency, build confidence and deliver sustainable financial returns.

**How We Engage and Frequency of Engagements**

- M** Engagement sessions, meetings and conferences
- R** Site visits
- D** Emails and calls
- R** Website
- Q** Quarterly results announcements, reports, presentations and briefings
- A** Annual General Meeting
- A** Integrated Annual Report

**Stakeholder Expectations**

- Sustainable and competitive returns on investment
- Transparent, timely and consistent disclosures
- Clear visibility on strategy, performance and future prospects
- Sound governance and financial stewardship
- Prompt, informative responses to queries and concerns

**Our Approach**

- Ensure equitable dividend distribution aligned with business performance and capital management
- Maintain structured stakeholder engagements and performance disclosure practices
- Ensure consistent messaging across the Group
- Address investor enquiries promptly and accurately

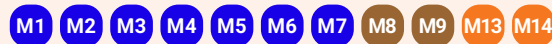
**How We Track Value**

- Total shareholder returns as a measure of investor value
- Dividend payouts aligned with financial performance and capital strategy
- Revenue growth and EBIT as indicators of business resilience and efficiency
- PATAMI as a key measure of profitability and value creation

**Capitals Deployed:**



**Material Matters:**



For more information, please refer to pages 179 to 183.

**G&R GOVERNMENT & REGULATORS**

**Who They Are and Why We Engage**

As a Government-Linked Company, we work closely with the government and regulators to support national development priorities. Our engagement ensures alignment between our commercial strategies and public policy goals, contributing to Malaysia's digital and socio economic advancement.

**How We Engage and Frequency of Engagements**

- R** Courtesy and site visits
- M** Industry working groups
- R** Emails, phone and digital platforms
- R** Site visits
- M** Policy consultations and engagement sessions
- R** Digital and written correspondence

**Stakeholder Expectations**

- Effective policy development and regulatory implementation
- Expansion of digital infrastructure coverage and digital investments
- Improved service quality and customer experience
- Protection of consumer rights and resolution of complaints/disputes

**Our Approach**

- Align initiatives with national targets, such as JENDELA, to accelerate digital connectivity
- Continuously enhance broadband services and rural outreach
- Ongoing compliance and policy collaboration

**How We Track Value**

- Expansion of national fibre connectivity in support of digital inclusion, while enabling the digital economy
- Delivery of long-term public-private partnership programmes aligned with national infrastructure goals
- Compliance with applicable laws and regulations, including the Communication and Multimedia Act (CMA) 1998
- Measurable contributions to national targets through collaborative programmes and policy support

**Capitals Deployed:**



**Material Matters:**



For more information, please refer to pages 232 to 235.

## UNDERSTANDING STAKEHOLDER NEEDS

### S SUPPLIERS

#### Who They Are and Why We Engage

Suppliers are strategic partners supporting our operational resilience, innovation and service quality across our value chain. We engage with suppliers to foster sustainable partnerships, promote responsible procurement, support local industry participation and uphold high standards of governance and operational excellence.

#### How We Engage and Frequency of Engagements

- R** Strategic and operational meetings
- M** Emails
- R** Site visits and audits
- R** Supplier development programmes
- R** Engagement sessions

#### Stakeholder Expectations

- Efficient and transparent procurement processes
- Fair opportunities and empowerment for local vendors
- Clear communication on risk and business continuity matters
- Ongoing support for capability development and knowledge sharing
- Quality inspection and compliance assurance

#### Our Approach

- Digitise procurement and vendor engagement processes
- Prioritise inclusive procurement and local supplier participation
- Strengthen vendor capabilities via structured programmes, including the Bumiputera Vendor Development Programme
- Implement ProDigi, TM's next-generation procurement digital system

#### How We Track Value

- Supplier Satisfaction Index to measure vendor experience and relationship quality
- Procurement Maturity Index to assess efficiency and effectiveness of procurement practices
- Progress tracking using ProDigi to monitor transformation milestones

#### Capitals Deployed:



#### Material Matters:



For more information, please refer to pages 168 to 178.

### BP BUSINESS PARTNERS

#### Who They Are and Why We Engage

Our business partners provide complementary capabilities, critical technologies and innovations that enhance TM's value proposition. We engage with them to foster strong, collaborative relationships that drive mutual sustainable growth, innovation, operational efficiency and service excellence across our value chain.

#### How We Engage and Frequency of Engagements

- D** Progress reports
- R** Business reviews
- B** Collaborative sessions
- R** Partner meetings
- A** Industry events
- R** Digital platform channels and website

#### Stakeholder Expectations

- Strong sales funnel and delivery reliability
- Cost optimisation and operational efficiency
- Competitive and innovative solutions

#### Our Approach

- Conduct structured engagements to align strategic objectives
- Foster long-term partnerships that drives joint innovation initiatives and market expansion
- Promote ethical business conduct and shared accountability

#### How We Track Value

- Growth in financial performance metrics to reflect partnership value
- Continuous product and service enhancements through joint innovation

#### Capitals Deployed:



#### Material Matters:



For more information, please refer to pages 168 to 178.

**M MEDIA**

**Who They Are and Why We Engage**

The media serves as a key bridge between TM and the public, shaping perceptions and amplifying our messages. We engage with the media to ensure accurate, timely and transparent communication that safeguards our reputation and supports our broader stakeholder engagement strategy.

**How We Engage and Frequency of Engagements**

- R** News releases
- R** Interviews
- R** Advertorials/Op-eds
- B** Media briefings
- R** Ad-hoc announcements/updates
- R** Media engagement
- D** Social media and digital channels engagement
- R** Emails and calls

**Stakeholder Expectations**

- Respectful and responsive media engagement
- Accurate, factual and timely information
- Clear communication on key developments and public-interest issues

**Our Approach**

- Issue regular news releases and updates on key developments
- Maintain proactive media engagement and rapport-building
- Ensure consistent and credible messaging through trained spokespersons

**How We Track Value**

- Media Impact Score as an indicator of coverage quality, sentiment and message resonance
- Share of Voice to measure TM's proportion of media coverage relative to competitors, reflecting the brand's visibility, prominence and influence within industry narratives
- Positive representation of TM's brand, leadership and strategic direction in media narratives

**Capitals Deployed:** **Material Matters:**



For more information, please refer to pages 179 to 183.

**CO COMMUNITIES**

**Who They Are and Why We Engage**

We engage with communities to promote digital inclusion and socio economic development, particularly among underserved and vulnerable groups. Our initiatives aim to support long-term social impact and a more equitable digital future.

**How We Engage and Frequency of Engagements**

- R** Social media platforms
- R** Events, engagement sessions, social impact and outreach programmes
- R** Emails, calls and digital platforms
- A** Surveys
- R** Digital channels

**Stakeholder Expectations**

- Opportunities for community development and inclusive participation
- Meaningful and sustained social impact initiatives and support for social and environmental well-being, such as in educational scholarships, TVET, TM Future Skills, Kampung Angkat, supporting local sports development via partnership with the national sepak takraw team, Kampung Mukut as the first Smart Eco-Village under the *Jangkau Digital* Programme, supporting Persons with Disabilities (PwDs)
- Provision of aid and resources during times of need, including disaster relief

**Our Approach**

- Invest in high-impact community and digital inclusion programmes that improve livelihoods and access
- Establish open channels for community dialogue and partnerships
- Ensure sustained social and environmental responsibility through local engagements

**How We Track Value**

- Investment in community development and social impact initiatives
- Participation in training, outreach and preparedness programmes

**Capitals Deployed:** **Material Matters:**



For more information, please refer to pages 238 to 245.

## UNDERSTANDING STAKEHOLDER NEEDS

### U UNIONS

#### Who They Are and Why We Engage

Unions are important stakeholders in fostering open communication, protecting employee welfare and maintaining harmonious industrial relations. We engage with unions to align organisational goals with employee interests and promote a collaborative, respectful workplace.

#### How We Engage and Frequency of Engagements

- M** Regular engagement sessions and meetings
- R** Roundtable discussions

#### Stakeholder Expectations

- Alignment between organisational and workforce priorities
- Equitable and transparent welfare provisions
- Open and constructive dialogue on workplace matters

#### Our Approach

- Maintain regular and open engagements with union representatives
- Collaborate on balanced collective agreements
- Foster a culture of mutual respect, fairness and collaboration
- Partner in digital training and upskilling initiatives for workers to enable a future-ready workforce

#### How We Track Value

- Union participation rates as an indicator of employee representation
- Progress in collective agreements and industrial harmony initiatives
- Effectiveness of engagement in addressing workforce-related concerns

#### Capitals Deployed:



#### Material Matters:



For more information, please refer to pages 210 to 220.



As part of our ongoing stakeholder engagement, we provide transparent updates on our performance, strategy and priorities while fostering open and meaningful dialogue with shareholders during the Annual General Meeting.

# DISTRIBUTION OF VALUE CREATED

We generate economic value through our operations and business activities. The distribution of value created illustrates how the financial value generated during the year is shared among key stakeholders, including employees, shareholders and the wider economy, while a portion is retained to support internal business operations, reinvestment and the Group's long-term sustainability, creating lasting value and opportunities for our stakeholders.

## 2025

Value added available for distribution:

# RM7,364.4 million

(2024: RM7,157.6 million)

### FOR OUR EMPLOYEES

## RM3,047.7 million

(2024: RM2,831.0 million)

41.4% of the total (2024: 39.6%) was spent on employment costs, including salaries, EPF contributions, bonuses, medical coverage and other staff benefits, reflecting our commitment to supporting the well-being of our employees.

#### Affected Stakeholders



#### Capitals Deployed



#### Risk Categories



#### Material Matters



### FOR OUR OPERATIONS AND SUSTAINABILITY

## RM2,353.6 million

(2024: RM2,747.3 million)

Profits were reinvested for growth and long-term value through capital investments reflected in depreciation, impairment and amortisation, as well as a net increase in retained earnings.

#### Affected Stakeholders



#### Capitals Deployed



#### Risk Categories



#### Material Matters



### FOR OUR SHAREHOLDERS

## RM1,210.8 million\*

(2024: RM1,096.5 million)

Dividends of 31.0 sen per share (2024: 31.0 sen) were paid to shareholders, reflecting TM's commitment to delivering sustainable value and long-term returns.

\* including dividends and non-controlling interests

#### Affected Stakeholders



#### Capitals Deployed



#### Risk Categories



#### Material Matters



### FOR THE ECONOMY

## RM752.3 million

(2024: RM482.8 million)

Taxes, zakat and contributions to the Universal Service Provision (USP) Fund were paid to the Government and approved agencies,\* supporting nation-building and Malaysia's economic growth.

\* Includes USP contributions regulated under the Communications and Multimedia (Rates) Rules 2002

#### Affected Stakeholders



#### Capitals Deployed



#### Risk Categories



#### Material Matters



# MATERIAL MATTERS

Reinforcing transparency and accountability in our value-creation journey, we continued strengthening our sustainability disclosures in line with global best practices.

In 2025, we began our journey of a strategic transition to align our sustainability disclosures with the International Sustainability Standards Board (ISSB) Standards. This evolution ensures that our reporting meets the global baseline for high-quality, transparent and comparable sustainability information through the adoption of the ISSB Standards.

As part of this transition, we adopted the Additional Transition Reliefs (ATRs), allowing for a “climate-first” disclosure focus. This means our full and granular disclosures under IFRS S2 are focused on climate-related risks and opportunities. However, to ensure this focus remains anchored in a holistic business strategy, 2025’s materiality assessment, in line with our Sustainability Policy, was enhanced through a double materiality assessment. This approach evaluates sustainability performance through two (2) interconnected lenses:



To strengthen business resilience, the double materiality assessment was not limited to climate-related material matters. We have proactively assessed all 14 identified material matters from both financial and impact perspectives. This ensures that even matters that are yet to be subject to full IFRS disclosure are evaluated for their potential implications on our long-term value creation.

[Further details of the materiality assessment process and the materiality matrix are described on pages 121 to 123.](#)

We have also realigned our material matters under the **Triple Bottom Line (TBL) framework** – Prosperity, Planet and People – ensuring our strategy balances commercial success with environmental and social stewardship.

[For further details on Prosperity, Planet and People, please refer to Sustainability at TM on pages 103 to 112.](#)

Following our 2025 double materiality assessment, we sharpened our focus on the issues that drive the most significant impact. We aligned all 14 material matters within three (3) strategic pillars – Prosperity, Planet and People – as detailed below:

**PROSPERITY**

**M1 INNOVATION & TECHNOLOGY**

Leveraging technology to create innovative digital products and solutions that improve efficiency, productivity and service quality for customers, employees and partners

**Our Approach**

Innovation and Technology drives our ambition to build a future-ready, low-carbon digital Malaysia. As the nation builder, we harness innovation and emerging technologies to strengthen our own operational capabilities while extending these advancements to the people and businesses we serve. This focus forms the core of our growth strategy, strengthening operational performance while unlocking new green revenue opportunities across our digital ecosystem.

