



Sustainable Supply Chain Policy

Version 1, 2024




SUSTAINABLE SUPPLY CHAIN POLICY

VERSION 1.0

DATE OF RELEASE:
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1. INTRODUCTION

1.1 Purpose and Scope

Purpose

Telekom Malaysia Berhad (“TM” or “the Group”) strives to do business with suppliers and business partners that not only provide superior technology and quality but also fulfill their social, governance and environmental responsibilities including anti-corruption, human rights, information security, fair-trade and environmentally friendly practices.

As TM works alongside diverse nature of suppliers, vendors and business partners, the environmental, governance and social impacts of our entire supply chain and not just of our own operations must be considered. This policy (“the Policy”) demonstrates our commitment to establishing a sustainable supply chain, by setting TM's expectations on suppliers across all procurement transactions, emphasizing adherence to internationally recognized procurement standards.

This policy document should be read together with TM's Procurement Ethics, TM's Sustainability Policy, Procurement Policy and TM Code of Conduct and Business Ethics.

Scope

This policy is applicable to all TM Group's suppliers, vendors, business partners, subcontractors and any other relevant third parties (hereinafter referred to as “Suppliers”). The requirements stipulated in this policy set out the minimum levels of compliance required of TM's suppliers and Suppliers are required to ensure their own suppliers, subcontractors and other relevant third parties who have direct and indirect dealings with TM Group, are in compliance with this Policy.


1.2 TM's Sustainability Pillars

This policy is underpinned by TM's vision and mission and is intended to strengthen the resilience and sustainability of TM's supply chain, while contributing to TM's broader sustainability goals.

2. RESPONSIBLE BUSINESS PRACTICES

2.1 Compliance with Laws and Regulations

TM expects all suppliers to comply with all relevant laws, regulations, and codes of practice applicable in Malaysia and all the countries in which they operate – where applicable. In addition, it is the responsibility of the suppliers to ensure that their employees or subcontractors are adequately trained on the requirements of this Policy.

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2.2 Conflict of Interest

Situations and circumstances that create a conflict of interest or the perception thereof must be avoided. Suppliers must inform TM of any situation that may create a conflict of interest and to cooperate with TM to mitigate the potential conflict of interest.

2.3 Anti-competitive Conduct

TM expects its suppliers to comply with competition legislation and regulations where applicable and any conduct in anti-competitive engagements are strictly prohibited. This includes, but not limited to collusive behaviour, misuse of market power and refusal to supply. Anti-trust laws and regulations to ensure a free and open marketplace must also be adhered to.

2.4 Bribery, Corruption and Fraud

TM has a zero-tolerance policy towards any form of corruption, financial irregularity, fraud as well as other unethical practices. TM expects our suppliers to uphold integrity, inculcate culture of transparency and compliance in all of their practices.

TM is committed to the principles of integrity, transparency and accountability in its affairs. The importance of protecting our operations, employees and assets against fraud risks and unethical practices is of utmost importance and therefore TM adopts a “zero tolerance” approach to fraud, corruption and any other form of criminal conduct.

2.5 Dealing with Public or Government Officials and Politically Exposed Persons (“PEP”)


Transparent and fair relationships are the cornerstones of TM’s business practices when it relates to dealing with Public or Government Officials and Politically Exposed Persons (“PEP”). PEP is defined as a person entrusted with a local or foreign country’s public or governmental function. TM’s suppliers and/or their representatives shall comply with TM’s Code of Conduct and Business Ethics and all applicable laws and regulations in all dealings or interactions with Public or Government Officials (including regulators) and PEP.

2.6 Gifts

TM adopts a “no-gift” policy. Whether directly or indirectly, the soliciting, requesting, receiving gifts from suppliers that has any dealings with TM. For further information on TM’s “no-gift” policy, please refer to TM’s Code of Conduct and Business Ethics.

2.7 Money Laundering

Money laundering is strictly prohibited in any form or manner. Suppliers shall not participate in any money laundering, theft of trade secrets, manipulation, improper influencing or other unfair competition practices. Suppliers shall promptly notify TM in the event of any anticipated, suspected or actual breach or non-compliance with laws or regulations, TM policies or contractual terms in relation to money laundering or terrorism financing.

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3. LABOUR RIGHTS AND WORKING CONDITIONS

3.1 Fundamental Labour Rights and Principles

TM expects its suppliers to comply with all applicable labour laws and regulations and international labour rights and principles as established by the International Labour Organisation (“ILO”) in the 1988 Declaration of Fundamental Principles and Rights at Work.

3.2 Freedom of Association and Right to Collective Bargaining

Suppliers shall recognize and respect the right to freedom of association and the right to collective bargaining of its employees and/ or workers as permitted by laws and regulations.

3.3 Forced Labour

TM’s suppliers must prohibit the use of forced or involuntary labour and embrace employment practices consistent with ILO conventions pertaining to forced labour and Modern Slavery laws.