In 2025, we deliver impact through three (3) priorities through AI-enabled platforms:

- Operational efficiency and optimisation
- Future-ready digital infrastructure
- Sustainable digital solutions

**Opportunities**


- Improve operational efficiency, while optimising cost and resource optimisation
- Scale into new, high-value business domains that unlock new revenue streams
- Continuously innovate to stay competitive, financially resilient and socially relevant
- Invest in research and development to drive transformative discoveries

**2025 Progress and Achievements**

- ~200,000 MWh total customers' energy usage avoided\*
- >150,000 tCO<sub>2</sub>e total customers' carbon emission avoided\*
- >116,000 total customers adopted our sustainable digital solutions\*
- RM55 million invested in research and development

\* Based on identified sustainable digital solutions

**Detailed Initiatives and Metrics**

 For more information, please refer to pages 150 to 157.

**Affected Stakeholders:**



**Related UN SDGs:**



**Risk Categories:**



**Capitals Deployed:**



**M2 CUSTOMER EXPERIENCE**

Deliver consistent, positive experiences across the customer journey to build trust, loyalty and advocacy, while improving satisfaction and engagement

**Our Approach**

Customer Experience (CX) is our core service differentiator and a key enabler of TM's Digital Powerhouse by 2030 aspiration to be a best-in-class service provider in Malaysia and the region. CX is built on trust and the consistent delivery of positive experiences across the entire customer journey. To achieve this, TM manages CX proactively, ensuring meaningful and positive interactions at every customer touchpoint. Guided by this ambition, TM focuses on the following key Customer Experience priorities:

- Enrich Customer Experience
- Proactive Service Management
- Digital and AI Adoption


**Opportunities**

- Fostering positive customer experiences and upholding high service standards
- Digitalising the customer journey to provide a seamless self-service experience
- Strengthening brand loyalty and active customer advocacy

**2025 Progress and Achievements**

- Increased TM Group's NPS by four (4) points, rising from 45 to 49
- Achieved full compliance for all seven (7) elements of the MSQoS (Customer Service) quarterly report

**Detailed Initiatives and Metrics**

 For more information, please refer to pages 160 to 163.

**Affected Stakeholders:**



**Related UN SDGs:**



**Risk Categories:**



**Capitals Deployed:**



MATERIAL MATTERS

**M3 NETWORK STABILITY & QUALITY**

Enhancing network resilience to deliver fast, reliable and uninterrupted digital connectivity for Malaysians

**Our Approach**

As the nation's leading digital infrastructure provider, Network Stability and Quality remains a fundamental, ingrained component of our daily operations and a significant corporate responsibility. In 2025, we focused on:

- Collaborating for a Strong and Reliable Global Network
- Network Modernisation for Resilience and Efficiency
- Advancing Intelligent, Autonomous Operations

AI-driven analytics and automation enable predictive maintenance, faster fault detection and more efficient operations. These capabilities improve service reliability while optimising energy use and resource utilisation across the network.


**Opportunities**

- Strengthening Malaysia's domestic fibre infrastructure to deliver a modern, high-performance and scalable network for the best digital experience
- Positioning TM as a regional data hub, enabling hyperscalers, global carriers and over-the-top (OTT) media services to operate efficiently in Malaysia
- Affirming our commitment as the nation's Fixed-Mobile Convergence (FMC) Champion by delivering a seamless digital experience through integrated fibre and mobile connectivity across both urban and rural communities

**2025 Progress and Achievements**

- Increased our submarine cable network to more than 400,000km
- Invested in six (6) new submarine cable systems over the past three (3) years
- Domestic fibre optic cables increased by 15.4%, while mobile coverage grew by 18.5% on a five-year cumulative basis

**Detailed Initiatives and Metrics**

 For more information, please refer to pages 164 to 167.

**Affected Stakeholders:**



**Related UN SDGs:**



**Risk Categories:**



**Capitals Deployed:**



**M4 SUSTAINABLE VALUE CHAIN**

Contribute to the development of our vendors and suppliers by upholding high standards of environmental, social and governance (ESG) practices across our value chain

**Our Approach**

We embed ESG principles across our value chain through a risk-based lifecycle approach, integrating ESG, safety and Anti-Bribery Management System (ABMS) requirements into supplier selection, contracting and performance oversight. Reinforced by our Supplier Code of Conduct and Integrity Pledge, this ensures ethical, sustainable and responsible practices throughout our value chain.


**Opportunities**

- Strengthen operational resilience by diversifying suppliers and increasing local sourcing
- Deepen supplier partnerships through targeted training, collaboration and ongoing engagement

**2025 Progress and Achievements**

- Enhanced ESG management: Upgraded the Supplier Self-Assessment Questionnaire and Risk Assessment modules, with 459 suppliers participating in 2025
- Supplier engagement: Trained 1,564 suppliers on ESG practices, improving maturity, compliance and competitiveness
- Digital onboarding: Streamlined processes via ProDigi, onboarding 3,512 suppliers and reducing errors

**Detailed Initiatives and Metrics**

 For more information, please refer to pages 168 to 178.

**Affected Stakeholders:**



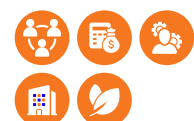
**Related UN SDGs:**



**Risk Categories:**



**Capitals Deployed:**



**M5 RESPONSIBLE COMMUNICATION**

Normalise the practice of open and transparent communication across all levels and channels responsibly, ensuring stakeholders are provided with timely, accessible and relevant information to make well-informed decisions

**Our Approach**

TM adopts a structured and centralised communication approach to ensure all internal and external communications are accurate, consistent and aligned with our strategy, governance and disclosure requirements. Guided by principles of clarity, transparency, factual and verifiable information and timely engagement, we promote accessible and audience-focused communications across all channels.

Our Investor Relations function facilitates proactive two-way engagement with the investment community, while media analytics and stakeholder feedback are continuously reviewed to strengthen communication effectiveness, trust and credibility.


**Opportunities**

- Strengthen trust and credibility through transparent, accurate and ethical communications
- Engage stakeholders responsibly by promoting clarity, inclusivity and accountability

**2025 Progress and Achievements**

- Achieved a Share of Voice of 50%
- Attained a Media Impact Score of 3.4

**Detailed Initiatives and Metrics**

 For more information, please refer to pages 179 to 183.

**Affected Stakeholders:**



**Related UN SDGs:**



**Risk Categories:**



**Capitals Deployed:**



**M6 CYBER RESILIENCE**

Protect our operations and stakeholders from cyber threats, data loss, privacy breaches and sabotage

**Our Approach**

Cyber resilience and information security are embedded within our enterprise governance framework to safeguard customer data and ensure compliance with the Personal Data Protection Act 2010. Group-wide data privacy and governance policies, including the TM Data Privacy and Protection Policy and Data Governance Policy and Framework, set clear standards for protection, accountability and risk management.

As a designated National Critical Information Infrastructure entity, we comply with the Cyber Security Act 2024 through mandated controls, independent audits and incident reporting to protect national digital infrastructure and stakeholder trust. As AI becomes more embedded in operations, governance controls are extended to ensure AI systems are secure, ethical and aligned with established information security and data protection frameworks.


**Opportunities**

- Strengthen defences by implementing robust cyber security measures and continuous threat monitoring
- Protect sensitive data through encryption, secure access controls and privacy-compliant practices
- Enhance company readiness via employee training, incident response planning and regular security audits

**2025 Progress and Achievements**

- Strengthened cybersecurity governance and operational resilience, enhancing employee awareness of emerging risks and promoting responsible digital practices
- Implemented continuous monitoring and structured incident response, improving threat detection and reducing operational risks
- Maintained consistent controls to safeguard digital assets

**Detailed Initiatives and Metrics**

 For more information, please refer to pages 184 to 187.

**Affected Stakeholders:**



**Related UN SDGs:**



**Risk Categories:**



**Capitals Deployed:**



MATERIAL MATTERS

**M7 GOOD GOVERNANCE**

Conduct ourselves with the highest standards of integrity, transparency and accountability, with zero tolerance for corruption and unethical practices

**Our Approach**

Strong governance underpins trust and accountability, shaping the principles that guide ethical decision-making across our organisation. By upholding high standards of transparency, responsible disclosure and reliability, we strengthen confidence among stakeholders, employees and partners. We embed good governance into daily operations to ensure alignment with our values and legal requirements and we enforce a zero-tolerance stance on corruption.


**Opportunities**

- Build enduring trust with investors and regulators through consistent, transparent disclosure
- Safeguard the organisation against fraud and corruption by embedding integrity at every level

**2025 Progress and Achievements**

- Achieved 100% completion of the corruption-free pledge and Declaration of Assets and Interests (DOA) exercise for all *Warga TM*, reinforcing ethical governance
- Maintained 100% certification compliance since 2021, expanding coverage from four (4) HQ divisions to seven (7) high-risk divisions nationwide
- Strengthened audit readiness through the appointment of 17 ABMS Coordinators and training of 68 Certified Lead Auditors, enhancing ISO 37001:2025 compliance and transition planning
- Governance oversight was further strengthened through the Artificial Intelligence Management System (AIMS) certification under ISO/IEC 42001:2023, reinforcing responsible, transparent and well-governed use of AI across the organisation

**Detailed Initiatives and Metrics**

 For more information, please refer to pages 188 to 195.

**Affected Stakeholders:**



**Related UN SDGs:**



**Risk Categories:**



**Capitals Deployed:**



**PLANET**

**M8 ENVIRONMENTAL MANAGEMENT**

By proactively managing our environmental footprint, we mitigate regulatory and reputational risks while avoiding potential penalties. These practices strengthen our operational resilience, drive greater efficiency and achieve long-term cost savings.

**Our Approach**

We manage our environmental footprint through maintaining strict regulatory compliance and voluntary initiatives. Our operations are governed by statutory requirements such as the Environmental Quality Act 1974 and the Solid Waste and Public Cleansing Management Act 2007. While for voluntary initiatives, we adopt global standards, such as ISO 14001 Environmental Management System and ISO 50001 Energy Management System, to systematically improve resource efficiency and optimise energy consumption.


**Opportunities**

- Generate value from decommissioned assets through recycling, refurbishment and redeployment
- Enhance Group-wide operational standards by achieving and maintaining ISO environmental certifications

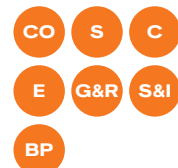
**2025 Progress and Achievements**

- We expanded our waste and water boundary disclosures from eight (8) sites to 60 sites
- Achieved a carbon avoidance of 4,818 tCO<sub>2</sub>e by diverting 9,372 tonnes of scheduled waste from landfills to licensed recovery facilities
- Extended the operational lifecycle of more than 1,000 EUC units through refurbishment and redeployment initiatives
- Three (3) TM data centres were certified under ISO 14001 and ISO 50001

**Detailed Initiatives and Metrics**

 For more information, please refer to pages 196 to 202.

**Affected Stakeholders:**



**Related UN SDGs:**



**Risk Categories:**



**Capitals Deployed:**



**M9 CLIMATE CHANGE**

We focused on reducing Scope 1, 2 and 3 emissions across our operations to future-proof the business and ensure reliable digital services for the nation.

**Our Approach**

Our approach focuses on managing our direct impact (Scope 1) by reducing fossil fuel consumption across our fleet and backup generators, including transitioning to electric vehicles. We are lowering our indirect impact (Scope 2) by prioritising energy efficiency and increasing renewable energy adoption across our network and data centres. Additionally, we strive to improve our emissions data accuracy (Scope 3) by expanding our reporting boundaries across our upstream and downstream value chain to strengthen transparency and accountability.


**Opportunities**

- Align with global IFRS S2 standards while maintaining a high-integrity climate strategy
- Drive long-term savings by reducing dependency on fossil fuels and volatile energy markets through Energy Efficiency (EE) and Renewable Energy (RE) initiatives
- Enhance regulatory readiness to mitigate sustainability-related transition risks

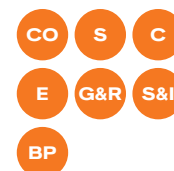
**2025 Progress and Achievements**

- Successfully aligned our climate reporting with the IFRS S2 framework for sustainability disclosure standards
- Achieved a renewable energy mix of 20% via the Green Electricity Tariff (GET) and achieved “Ready for Service” status for solar photovoltaic systems at three (3) sites in partnership with GENTARI
- Achieved a 6% reduction in network operation electricity consumption and a 6% reduction in TM fleet fuel consumption
- Expanded the reporting boundary for Scope 1 and Scope 2 emissions to include Sabah, Sarawak and MMU campuses

**Detailed Initiatives and Metrics**

 For more information, please refer to pages 203 to 209.

**Affected Stakeholders:**



**Related UN SDGs:**



**Risk Categories:**



**Capitals Deployed:**



**PEOPLE**

**M10 LABOUR PRACTICES & HUMAN RIGHTS**

We uphold responsible labour practices and fundamental human rights across our operations and value chain, fostering a safe, inclusive and supportive workplace where *Warga TM* can thrive and contribute meaningfully.

**Our Approach**

Our responsible labour practices and respect to human rights are anchored on creating an inclusive, safe and performance-driven workplace that supports employee well-being while enabling sustainable growth.


**Opportunities**

- Strengthen employer branding and reputation, creating opportunities to attract future talent
- Retain existing skilled employees and boost productivity
- Reduce risks, strengthen compliance and align with national and global labour practices as well as business human rights standards

**2025 Progress and Achievements**

- Increased women’s representation in senior management to 36%
- Achieved an Organisational Health Index (OHI) of 80, reflecting *Warga TM*’s job satisfaction, sense of purpose, stress levels, happiness and overall employee experience
- 5,707 employees participated in the GCEO Body Mass Index (BMI) Challenge, with 3,100 employees achieving award status and 1,323 attaining gold coin status with a normal BMI range between 18.5 and 22.9, boosting their overall health, morale and well-being
- 73% of employees covered by collective bargaining agreements, with zero incidents of child labour or forced labour reported

**Detailed Initiatives and Metrics**

 For more information, please refer to pages 210 to 220.

**Affected Stakeholders:**



**Related UN SDGs:**



**Risk Categories:**



**Capitals Deployed:**



MATERIAL MATTERS

**M11 LEARNING & DEVELOPMENT**

Delivering long-term value, resilience and growth depends on building strong digital capabilities that support TM’s PWR 2030 ambition and enable a lean, efficient and future-ready Digital Powerhouse.

**Our Approach**

We have moved beyond traditional training to establish a deliberate growth engine that supports our Digital Powerhouse journey. Through active leadership engagement, priority skills and future competencies are systematically identified and embedded into structured learning and development strategies, ensuring an agile and capable workforce.

This includes building applied capabilities in data, automation and artificial intelligence, equipping employees to operate and govern digital systems responsibly as technology adoption accelerates.


**Opportunities**

- Develop future-ready employees to strengthen business resilience
- Attract skilled technical talent and retain experienced employees
- Reduce recruitment, onboarding and specialised consultancy costs

**2025 Progress and Achievements**

- Conducted 11,078 training sessions
- Achieved 100% completion of digital modules on Data Governance, Digital Product and Cybersecurity among TM employees
- Invested more than RM22.6 million in employee training and development

**Detailed Initiatives and Metrics**

 For more information, please refer to pages 221 to 225.

**Affected Stakeholders:**



**Related UN SDGs:**



**Risk Categories:**



**Capitals Deployed:**



**M12 HEALTH & SAFETY**

The health and safety of our workforce is integral to protecting lives, ensuring regulatory compliance and supporting long-term organisational resilience.

**Our Approach**

Our strategy focuses on immediate risk reduction, long-term sustainability and achieving a low-risk rating by 2026. We are evolving from a compliance-driven safety culture to a generative safety culture, guided by ISO 45001:2008 Occupational Health and Safety Management System standards and TM’s Occupational Safety, Health and Environment (OSHE) Policy.


**Opportunities**

- Achieve a low-risk rating
- Foster a strong safety-first mindset and culture of compliance
- Reduce incident risks and associated costs
- Enhance productivity and overall performance

**2025 Progress and Achievements**

- Zero work-related employee fatalities over the past three (3) years
- Conducted OSHE training for 18,821 employees
- Reduced employee absentee days due to injuries by 31.7% in 2025

**Detailed Initiatives and Metrics**

 For more information, please refer to pages 226 to 231.

**Affected Stakeholders:**



**Related UN SDGs:**



**Risk Categories:**



**Capitals Deployed:**



**M13 DIGITAL INCLUSION**

Reduce the digital divide by providing affordable access to meaningful connectivity and digital services

**Our Approach**

We are committed to enabling meaningful connectivity by delivering high-speed internet and equipping Malaysians with essential digital skills, capabilities and confidence to participate in the digital economy. This ensures individuals, micro, small and medium enterprises (MSMEs) and communities can access and effectively use high-quality digital technologies to meet their evolving needs.

As digital technologies advance, TM remains focused on ensuring innovations, including AI-enabled services, are accessible, trusted and designed to benefit a broad spectrum of users without widening the digital divide.


**Opportunities**

- Create opportunities for more Malaysians to access essential digital services and economic opportunities
- Provide affordable digital solutions and tools to empower individuals, small businesses and underserved communities to participate fully in the digital economy
- Help strengthen local economies and support sustainable growth, building trust and promoting equity

**2025 Progress and Achievements**

- Reached more than 95,200 individuals through internet safety awareness programmes conducted at TM-managed National Information Dissemination Centres (NADI), strengthening digital literacy and online safety
- Engaged with more than 53,000 MSMEs in entrepreneur empowerment initiatives conducted at TM-managed NADI centres, supporting business growth and digital adoption
- Invested RM4.1 million in 2025 to advance MSME development and foster inclusive economic progress

**Detailed Initiatives and Metrics**

 For more information, please refer to pages 232 to 235.

**Affected Stakeholders:**



**Related UN SDGs:**



**Risk Categories:**



**Capitals Deployed:**



**M14 COMMUNITY EMPOWERMENT**

Allocate financial and non-financial resources into programmes that promote social equity by empowering underserved communities and nurturing future talents and entrepreneurs

**Our Approach**

We focus on building local capabilities and fostering inclusive participation to enable sustainable growth in the digital economy. TM supports Malaysians from various backgrounds and demographics through digital connectivity, skills development and socio economic opportunities that evolve with their changing needs. This integrated approach ensures that the progress we drive today enables inclusive and long-term growth towards building an inclusive, more resilient and digitally empowered Malaysia.


**Opportunities**

- Expand digital access, strengthen skills and support local enterprises to enable broader participation in the digital economy
- Build stakeholder trust and reinforce our social licence to operate through sustainable community investment
- Strengthen community resilience and contribute to long-term shared value creation

**2025 Progress and Achievements**

- Invested close to RM57.4 million in community development programmes, benefiting 225,830 individuals
- Invested nearly RM47.1 million in scholarships and financial assistance, supporting 7,100 deserving students

**Detailed Initiatives and Metrics**

 For more information, please refer to pages 238 to 245.

**Affected Stakeholders:**



**Related UN SDGs:**



**Risk Categories:**



**Capitals Deployed:**



# MARKET TRENDS

Time Horizon\*



Short Term  
1–2 years



Long Term  
3 years and  
beyond

Year-on-Year Macrotrend Movement



No Change



Increase



Decrease

## DRIVING DIGITAL ECONOMY



### Key Industry Highlights in 2025

- **GDP Growth Exceeds Expectations:** Malaysia's economy reached 5.2% surpassing the official target of 4.0% – 4.8% driven by strong domestic demand, which helped cushion external pressures such as US tariffs and global trade uncertainties.
- **Transition to the 13<sup>th</sup> Malaysia Plan (2026–2030) (13MP):** 2025 served as the bridge to the 13MP, emphasising high-growth, high-value (HGHV) sectors, including electronics, energy transition and digital services.
- **Fiscal Reforms and Infrastructure Enablement:** Targeted subsidy rationalisation and expanded tax measures aimed to improve Malaysia's fiscal position supported continued infrastructure investment, including telecommunications.
- **Sustained Foreign Direct Investment (FDI) Momentum:** Malaysia continued to attract high-quality FDI, particularly in Digital Economy and Data Centres, which are projected to contribute to over 25.5% of the national GDP.

### How did it affect TM?

- **Policy Transition Leading to Opportunities:** Moving from small policy fixes (reform) to major upgrades (transform) in digital and green infrastructure, with the shift towards the 13MP, accelerated investment and created expansion opportunities for our digital infrastructures.
- **Sustained Demand:** Steady household spending kept demand strong for Unifi's lifestyle and bundled plans, as high-speed internet is now a basic household necessity.
- **Cost Driving Digitalisation:** Rising wages and operational costs led micro, small and medium enterprises (MSMEs) and enterprises to increase adoption of digital tools, automation and connectivity, boosting demand for TM's Information and Communications Technology (ICT) and managed services.
- **Digital Momentum in the Public Sector:** High-growth sectors supported increased digital modernisation and artificial intelligence (AI) adoption across government agencies and large enterprises.

### How did we respond?

- **National Infrastructure Enablement:** Positioned TM as the primary enabler of national infrastructure, with increased opportunities for large scale fibre and 5G backhaul projects.
- **Unifi UniVerse Convergence:** Accelerated the Unifi UniVerse convergence strategy, shifting from "bandwidth only" sales to integrated digital lifestyle bundles to capture higher household wallet share.
- **MSME Digital Solutions Expansion:** Enhanced the digital solution suite for MSMEs, focusing on automation, e-commerce and digital tools to help businesses improve productivity despite rising labour costs.
- **AI-Ready Data Centre Build-Out:** Launched specialised AI-ready data centre initiatives and expanded digital solutions required by HGHV sectors.

### Outlook

- **Sustained Economic Growth:** Malaysia's economy is projected to grow 4.0% to 4.5% in 2026, supported by strong domestic demand, a recovery in the global technology cycle and the initial implementation of the 13MP. Growth could be affected by geopolitical uncertainty and global market volatility.
- **Digital Infrastructure as a Growth Engine:** Continued investment in digital and ICT infrastructure is expected to drive GDP growth, attract FDI and reinforce Malaysia's position as a regional digital hub.
- **Workforce Transition:** A shift towards a digitally skilled workforce is accelerating digital adoption across education (AI-enabled schools), healthcare (e-Medical Records, AI and big data analytics) and public services MyDigital ID.
- **Tourism-led Digital Adoption:** Visit Malaysia 2026 is expected to spur digitalisation in hospitality and services, as hotels, transport providers, attractions and F&B businesses increasingly leverage online booking, digital payments and cloud solutions.

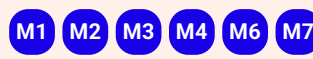
#### Capitals Deployed



#### Affected Stakeholders



#### Material Matters



#### Risk Categories



Sources: Bank Negara Malaysia, Ministry of Finance and Ministry of Digital

\* The time horizon illustrated in the Market Trends section is specific to the market trends only and definition may evolve alongside industry dynamics.

EXPANDING DIGITAL INFRASTRUCTURE



Key Industry Highlights in 2025

- **Nationwide Broadband Expansion:** The National Digital Network Plan (JENDELA Phase 2) advanced broadband coverage in rural and remote regions using a mix of fixed, wireless and satellite solutions, supported by local hubs, Point of Presence (PoP), to bring high-speed connectivity to schools and communities.
- **5G Coverage and Backhaul Partnerships:** 5G coverage surpassed 82.4% of populated areas under Digital Nasional Berhad (DNB), while the rollout of U Mobile's second 5G network (reaching approximately 54.9% of populated areas) intensified infrastructure partnerships. TM's RM2.4 billion, 10-year fibre backbone for 5G backhaul with U Mobile accelerated deployment and improved mobile network quality.
- **ICT Sector Growth:** The ICT sub-sector remained a key driver of the services sector's 5.1% expansion in 2025, fuelled by resilient private consumption, which grew by 6.0% as connectivity became an essential utility for both households and businesses.
- **Enterprise Connectivity Evolution:** Enterprises increased adoption of advanced networking solutions (such as SD-WAN and 5G private networks), reinforcing the role of data centres in supporting scalable, secure and high-performance operations.
- **Data Centre Acceleration Among Sustainability Pressures:** The data centre sector expanded rapidly in 2025, driven by hyperscaler and telco investments, while rising power costs and sustainability requirements shaped investment and operating strategies.
- **Progress with Space-Based Connectivity:** Malaysia advanced its space-based connectivity agenda through the rollout of ALTEL Digital's low earth orbit (LEO) satellite initiative, MEASAT's partnerships with Chinese LEO constellations and expanded the reselling of Starlink to support rural and enterprise connectivity.

How did it affect TM?

- **Heightened Market Pressure for Broadband:** Market pressure increased the need for us to differentiate our offerings through enhanced customer experience and value-added service offerings to combat intensifying competition in the broadband segment.
- **Rising Digital Adoption for Enterprises:** Enterprises increasingly pursued advanced digitalisation, including private 5G to support automation, low-latency operations and secure connectivity, pushing us to innovate.
- **Expanding Network Infrastructure Requirements:** Growth in hyperscaler data centre investments drove higher demand for fibre backbone, IP transit and interconnectivity services to support scalable and resilient digital ecosystems.

How did we respond?

- **Convergence Leadership:** Solidified our role as the nation's convergence champion across fixed, mobile, content and lifestyle solutions.
- **Strategic Dual 5G Network Transition:** The introduction of the Government's dual 5G network framework provides the opportunity for TM to evaluate options that best support long-term competitiveness and value of its convergence offerings.
- **5G Backhaul and Private 5G Deployment:** Utilised mobile backhaul to support 5G expansion, while rolling out private 5G and secure SD-WAN solutions for key industries, including oil and gas, manufacturing, logistics and smart cities.
- **AI-Ready Data Centre Partnerships:** Developed a hyperconnected AI-ready data centre in Johor Bahru through a joint venture with Singtel's Nxera.
- **Regional Interconnect Expansion:** Strengthened regional interconnection through Open Cable Landing Station (Morib CLS), enabling multiple service providers to interconnect and exchange connectivity and data traffic seamlessly, reinforcing Malaysia's position as a strategic digital hub in the region.

Outlook

- **Core Market Growth:** Malaysia's core business<sup>1</sup> market is projected to reach approximately RM40 billion in 2026, with a Compound Annual Growth Rate (CAGR)<sup>2</sup> of about 3.7%, as data centres remain the key growth driver, supported by rising enterprise cloud and digital demand.
- **Government-led Digital Expansion:** National initiatives, such as the RM2 billion MADANI Submarine Cable (SALAM) project, a 3,190 km cable boosting national connectivity and the JENDELA Phase 2, continue to expand connectivity nationwide, particularly in rural areas and public institutions like the National Information Dissemination Centre (NADI).
- **Dual 5G Network Rollout:** Malaysia's second 5G network led by U Mobile targets approximately 80% of population coverage by 2026, providing faster and more affordable connectivity and new digital services for both consumers and businesses.
- **5G Advanced Use Cases:** Industry digitalisation is accelerating adoption of 5G Advanced to support AI-driven automation, private 5G networks, ultra-low latency computing, autonomous logistics, real-time analytics and advanced telemedicine.

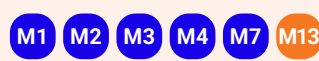
Capitals Deployed



Affected Stakeholders



Material Matters



Risk Categories



Notes:

<sup>1</sup> Core business includes fixed (voice, data, internet and data centre) and mobile (voice and data) for consumer and businesses.

<sup>2</sup> CAGR 2025-2028.

Sources:

Department of Statistics Malaysia, Bank Negara Malaysia, Ministry of Finance, Malaysian Communications and Multimedia Commission, Ministry of Digital and GlobalData

MARKET TRENDS

ORCHESTRATING DIGITAL ECOSYSTEM



Key Industry Highlights in 2025

- **Cloud and AI:** Malaysia launched the National Cloud Computing Policy and Sovereign AI Cloud to safeguard national AI capabilities, enable secure digital services and foster a “Made in Malaysia” ecosystem.
- **MSME Digital Adoption:** Over 80% of MSMEs adopted digital tools across finance and marketing, supported by government technology grants and training programmes to boost nationwide inclusivity.
- **Consumer Tech Evolution:** Malaysians increasingly embraced smart home tech and AI-enabled personalisation, shifting towards more immersive, convenient and tailored digital experiences.
- **Global Tech Leadership:** Through key events, such as the ASEAN AI Malaysia Summit 2025, Expand North Star (ENS) and GITEX Dubai 2025, Malaysia actively showcased local innovators and built cross-border technology collaboration.

How did it affect TM?

- **Intensified Hyperscaler Competition:** Global technology leaders broadened their footprint to address data sovereign needs, creating a more competitive landscape in data centre and cloud sectors.
- **Accelerated Digital Solution Needs:** We were encouraged to advance our service innovation as both enterprises and MSMEs increasingly sought AI-powered, cloud-based and productivity-enhancing digital solutions, including marketing tools.
- **Rising Demand for Integrated Lifestyle Expectations:** Customers are seeking frictionless, digital-first interactions that seamlessly combine lifestyle services, such as smart home ecosystems and digital content.

How did we respond?

- **AI Cloud Enablement:** Enabled secure, locally hosted AI capabilities through Cloud Alpha Edge (CAE), leveraging our data centres, AI Foundry, GPUaaS and nationwide edge infrastructure.
- **Cybersecurity and Digital Sovereignty:** Safeguarded Malaysia’s digital sovereignty via CAE and strengthened national cybersecurity with TM Cyber Defence Centre, in alignment with National Cyber Security Agency (NACSA) standards.
- **Digital Lifestyle and Content Expansion:** Expanded digital lifestyle offerings by scaling smart home and device products, while enhancing content and entertainment experiences through Unifi TV 2.0 and app-based viewing.

Outlook

- **Robust Market Growth:** The Malaysian digital solutions<sup>1</sup> is projected to hit RM61 billion by 2026, growing at a CAGR<sup>2</sup> of 21.1%. Consumer demand is expected to grow at a CAGR<sup>2</sup> of 5.9%, driven by smart home adoption and over-the-top (OTT) content, while business demand is forecasted to grow at at a CAGR<sup>2</sup> of 23.3%, fueled by digital transformation, cybersecurity needs and increasing adoption of Internet of Things (IoT) and smart technologies across industries.
- **AI Nation by 2030 Ambitions:** Budget 2026 positions Malaysia’s aspirations to becoming an AI Nation by 2030, with investments in Sovereign AI Cloud, supporting AI infrastructure and specialised training programmes. Backed by the National AI Office and digital acceleration grants, these investments are designed to collectively boost Malaysia’s digital competitiveness and ecosystem resilience.
- **Public Sector Digitalisation:** The Government is accelerating the digitalisation of public services through initiatives such as MyDigitalID and big data analytics to improve fiscal governance and streamline administrative centres.
- **Evolving Consumer Tech:** Rising demand for lifestyle and entertainment, OTT media services and social commerce activities, further boosted by major 2026 sporting events such as the FIFA World Cup, is driving higher data consumption.
- **Strengthening Digital Governance:** Regulatory changes in 2026 mandates the registration of digital platforms, enforcing strict standards for user safety, content moderation and legal accountability.

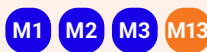
Capitals Deployed



Affected Stakeholders



Material Matters



Risk Categories



Notes:

<sup>1</sup> Digital solutions includes B2C digital services (smart home, content) and B2B ICT digital solutions (cloud, smart services, cybersecurity, BPO, AI).

<sup>2</sup> CAGR 2025–2028.

Sources:

Ministry of Finance, Malaysian Communications and Multimedia Commission, Ministry of Digital, Malaysia Digital Economy Corporation, GlobalData and Omdia.

Time Horizon\*\*



Short Term  
within 12 months (up to 2026)



Medium Term  
1 to 3 years (up to 2028)



Long Term  
More than 4 years (More than 2028)

EMBEDDING SUSTAINABILITY



Key Industry Highlights in 2025

- **Rising Sustainability Regulations and Disclosure Requirements:** Malaysia is accelerating sustainability reporting governance through the National Sustainability Reporting Framework (NSRF), aligned with IFRS S1 and IFRS S2, which requires large companies to disclose sustainability and climate-related risks and opportunities, governance, strategies, and metrics and targets. These changes mark a global change in the market and investors' expectations for transparent and assured sustainability data.

For the telecommunication sector, sustainability reporting extends beyond operations to include energy consumption of networks, supply chain emissions, data governance and digital responsibility.

- **Rapid Growth of AI, Cloud and Data Infrastructure:** The global surge in AI, hyperscale data centres and cloud computing is driving unprecedented demand for digital infrastructure. While this unlocks economic growth, it significantly increases energy demand, cooling requirements and electronic waste management.

This trend creates both a sustainability challenge and a strategic opportunity to build energy-efficient networks, green data centres and shared digital infrastructure.

- **Digital Trust and Cyber Resilience:** Cyber threats are rising sharply, particularly among MSMEs and digital ecosystems. In Malaysia, cyber incidents continue to increase, highlighting the importance of secure digital infrastructure, data protection and trusted connectivity.

Digital trust is now recognised globally as a key pillar of sustainability, as reliable digital services underpin economic stability, national security and public confidence.

- **Climate Transition and Energy Security:** Energy remains the largest environmental footprint for telecom operators due to 24/7 network operations, data centres and expanding connectivity infrastructure. At the same time, governments and investors are pushing for decarbonisation, renewable energy adoption and energy efficiency improvements.

For Malaysia, the transition is shaped by policies such as the National Energy Transition Roadmap (NETR) and increasing expectations for companies to reduce emissions while supporting economic development.

- **Digital Inclusion and Talent Development:** As Malaysia progresses towards a digital economy, ensuring inclusive access to connectivity and digital skills remains critical. The telecom sector plays a central role in enabling nationwide connectivity, digital literacy and workforce readiness for emerging technologies such as AI and automation.

This creates opportunities for TM to contribute to inclusive economic growth and national digital transformation.

How did it affect TM?

- **Driving Low-carbon Digital Growth:** The expansion of AI, cloud and digital services increases demand for high-capacity networks and data centres, which also raised expectations for energy efficiency and responsible infrastructure development.
- **Elevating Governance Standards:** NSRF and IFRS S1 and S2 required us to strengthen governance, improve sustainability data management and integrate climate considerations into enterprise risk management and strategic planning.
- **Securing Digital Infrastructure:** The growth of digital ecosystems heightened the need for cybersecurity, digital trust and resilient infrastructure, reinforcing TM's role as a national digital infrastructure provider.

How did we respond?

- **Strengthening Sustainable Digital Infrastructure:** We continued to invest in energy-efficient networks, renewable energy and shared digital infrastructure, enabling customers to scale cloud, AI and digital services with lower environmental impact.
- **Enhancing Governance and Disclosure:** We aligned our disclosures with NSRF and IFRS S1 and S2, conducted double materiality assessments and integrated sustainability-related risks and opportunities into the enterprise risk management framework.
- **Accelerating Digital Solutions with Sustainability Outcomes:** We delivered products that generate measurable outcomes across Prosperity, Planet and People, helping customers improve efficiency, reduce emissions and enhance digital resilience.
- **Advancing Digital Trust and Cybersecurity:** We continued to expand cybersecurity and digital protection solutions to support businesses and communities in navigating rising cyber threats.

Outlook

- **"Triple Bottom Line":** From 2026 onwards, Malaysia's ICT sector will be assessed based on its ability to power the AI revolution, maintain fiscal resilience, and achieve net zero milestones. For infrastructure leaders, the focus is clear: Build fast, but sustainable.
- **Operational Decarbonisation:** 2026 marks the enforcement of stricter Power Usage Effectiveness (PUE) and Water Usage Effectiveness (WUE) standards. Leading providers are pivoting to closed-loop liquid cooling and 100% reclaimed water systems to protect national water security while scaling AI workloads.
- **Bridging the Divide:** Sustainability in Malaysia also carries a social mandate, ensuring high-speed connectivity reaches rural MSMEs to drive equitable economic participation.

Capitals Deployed



Affected Stakeholders



Risk Categories



Material Matters



\*\* Aligned with Time Horizon Sustainability Risks and Opportunities on page 115.

# RISKS AND ASSOCIATED OPPORTUNITIES

## RISK MANAGEMENT APPROACH

Effective risk management is embedded within our mission to create sustainable stakeholder value and advance our position as a Digital Powerhouse. The Enterprise Risk Management (ERM) Framework was applied consistently across company, providing a structured and disciplined approach to identifying, assessing and managing our risks and associated opportunities. This approach provides a comprehensive view of both risks and opportunities, where managed risk are converted into competitive advantage, enabling informed decision-making aligned with our long-term business goal.

Risk monitoring was undertaken in close collaboration with business units, supported by ongoing risk maturity initiatives and regular review of relevant emerging developments. This approach enhanced organisational resilience, improved the quality of decision-making and supported sustainable business conduct. Risk Champions acted as focal points for risk management in respective divisions, facilitating risk identification and assessment, monitoring developments and maintaining up-to-date risk registers. They promoted consistent application of risk methodologies and enabled timely escalation of significant risk matters to Management, reinforcing accountability and transparency.

The ERM Framework is aligned with ISO 31000:2018, the Bursa Malaysia Listing Requirements and the Malaysian Code on Corporate Governance. Corporate Risks are identified and evaluated through bottom-up, top-down and emerging risk perspectives. During the year, risks were identified through annual operational and divisional assessments and reviewed through periodic deliberations at the Management Committee level. Key risks, mitigation measures

and movements in residual risk were escalated to the Management Committee, Board Risk and Investment Committee (BRIC) and the Board of Directors for oversight and decision-making.

Board and Committee oversight was exercised through quarterly meetings and special sittings where required. Discussions focused on risks with significant potential impact, trends in our risk profile, effectiveness of mitigation actions and emerging developments. Corporate Risks were identified and assessed against approved risk appetite and tolerance levels, with changes in residual risk guiding prioritisation of mitigation measures and escalation where thresholds were approached or exceeded.

Emerging risks were identified through continuous monitoring of relevant internal and external developments in key areas, enabling proactive response. In FY2025, Artificial Intelligence (AI) Risk was introduced as a new Corporate Risk, reflecting increasing adoption of AI technologies and the associated governance, ethical and data management considerations.

Consistency in risk assessment and scoring is maintained through a standardised Group-wide framework supported by common methodologies, including a 5 x 5 risk matrix, central oversight and independent assurance. Clearly defined likelihood, impact and residual risk parameters promote comparability across divisions and enhance the reliability of risk information used in strategic and operational decisions.

## BOARD-LEVEL REVIEW

Approves and oversees Corporate Risks by setting risk appetite, approving policies and ensuring effective monitoring and compliance to protect the company's assets and shareholders' investments.

## MITIGATION STRATEGIES AND ASSOCIATED OPPORTUNITIES

Mitigation strategies are implemented to reduce the severity, impact or likelihood of these risks and associated opportunities are identified to ensure the organisation's resilience and sustainability.

## CORPORATE RISK ASSESSMENT



Our Corporate Risks are grouped into five (5) categories:

- Strategic**  
Challenges arising from internal and external factors, impacting TM's strategic objectives and long-term vision as defined by leadership
- Financial**  
Risks that directly impact TM's financial stability, including aspects like cash flow, debt management and overall fiscal health
- Technology/System**  
Risks that involve potential failures or disruptions in network infrastructure, information systems or processes, including external attacks or disruptions

- Operational**  
Risks that involve day-to-day activities in TM, focusing on threats that could hinder our ability to serve customers and fulfil stakeholder obligations
- Sustainability**  
Risks associated with sustainable growth for customers and community while ensuring business resilience within TM and our value chain

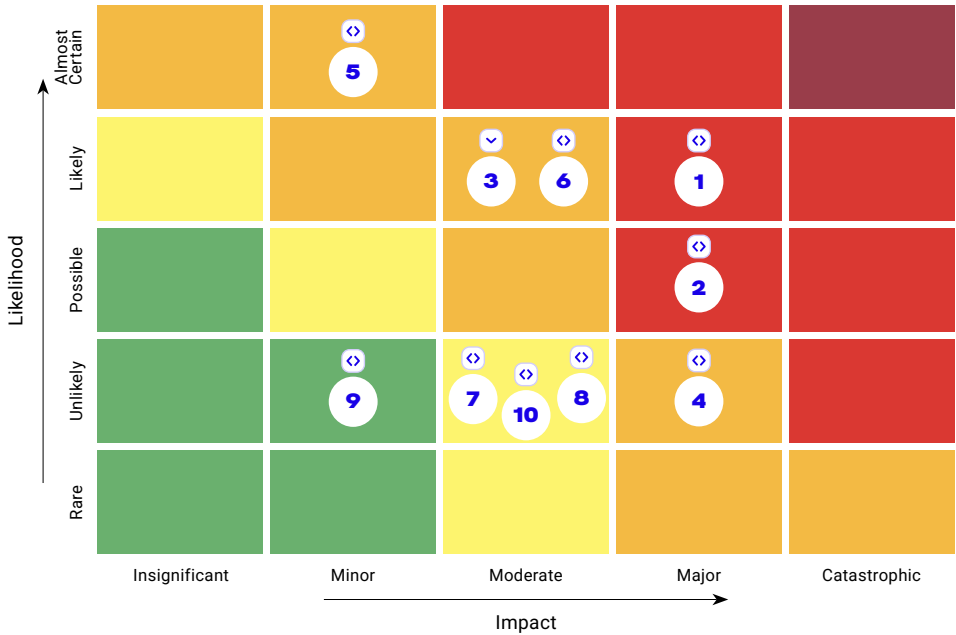
We identified Corporate Risks across key focus areas, taking into account internal and external factors that may affect business performance, operational resilience and achievement of strategic objectives.

**Rating**

- Low (Green)
- Moderate (Yellow)
- High (Red)
- Extreme (Dark Red)
- Significant (Orange)

**Impact Movement**

- Decrease (Down arrow)
- No Change (Double arrow)



Category	Key Areas	Impact Movement 1 Year	Time Horizon	Category	Key Areas	Impact Movement 1 Year	Time Horizon
1	Geopolitical Uncertainties	No Change	<1 Year, 1-3 Years	6	IT and Digital Resilience	No Change	<1 Year, 1-3 Years
2	Infrastructure Readiness for Future Business Growth	No Change	<1 Year, 1-3 Years	7	Anti-Corruption and Integrity Practices	No Change	<1 Year, 1-3 Years
3	Mobile Business Growth	Decrease	<1 Year, 1-3 Years	8	Climate Change Impact	No Change	<1 Year, 1-3 Years
4	Regulatory Compliance	No Change	<1 Year, 1-3 Years	9	Workforce Development for New Technologies	No Change	<1 Year, 1-3 Years
5	Cybersecurity Threats	No Change	<1 Year, 1-3 Years	10	Artificial Intelligence (AI) Adoption and Governance <i>NEW</i>	No Change	<1 Year, 1-3 Years

Corporate Risk Heat Map, Movement and Outlook Across the Time Horizon

## RISKS AND ASSOCIATED OPPORTUNITIES

### 1 GEOPOLITICAL UNCERTAINTIES

#### What It Means

- Ongoing trade tensions, policy shifts and regional conflicts, including the recent escalation in the Middle East involving the United States and Iran
- These uncertainties may influence our global sourcing strategies and supply chain readiness across key markets

#### Implications to Value Creation

- Supplier onshoring may extend supply lead times and affect cost efficiency
- Continued volatility in global energy markets and foreign exchange movements may lead to inflationary pressures

#### Mitigation Strategies

- Monitor global political, economic and regulatory developments through a coordinated multi-divisional approach to identify emerging trends and evaluate potential business implications
  - Evaluate changes in trade regulations and adjust sourcing and procurement strategies where appropriate
  - Engage with key suppliers and customers to strengthen supply resilience
- From the mitigations carried out, we have diversified the supplier base to ensure continuity of supply chain resilience and reduce reliance on individual sourcing markets.

#### Associated Opportunities

- In responding to geopolitical developments, the opportunities are:
- To strengthen supply chain resilience and operational flexibility to ensure continuity in infrastructure deployment and service delivery
  - To leverage regional partnerships to address regulatory changes and market access challenges, while strengthening collaboration across key markets
  - Global hyperscalers potentially shifting their regional workloads towards safer geographies, creating demand for reliable digital infrastructure and connectivity solutions

#### Impact Movement

Risk is assessed as High, reflecting persistent geopolitical volatility and shifts in foreign trade policies among major economies.

Strategic Core Principle:



Affected Stakeholders:



Capitals Deployed:



Material Matters:



Risk Categories:



### 2 INFRASTRUCTURE READINESS FOR FUTURE BUSINESS GROWTH

#### What It Means

- Ability to anticipate and meet future demand for critical infrastructure, including data centres and international submarine cable systems, to support business expansion and evolving digital needs
- Strategic investments in infrastructure capacity to capture opportunities in the growing digital market with dependency on timely operational readiness and external approval processes

#### Implications to Value Creation

- Infrastructure readiness creates value by enabling scalable growth, technology adoption and job creation
- Timely delivery enhances service reliability and cost efficiency, while implementation delays may affect investment returns and growth opportunities

#### Mitigation Strategies

- Participate in strategic partnerships and consortiums to optimise infrastructure capabilities, strengthen risk-sharing arrangements and reinforce border-to-border connectivity
  - Proactively engage with regulatory and approval authorities
- From the mitigations, targeted investments have been identified in data centre and submarine cable infrastructure aligned with projected demand and long-term capacity planning.

#### Associated Opportunities

- This also presents opportunities for us to:
- Strengthen our role as a key digital infrastructure provider, supporting the growth of Malaysia's digital economy
  - Develop scalable, hyperconnected, AI-ready data centre ecosystems that enable advanced digital services and emerging technology applications
  - Expand international connectivity through submarine cable infrastructure, reinforcing Malaysia's position as a regional digital connectivity hub
  - Capture growing demand for high-capacity connectivity from hyperscalers, enterprises and digital platforms

#### Impact Movement

Risk remains High, reflecting the scale and strategic importance of delivering critical infrastructure, which requires coordination across multiple stakeholders and external approval processes.

Strategic Core Principle:



Affected Stakeholders:



Capitals Deployed:



Material Matters:



Risk Categories:



**3 MOBILE BUSINESS GROWTH**

**What It Means**

- Highly competitive and mature mobile market, resulting in pricing pressure
- Adoption of 5G services is also influenced by external factors, such as device compatibility and affordability
- Current commitment for mobile network access is not aligned with forecasted demand

**Implications to Value Creation**

- Strengthening our market position in the mobile segment requires continued investment and disciplined cost management
- Intense pricing competition may also place pressure on margins and profitability, potentially affecting our ability to deliver sustainable long-term shareholder returns

**Mitigation Strategies**

- Accelerate mobile device sales and expand dealer network
- Intensify churn management efforts through stronger contracting strategies
- Implement network upgrade initiatives to address congestion and capacity constraints
- Explore new business models aligned with forecasted demand
- Pursue appropriate contractual and regulatory options provided under the existing agreements
- If a network transition is required, ensure the transition is managed in a phased and orderly manner while maintaining uninterrupted service to our customers

These measures strengthened our market positioning and contributed to operating revenue growth through expanded distribution reach and enhanced network quality.

**Associated Opportunities**

To navigate competitive conditions, we focus on:

- Strengthening customer acquisition and drive higher-value subscriptions through converged offerings
- Ongoing investments in network performance and service quality to enhance customer experience and improve retention
- Accelerate the growth across digital solutions, including smart services across both consumer and business segments

**Impact Movement**

Risk has improved to Significant, reflecting our ongoing initiatives to reinforce our position in the mobile market.

**Strategic Core Principle:**



**Affected Stakeholders:**



**Capitals Deployed:**



**Material Matters:**



**Risk Categories:**



**4 REGULATORY COMPLIANCE**

**What It Means**

- Changes in laws, regulations and government policies governing communications, cybersecurity and data protection that may affect operational obligations, compliance requirements and competitive positioning

**Implications to Value Creation**

- Financial implication through compliance costs, implementation expenditures and potential penalties
- Non-compliance with the regulations and public scrutiny may influence stakeholder confidence and trust

**Mitigation Strategies**

- Monitor the regulatory and policy developments to assess potential business implications
- Proactively engage with regulators on emerging requirements and industry matters
- Collaborate with industry participants to contribute to policy consultations and shape regulatory developments

These mitigation efforts strengthen our preparedness to manage and comply with evolving regulatory and policy developments.

**Associated Opportunities**

Regulatory engagement also enables TM to:

- Strengthen working relationships with regulatory authorities, fostering constructive dialogue on industry and policy developments
- Enhance our standing as a compliant and responsible industry participant, reinforcing stakeholder confidence and regulatory trust

**Impact Movement**

Risk remains as Significant, reflecting the evolving regulatory environment and the need for sustained engagement with regulatory stakeholders.

**Strategic Core Principle:**



**Affected Stakeholders:**



**Capitals Deployed:**



**Material Matters:**



**Risk Categories:**



## RISKS AND ASSOCIATED OPPORTUNITIES

### 5 CYBERSECURITY THREATS

#### What It Means

- Threats that may compromise the confidentiality, integrity and availability of our networks, systems and data, including unauthorised access, malicious attacks and exploitation of system vulnerabilities

#### Implications to Value Creation

- Remediation and recovery costs, regulatory penalties and increased compliance-related expenditure
- Significant cyber incidents may disrupt business operations, affect service reliability and erode customer trust in our digital services

#### Mitigation Strategies

- Expand cybersecurity control baselines across the business divisions in line with recognised standards and regulatory requirements, strengthening control coverage across TM
  - Enhance employee awareness and preparedness through continuous cybersecurity programmes
  - Deploy proactive monitoring tools and advanced threat detection capabilities to enable early threat identification and timely response
- Collectively, these measures strengthen our cybersecurity posture and support the continued protection of critical systems and digital services.

#### Associated Opportunities

- In strengthening cyber resilience
- Cybersecurity controls are being enhanced across critical systems and digital platforms
  - Ongoing IT modernisation and cybersecurity technology uplift initiatives are executed continuously
  - Cybersecurity and digital protection solutions are developed to support businesses and communities in navigating rising cyber threats

#### Impact Movement

Risk remains as Significant, reflecting the increasing frequency and sophistication of cyber threats targeting digital infrastructure.

#### Strategic Core Principle:



#### Affected Stakeholders:



#### Capitals Deployed:



#### Material Matters:



#### Risk Categories:



### 6 IT AND DIGITAL RESILIENCE

#### What It Means

- Resilience and reliability of TM's information technology (IT) systems and digital platforms that support daily business operations and digital service delivery
- Integrated end-to-end platforms that enable seamless customer journeys and support our digital offerings

#### Implications to Value Creation

- Interruptions to critical systems may lead to service unavailability, which in turn could impact customer experience
- System vulnerabilities may increase exposure to cybersecurity incidents, potentially triggering regulatory reporting obligations and affecting stakeholder confidence

#### Mitigation Strategies

- Conduct testing and enhancement of Business Continuity Management (BCM) and Disaster Recovery (DR) capabilities to strengthen recovery readiness
  - Strengthen technology governance and align system architecture with cybersecurity frameworks
  - Minimise customisation via out-of-the-box (OOTB) design principle
- As a result of the initiatives undertaken, system reliability and operational resilience were enhanced through the modernisation of end-of-life platforms supporting mission-critical and business-critical applications.

#### Associated Opportunities

- As we strengthen our digital resilience, we are also well positioned to:
- Adopt cloud-first strategies and hybrid technology strategies to improve scalability, flexibility and cost efficiency
  - Streamline the API ecosystem to accelerate digital service innovation and ecosystem integration
  - Build workforce capabilities in cloud, platform engineering and digital operations
  - Deploy self-healing solutions to improve system restoration times and enhance service stability

#### Impact Movement

Risk is assessed as Significant, with continued close monitoring in place as IT modernisation and digital transformation initiatives progress across TM.

#### Strategic Core Principle:



#### Affected Stakeholders:



#### Capitals Deployed:



#### Material Matters:



#### Risk Categories:



**7 ANTI-CORRUPTION AND INTEGRITY PRACTICES**

**What It Means**

- Potential exposure to integrity, ethical conduct and compliance issues in the course of complex business operations and engagements with public and private sector counterparties.

**Implications to Value Creation**

- Financial penalties and legal consequences, which could affect stakeholder confidence if an incident were to occur
- Inadequate management of integrity and ethical standards could affect operational effectiveness and our ability to sustain long-term value

**Mitigation Strategies**

- Continuously strengthen the Anti-Bribery Management System (ABMS), supported by ISO 37001:2025 recertification for the 2024–2027 period
- Conduct regular ethics, integrity and compliance training programmes for employees and relevant third parties
- Maintain secure, independent and accessible whistleblowing channels to support timely reporting and investigation of concerns
- Ensure full completion of Code of Business Ethics (CBE) training across the organisation to embed a culture of integrity

Through the continued enforcement and enhancement of our anti-bribery and integrity framework, we have maintained strong governance standards, supporting the maintenance of stakeholder confidence.

**Associated Opportunities**

Effective integrity practices enables TM to:

- Enhance the governance standards and reinforce a strong culture of integrity and accountability
- Embed ethical principles and compliance considerations across business processes and decision-making

**Impact Movement**

Risk is assessed as Moderate, supported by established preventive controls, robust governance practices and continuous monitoring.

**Strategic Core Principle:**



**Affected Stakeholders:**



**Capitals Deployed:**



**Material Matters:**



**Risk Categories:**



**8 CLIMATE CHANGE IMPACT**

**What It Means**

- Climate change impact presents both physical and transition considerations for TM
- Physical risks, including floods and extreme weather events, may impact operations and network infrastructure
- Transition to a low-carbon economy introduces evolving regulatory requirements and policy mandates, which may increase compliance and operational costs

**Implications to Value Creation**

- Financial implication due to asset impairment, restoration and recovery costs, as well as increased compliance expenditure
- Increasing stakeholder expectations and public scrutiny may influence reputation and confidence
- Severe climate events could affect service availability if resilience measures are insufficient

**Mitigation Strategies**

- Strengthen network infrastructure resilience at high-risk and critical locations
- Periodically review and enhance the Business Impact Analysis (BIA) and Business Continuity Plans (BCP) for priority operations
- Maintain comprehensive insurance coverage to mitigate potential financial exposure
- Engage with industry and relevant experts to support our adoption of ISSB standards and integrate sustainability considerations into long-term business planning

These mitigation measures ensure minimal impact to service availability and enable timely restoration of affected operations within targeted Recovery Time Objectives (RTOs), maintaining service continuity during climate-related events.

**Associated Opportunities**

In addressing climate-related risks, we

- Leverage environmental scanning and scenario analysis to identify emerging climate-related exposures and strengthen resilience capabilities
- Enhance regulatory alignment and governance transparency to build stakeholder confidence and support sustainable growth
- Expand our market reach through products and services that support more sustainable practices
- Enhance regulatory readiness to mitigate sustainability-related transition risks

**Impact Movement**

Risk is assessed as Moderate, reflecting our ongoing efforts to comply with evolving regulatory requirements and to maintain business continuity amid climate change.

**Strategic Core Principle:**



**Affected Stakeholders:**



**Capitals Deployed:**



**Material Matters:**



**Risk Categories:**



For further details, please refer to the Sustainability Statement on page 100.

## RISKS AND ASSOCIATED OPPORTUNITIES

### 9 WORKFORCE DEVELOPMENT FOR NEW TECHNOLOGIES

#### What It Means

- Ability to develop and sustain specialised expertise in emerging digital technologies, such as AI, cybersecurity, cloud services and data analytics
- Evolving industry skill requirements may require ongoing alignment between talent development and future technology needs

#### Implications to Value Creation

- Shortages in critical digital skills could constrain operational performance and delay transformation initiatives
- Over time, this may affect our ability for continuous innovation and strong technical capabilities

#### Mitigation Strategies

- Develop a strategic workforce capability focused on critical digital and technological functions
- Build an enterprise-wide digital learning ecosystem that supports continuous upskilling
- Continuously review and refresh learning pathways to keep pace with evolving technologies and business needs
- Enhance talent mobility programmes to support the redeployment of skilled internal talent
- Establish a structured succession planning framework to strengthen leadership pipelines

These initiatives have strengthened our digital workforce capability and leadership pipeline through structured talent identification, capability development and succession planning efforts.

#### Associated Opportunities

Workforce development initiatives also enable us to:

- Leverage strategic partnerships with technology and commercial providers
- Optimise the Talent Marketplace Platform, which assesses, develops and builds a ready pool of digital competent talent
- Continue developing *Warga TM* through digital competent and digital conversant programmes
- Enhance functional capabilities through the introduction of the Technical Specialist Scheme in digital areas
- Strengthen strategic talent acquisition in the new growth areas and emerging digital skills domains
- Reinforce TM workforce's digital capabilities by leveraging the expertise from Multimedia University (MMU) and other partners
- Ensure MMU's academic programmes remain aligned with emerging industry needs

#### Impact Movement

Risk is assessed as Low, underpinned by sustained workforce development efforts, structured capability-building initiatives and continued progress in digital talent readiness.

#### Strategic Core Principle:



#### Affected Stakeholders:



#### Capitals Deployed:



#### Material Matters:



#### Risk Categories:



### 10 ARTIFICIAL INTELLIGENCE (AI) ADOPTION AND GOVERNANCE (NEW)

#### What It Means

- Rapid evolution of AI and 5G serve as a key catalyst for TM's PWR 2030 aspiration, accelerating the adoption of AI across operational processes and customer-facing digital offerings
- Effective governance, strong data management and appropriate oversight are required to support the responsible and trusted use of AI

#### Implications to Value Creation

- Increasing adoption of AI necessitates robust governance and strong data integrity to meet evolving regulatory expectations, with potential financial implications
- Limitations in oversight of AI deployment, data quality or model performance may affect customer confidence

#### Mitigation Strategies

- Establish a comprehensive AI governance framework, including dedicated oversight committees, aligned with the National Guidelines on AI Governance and Ethics and reinforced through ISO/IEC 42001:2023 Artificial Intelligence Management System (AIMS) certification
- Deploy AI solutions in accordance with defined ethical principles, transparency requirements and applicable regulatory standards

Collectively, these initiatives have reinforced our AI governance framework, strengthened responsible deployment controls and enhanced internal capability to support sustainable AI-driven innovation.

#### Associated Opportunities

AI adoption also presents opportunities to:

- Enhance operational efficiency, innovation and customer-centric digital offerings across TM
- Apply advanced analytics, automation and predictive intelligence to improve network optimisation, customer experience and operational performance
- Develop new AI-driven solutions and enhance existing TM products with AI capabilities that strengthen innovation and service offerings
- Upskill workforce and conduct capacity-building initiatives to support the responsible development, deployment and management of AI technologies, including the establishment of the Faculty of Artificial Intelligence & Engineering (FAIE) at MMU
- Establish TM AI Foundry and GPU-as-a-Service (GPUaaS) capabilities to strengthen compute readiness and accelerate Group-wide AI innovation

#### Impact Movement

AI risk is an Emerging Risk and remains under close monitoring as adoption of AI technologies expands across TM.

#### Strategic Core Principle:



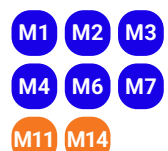
#### Affected Stakeholders:



#### Capitals Deployed:



#### Material Matters:



#### Risk Categories:



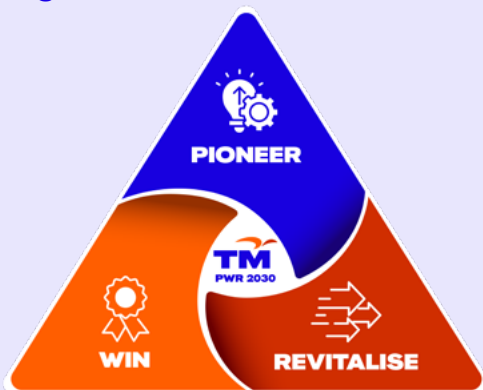
# STRATEGY IN ACTION

## DEFENDING CORE BUSINESS. SCALING DIGITAL CAPABILITIES

In 2023, we introduced our aspiration to become a Digital Powerhouse by 2030, while positioning Malaysia as the digital hub for the region. Our roadmap is structured into three (3) phases. Phase I: Defend and Build focuses on strengthening core foundations while advancing our digital solutions and platform ecosystem. Phase II: Grow and Replicate scales proven platforms and solutions to expand value creation across Malaysia and ASEAN, before culminating in our 2030 ambition. This journey is anchored in our sustainability Triple Bottom Line of Prosperity, Planet and People (3Ps), embedded across the roadmap to align growth priorities with responsible execution.

Throughout 2025, we advanced Phase I with disciplined execution and growth momentum. We reinforced our market position in convergence leadership, enterprise and government solutions, as well as regional connectivity. At the same time, we continued scaling digital solutions, such as data centres, cloud, GPUaaS, smart services and AI, as part of our growth catalysts and new revenue streams.

### PWR 2030: Digital Powerhouse for Malaysia and the Region



#### Pioneer

**P** Pioneering industry growth through digitalisation and sustainability by pushing the boundaries of innovation and setting new industry standards.

#### Win

**W** Winning the infrastructure leadership position in high-impact areas serving communities, businesses and the government by becoming the go-to provider for high-end infrastructure and services, including 5G.

#### Revitalise

**R** Revitalising digital talent and the innovation ecosystem, positioning Malaysia as a digital advancement hub by supporting entrepreneurs and innovators.

### DEFEND AND BUILD

#### 2024 – 2026

- Defending and growing the core business
- Building digital solutions and TM's platform ecosystem
- Reforming the current business

### GROW AND REPLICATE

#### 2027 – 2029

- Growing integrated platforms by harnessing data to enhance value propositions
- Replicating successful ventures across the nation and region

#### 2030

- **Pioneering** industry growth through digitalisation and sustainability
- **Winning** infrastructure leadership in high-impact areas (communities, businesses and government)
- **Revitalising** talent and the innovation ecosystem for Malaysia and the region

### JOURNEY TOWARDS DIGITAL POWERHOUSE

**SUSTAINABILITY 3Ps – Prosperity, Planet, People**  
are integrated within the Group's strategy and across operations

## STRATEGY IN ACTION

2025 marked our second year in **Phase I: Defend and Build**. We continued to sharpen our focus around the three (3) strategic goals:



### 1 Protecting Core Business

We continued strengthening our core connectivity services through network modernisation and investments in resilient, high-capacity digital infrastructure to support growing demand for reliable, high-speed connectivity. These efforts enhanced network performance and reinforced the operating foundation that advances our digital solutions and platform ecosystem.

A stronger connectivity foundation enables convergence adoption for consumers and MSMEs, supports secure and scalable connectivity for enterprises and government and strengthens regional infrastructure links. Together, these capabilities sustain reliable service quality, deepen customer relationships and position the Group to capture long-term digital growth opportunities.

#### Key Highlights

Remained Malaysia's Convergence Champion with the only quad-play services, expanding customer value through home, mobile, content and lifestyle solutions.



#### UniVerse bundle offering

For more information, please refer to Unifi on pages 74 to 79.

Strengthened partnerships while expanding next-generation connectivity solutions for enterprises and public sectors.



#### SD-WAN and Enterprise 5G

For more information, please refer to TM One on pages 80 to 85.

Invested in strategic digital infrastructure to strengthen high-capacity connectivity requirements and border-to-border connectivity to meet the requirement of hyperscalers' demand.

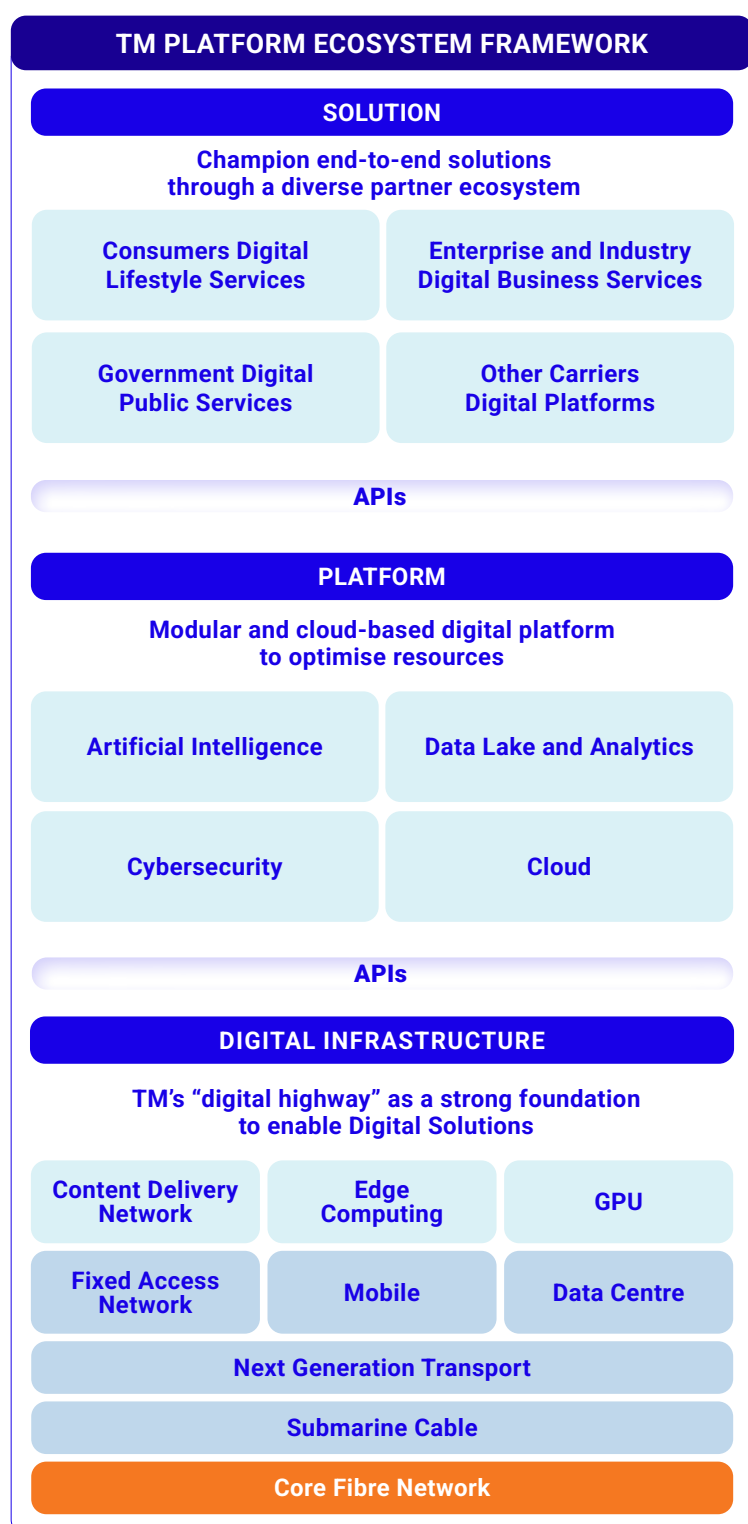


#### Participation in CANDLE submarine cable system consortium

For more information, please refer to TM Global on pages 90 to 94.

**2 Advancing Digital Solutions and Building the Platform Ecosystem**

The TM Platform Ecosystem, launched in 2024, aims to capture digital market opportunities and deepen customer engagement by expanding into adjacent markets and developing differentiated solutions. In 2025, progress continued across the digital solutions, platform and infrastructure layers, with initiatives spanning across consumer, enterprise and government use cases. By integrating digital infrastructure, platforms and solutions within a unified architecture, the ecosystem enables TM to scale digital solutions more efficiently while accelerating innovation and supporting Malaysia’s digital economy.



**Key Highlights**

- Smart Home**  
 Scaled up in-home connectivity focusing on home security  
 For more information, please refer to Unifi on pages 74 to 79.
- Enterprise digitalisation**  
 Enabled the transition to digital readiness for Smart Industrial Park, Smart Port and Smart Urban Forestry  
 For more information, please refer to TM One on pages 80 to 85.
- GPUaaS**  
 Scaled up GPUaaS offerings  
 For more information, please refer to TM Global on pages 90 to 94.

- Unifi TV 2.0 Platform**  
 Accelerated platform adoption with stronger digital engagement  
 For more information, please refer to Unifi on pages 74 to 79.
- Cloud Alpha Edge**  
 Enabled government and enterprise customers to securely migrate to national cloud  
 For more information, please refer to TM One on pages 80 to 85.
- MYNE (MY Network Engine)**  
 Enhanced partners to procure bandwidth with real-time provisioning and transparent pricing  
 For more information, please refer to TM Global on pages 90 to 94.

- TM Nxera**  
 Advanced the development of a hyperconnected AI-ready data centre that supports cross-border digital integration  
 For more information, please refer to TM Global on pages 90 to 94.
- Submarine Cable Systems**  
 Expanded submarine cable systems, including participation in the CANDLE consortium  
 For more information, please refer to TM Global on pages 90 to 94.

We remain committed to advancing our Platform Ecosystem while advancing digital solutions to drive greater momentum for the Group.

## STRATEGY IN ACTION

### 3 Evolution of Current Business


Progressing our transformation requires changes in how we operate, partner and build capabilities. During FY2025, we continued evolving our business model, strengthening strategic partnerships and developing critical digital capabilities across the workforce. These shifts were intended to improve agility and operational efficiency, while positioning the organisation to compete in an increasingly dynamic digital landscape.

Together, these shifts strengthened organisational resilience and expanded our ability to scale new capabilities and opportunities. By combining stronger partnerships with a future-ready workforce, the Group is better positioned to innovate, respond to market shifts and sustain long-term growth in the evolving digital economy.

#### Key Highlights


Formed strategic partnerships and joint ventures based on a risk-sharing model, leveraging shared expertise and capabilities.

#### TM Data Centres and GPUaaS

 For more information, please refer to TM Global on pages 90 to 94.

Reinforced a performance-driven culture and instilled an Innovative, Bold and Entrepreneurial mindset among employees

#### Spark the PWR Programme

 For more information, please refer to TM Global on pages 90 to 94.

### PROGRESS IN 2025

The second year of the Defend and Build phase delivered meaningful progress as we continued strengthening our core foundations while advancing key digital capabilities. These efforts reflect steady execution across our strategic priorities and reinforce the operating base required to support the next phase of growth. A dashboard summary of our key achievements is presented on pages 72 to 73.

### WHAT'S NEXT

2026 will mark a transition year towards **Phase II: Grow and Replicate**. We are strengthening our position as Malaysia's trusted digital backbone while scaling platform-led growth through monetising data and digital solutions, orchestrating partner ecosystems, as well as expanding our AI, cloud, cybersecurity and smart services capabilities.

We translate these priorities into tangible value across stakeholder segments. We aim to enrich consumers through seamless, converged digital experiences, enable businesses through integrated solutions that improve productivity and resilience and support government priorities through trusted infrastructure and platforms. Together, this ecosystem strengthens adoption, deepens collaboration and reinforces long-term value creation as we progress towards our Digital Powerhouse aspiration.



**Business-to-Consumer (B2C)**

**Strengthening Convergence Leadership for Consumers and MSMEs**

Unifi as Malaysia's only true quad-player provider will fortify its position in Broadband leadership through Converged Digital Services.

We will make our digital services of mobile, content, devices and Smart Home services integral to daily life through personalised offerings that enrich customer lifestyles.

Unifi Business will strengthen its role as the preferred digital partner for MSMEs with a high-impact digital ecosystem to expand productivity-led digital solutions and sustain structured enablement programmes to support resilient and inclusive growth.

For more information, please refer to Unifi on pages 74 to 79.



**Business-to-Business (B2B)**

**Maintaining Leadership Position in Enterprise and Government**

We will focus on reinforcing our leadership in government and enterprise connectivity while accelerating growth across digital solutions, including cybersecurity, cloud, data centres and smart services.

Through deeper engagements across sectors, we aim to deliver secure, scalable and future-ready digital platforms that support mission-critical operations and national digital priorities.

By integrating connectivity with advanced digital solutions, TM One will continue enabling businesses and public sector institutions to drive digital transformation, enhance operational efficiency and unlock new growth opportunities.

For more information, please refer to TM One on pages 80 to 85.



**Carrier-to-Carrier (C2C)**

**Powering Malaysia as a Regional Digital Hub**

We will continue to strengthen Malaysia's position as a trusted regional digital gateway through resilient infrastructure, platform-led innovation and strategic ecosystem partnerships.

We will focus on expanding our global footprint for future digital growth through AI-ready data centres, edge data centres and submarine cable systems. GPUaaS will be expanded to meet the rising demand of AI-driven applications.

Connectivity remains foundational as we increase capacity, diversity and resilience to support data centre interconnected and AI-driven traffic growth, domestically and globally.

For more information, please refer to TM Global on pages 90 to 94.

The following key enablers are fundamental to realising our Digital Powerhouse aspiration, providing the operational backbone to enable seamless performance, support sustainable scale and ensure robust execution.



**AI Foundry**

Powering next-gen capabilities to deliver end-to-end AI capabilities across every industry and community that we serve



**Platform Ecosystem**

Building new capabilities in strategic domains and expanding market presence to strengthen the overall Platform Ecosystem



**Cyber Resilience**

Moving towards a unified AI-powered SOC operations to enhance cyber resilience and security controls



**TM BSS Modernisation**

Accelerating time-to-market, reducing costs and improving customer experience with platform consolidation



**Network Modernisation and Automation**

Harnessing digital infrastructure to fortify our core, power future growth and drive intelligent efficiency



**Future-Ready Workforce**

Upskilling employees with digital capabilities through structured training in building a digitally competent workforce

Together, these efforts guide our disciplined execution across all business segments while ensuring the best customer experience in line with our aspiration to become a Digital Powerhouse by 2030, while positioning Malaysia as the digital hub for the region.

## STRATEGY IN ACTION

# EMPOWERING THE NATION THROUGH AI A YEAR OF EXECUTION

In 2024, we articulated a vision for a national network that transcends simple connectivity - a network designed to think, learn and empower. This vision positioned Artificial Intelligence (AI) as the cornerstone of Malaysia's next digital phase, anchored in AI-ready digital infrastructure, solutions and talent development.

In 2025, we successfully transitioned from ambition to execution. We moved beyond exploratory phases into full-scale operationalisation, establishing the foundational platforms required to integrate AI into internal operations and industry use-cases. What began as experimental prototypes has matured into a coherent, locally hosted ecosystem engineered to serve Malaysia's AI aspiration.

### Powering Malaysia's AI Ecosystem

AI requires a resilient and secure foundation. Throughout the year, we strengthened the three (3) pillars areas of our digital infrastructure: Compute, Cloud and Connectivity. By investing in a locally hosted backbone, we ensure sensitive data remains within our borders while supporting high-performance AI workloads.

Key Infrastructure Milestones:



#### GPU-as-a-Service (GPUaaS)

We launched high-performance NVIDIA GPU clusters hosted within our Tier-III Malaysian data centre. This service gives organisations instant access to high-performance AI compute without expensive upfront hardware investment.



#### Cloud Alpha Edge (CAE)

As Malaysia's national cloud provider, CAE supports highly regulated industries, ensuring data residency and compliance while providing the agility needed for AI adoption.



#### Next-Generation Data Centres

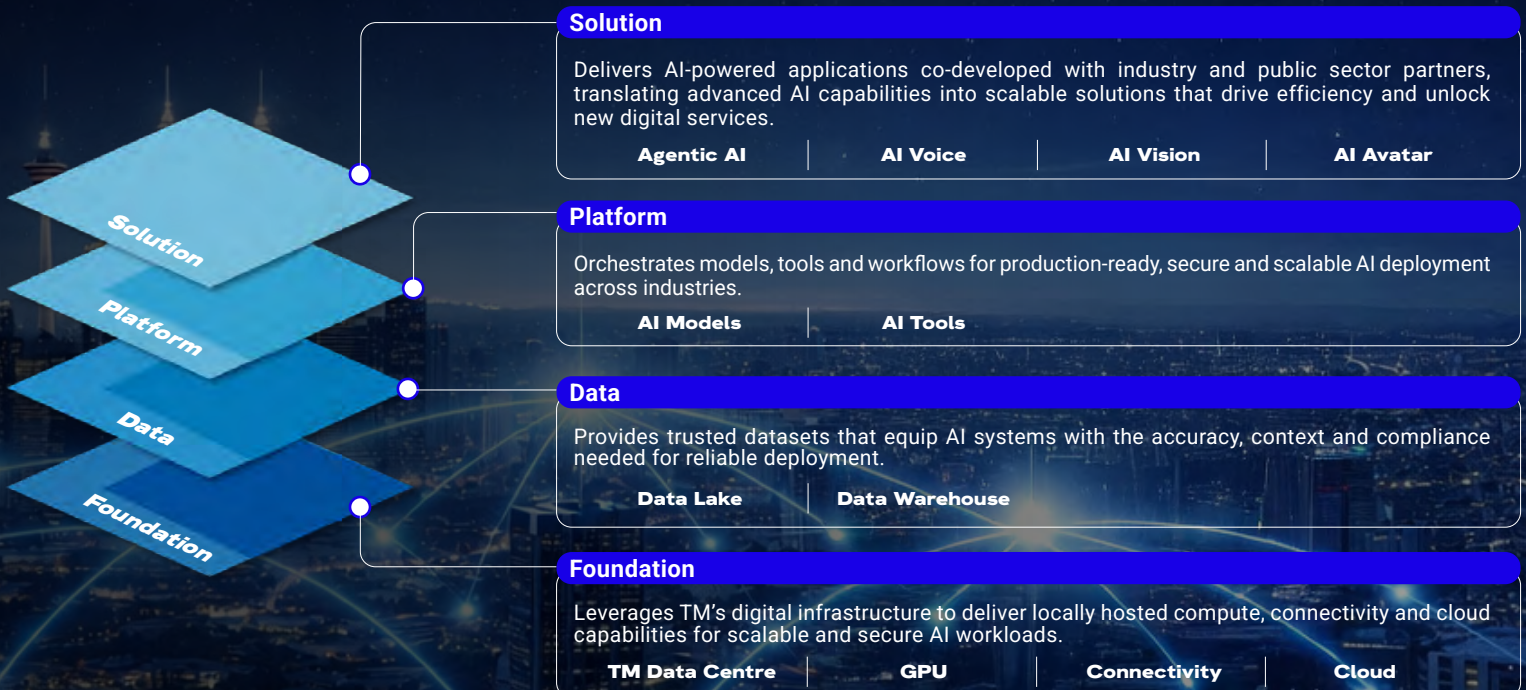
Our expanded Klang Valley (KVDC) and Iskandar Puteri (IPDC) data centres, together with the development of TM Nxera as a hyperconnected and AI-ready data centre, are positioned to meet the growing demand for AI workloads. Featuring advanced liquid-cooling technologies, these facilities support large-scale high-performance computing (HPC).

### TM AI Foundry: Commercialising AI at Scale

The TM AI Foundry is our innovation engine, purpose-built to unlock the full value of our digital backbone and translate advanced AI capabilities into scalable, real-world solutions.

Designed to bridge the gap between AI innovation and commercial deployment, the Foundry is now operational and integrates capabilities across a structured four-layer architecture. This framework accelerates the journey from concept to production, enabling faster development, deployment and monetisation of AI-driven services.

Each layer is tightly integrated with TM's digital ecosystem, ensuring solutions are secure, scalable and ready to support enterprise and national-level AI adoption.



### Solidifying National and Global Leadership

In 2025, we reinforced our role as a key national enabler and a credible global participant in the AI economy.

- **National Alignment:** We strengthened our partnership with the Government through the 'Temu Anwar' programme at Multimedia University (MMU). As Malaysia's first private university to launch a Faculty of Artificial Intelligence and Engineering (FAIE), MMU has set a national milestone in advancing AI education. Together with the establishment of the AI Transformation Centre (AIX), this achievement cements our shared commitment to building a future-ready workforce.
- **Global Presence:** At Mobile World Congress (MWC) 2025 in Barcelona, we showcased Malaysia's AI capabilities to an international audience, positioning the nation as a regional leader in digital infrastructure.
- **Internal Capability:** To ensure AI fluency across our employees, we launched the TM AI LLM League in collaboration with AWS. This gamified talent development initiative has successfully identified and nurtured a pipeline of applied AI expertise across all business units.

### Scaling with Trust and Governance

As we accelerate AI adoption, maintaining public trust remains paramount. We have proactively aligned with the National AI Office (NAIO) and the MTSFB AI Standards Task Force to translate policy into technical benchmarks.

### Responsible AI Frameworks

We strengthened our commitment to responsible AI by becoming the first telecommunications company in Malaysia to be certified under ISO/IEC 42001:2023, the world's first international standard for Artificial Intelligence Management Systems.

This milestone was achieved through the leadership of TM's AI Centre of Excellence (AI CoE), which led the certification programme and embedded enterprise-wide governance, risk management and lifecycle controls to ensure AI is developed and deployed responsibly across the organisation.

### Internal Value

This certification strengthens governance across our AI initiatives, ensuring deployments operate with clear accountability, ethical safeguards and auditable controls throughout the AI lifecycle.

### External Value

For customers and partners, the certification provides assurance that TM's AI-enabled solutions are developed and delivered in accordance with internationally recognised standards, supporting trusted adoption, regulatory readiness and scalable innovation.

### Data Integrity

We have expanded our Data Governance Policy across all subsidiaries, aligned with DM-BOK guidelines, to ensure consistent accountability and ethical data usage. This complements our AI governance framework by ensuring that AI solutions are built on reliable, transparent and responsibly managed data foundations.

## An Invitation to Co-Create the Future

We believe sustainable shareholder value is inseparable from building a resilient digital foundation for the nation. Malaysia's AI transformation is a collective journey. While TM provides critical infrastructure with secure, locally hosted environments, on-demand high-performance compute and trusted datasets, the full potential of AI will be realised through strong ecosystem collaboration.

We invite innovators, enterprises and Government agencies to build and scale meaningful solutions on our platform. Our value proposition includes

- **Data Resilience** – keeping data local, secure and aligned with national standards.
- **Scalable Innovation** – providing the compute, connectivity and digital infrastructure required to accelerate AI adoption at scale.
- **Trusted Governance** – enabling responsible, ethical and transparent deployment of AI across industries.

Through this collaborative ecosystem, we are strengthening Malaysia's competitiveness in the global digital economy while positioning TM as a trusted digital infrastructure and AI innovation partner for the nation.

We welcome forward-looking organisations to partner with us in shaping Malaysia's next chapter of intelligent growth. For collaboration enquiries, please contact the AI Centre of Excellence via:



Email: [aicoe@tm.com.my](mailto:aicoe@tm.com.my)

# STRATEGIC GROWTH FACTORS: PERFORMANCE DASHBOARD

Our progress towards achieving Digital Powerhouse aspiration is measured by both financial and non-financial metrics.

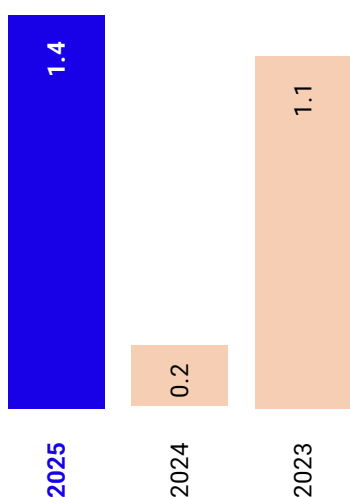
## FINANCIAL PERFORMANCE

Financial metrics are used to measure the financial success of our strategy. These indicators reflect the investments made to achieve business targets and foster long-term growth across the Group.

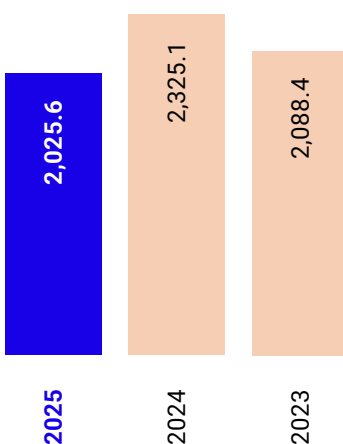
### Financial Performance

## OPERATING RESULTS

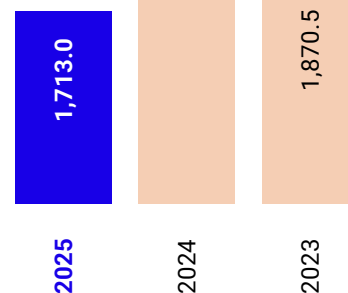
Revenue Growth\* (%)



EBIT (RM million)

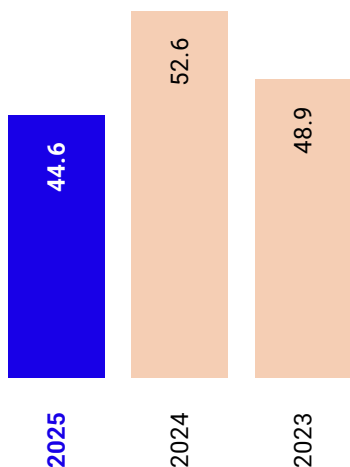


PATAMI (RM million)

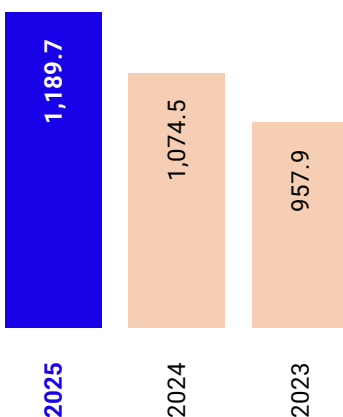


## SHARE INFORMATION

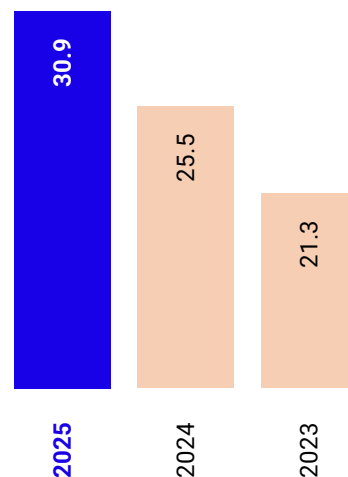
Basic Earnings Per Share\* (sen)



Dividend Payouts (RM million)



Market Capitalisation (RM billion)



\* During the financial year, the Group changed its accounting policy on the presentation of Government grants and has restated the 2023 comparative information accordingly.

^ Basic earnings per share based on current number of ordinary shares outstanding.

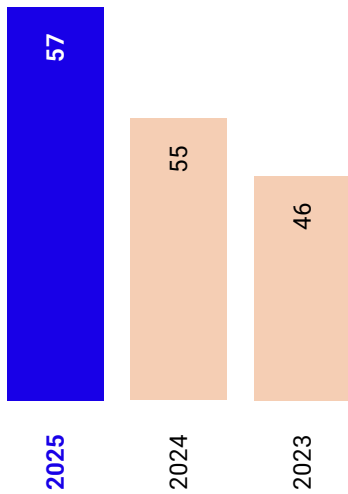
**NON-FINANCIAL PERFORMANCE**

In addition to financial metrics, we also track non-financial metrics that support our Digital Powerhouse aspiration. The indicators track scores for sustainability and customer loyalty. These metrics reflect our commitment to delivering value to our stakeholders.

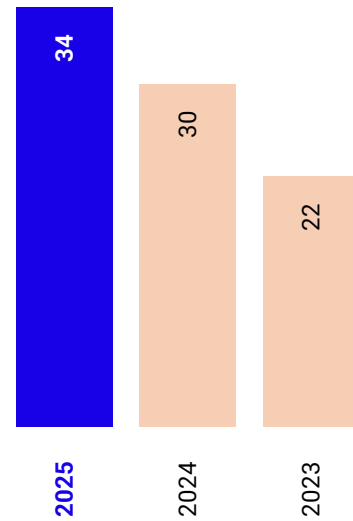
Non-Financial Performance

**SUSTAINABILITY**

S&P Global ESG (score)

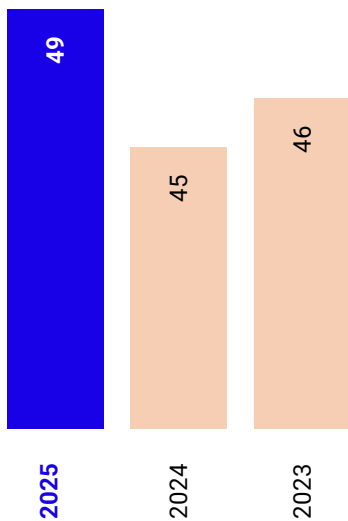


Carbon Emissions Reduction<sup>1</sup> (%)

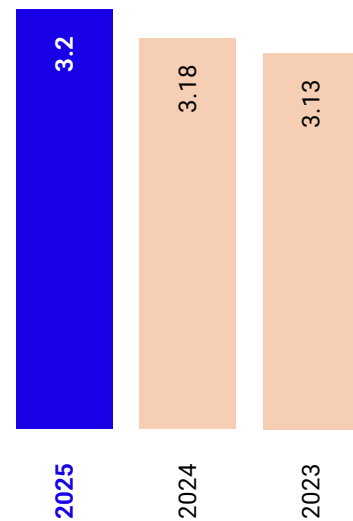


**CUSTOMER LOYALTY**

TM Group NPS (score)



Fixed Broadband Customers (million)



Note:

<sup>1</sup> For more details, please refer to the Environmental Management on page 196.