3.4 Child Labour

Child labour is strictly prohibited by TM. Suppliers shall not employ children in the workplace. The minimum age for employment or work shall be the minimum age for employment as per stipulated in the Employment Act 1955 and Children and Young Persons (Employment) Act 1966 or if beyond the national border, to comply with the applicable employment laws in that country such as those set forth in Modern Slavery laws, Convention on the Rights of the Child, the ILO Minimum Age Convention.

3.5 Non-discrimination

Suppliers shall observe non-discriminatory practices and shall not discriminate in its hiring and employment practices.

3.6 Excessive Working Hours


Suppliers must comply with all applicable labour laws, regulations and industry norms relating to working hours and breaks. Suppliers shall ensure that all overtime work is voluntary and within the permissible overtime hour regulated by the local law, and ensure it is compensated at the prevailing overtime rate.

3.7 Right to Minimum Wage

TM’s Suppliers are expected to pay a fair and reasonable wage and at minimum, to comply with applicable legal and industry standards. This includes those relating to minimum wages, overtime hours and legally mandated benefits.

3.8 Commitment to Local Sourcing

As TM is committed to supporting local economies and communities through our sourcing practices, whenever feasible, the sourcing of materials and products locally should be given priority to foster economic growth.

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4. HEALTH AND SAFETY

4.1 Safe Work Environment

Suppliers shall provide their employees with a safe and healthy workplace in compliance with all applicable laws and regulations. In line with this, suppliers shall have trainings, certifications and implement effective programmes that include effective safety programmes, responsible business practices such as those relating to raising awareness on prohibition of forced and child labour.

Suppliers shall also make available safety information on identified workplace risks and their employees is correspondingly trained to ensure they are adequately protected. Additionally, suppliers are expected to identify and assess likely and potential emergency situations in the workplace and minimize their impact by implementing adequate emergency plans and response procedures.

5. ENVIRONMENT

5.1 Operational Environmental Impact

In our continuous efforts towards minimizing negative impact to the environment, suppliers shall take a precautionary approach and adopt environmentally friendly practices considering impacts on climate change.


Suppliers shall comply with all applicable environmental laws, regulations and internationally recognised standards. Any additional environmental requirements specific to the products or services being provided to TM as called for in design and product specifications must also be adhered to.

For the supply of commodities and equipment, TM's suppliers are encouraged to adhere to standards and best practices where applicable, in relation to energy efficiency, water consumption and water management, environmental protection including minimizing impacts on biodiversity, Restriction of Hazardous Substances (RoHS), waste management including e-waste management and circularity.

Suppliers are encouraged to have adequate management systems and controls in place to ensure compliance with this policy. The functioning and quality of the suppliers' management system should be adequate to the size, complexity and risk environment of its business.

5.2 Responsible Sourcing of Raw Materials and Conflict Minerals Sourcing

Suppliers are encouraged to comply with applicable conflict minerals regulations. Suppliers must undertake measures to ensure that raw materials and metals from conflict areas including, but not limited to, tin, tantalum, tungsten and gold, or derivatives of these minerals are responsibly sourced (per the OECD Due Diligence Guidance for responsible mineral supply chains).

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5.3 Waste Management

TM's suppliers shall have in place robust waste management practices to ensure proper handling, storage, treatment and disposal of waste generated throughout our supply chain. Where feasible, circularity with a focus on recyclability, durability and reparability must be adopted for as long as possible to reduce the need for sourcing of new resources.

5.4 Energy Consumption

TM aims to reduce our reliance on fossil fuels and lower our carbon footprint across the value chain. TM's suppliers must take precautionary steps to minimize their use of resources and ensure efficient energy consumption. TM expects, wherever feasible, for suppliers to implement appropriate measures to transition to renewable energy such as utilizing fuel-efficient vehicles, investing in solar, wind and hydroelectric power.

5.5 Carbon Emissions

TM's suppliers are encouraged to make efforts to reduce greenhouse gas outputs through energy performance and efficiency measures. Upon request (and where practicable) suppliers must provide reporting data on third party transportation and distribution of products, including between a company's tier 1 suppliers and its own operations, and between the point-of-sale and the end-consumer (including retail and storage).

6. DATA PRIVACY AND SECURITY

TM takes the privacy and data security of our customers and staff very seriously and we require our suppliers to protect data and uphold our privacy requirements and obligations. Where applicable, suppliers must implement administrative, physical and technical safeguards that are no less rigorous than accepted industry practices on cybersecurity. Any breaches must be reported immediately and transparently. For further information on TM's compliance to the Personal Data Protection Act 2010, please refer to TM's Privacy Notice.


7. TRAINING

TM's suppliers are encouraged to provide ESG-related awareness training to all staff responsible for performing regular assessment and communicate its social and environmental company statement to all employees.

8. COMPLIANCE COMMITMENT AND REPORTING

In keeping with best practice reporting standards and applicable regulatory requirements, reporting on environmental and social performance to key internal and external stakeholders is an expectation to all TM's suppliers. Suppliers are encouraged to incorporate management of, and reporting on, the progress of their sustainability plans, diversity initiatives as well as workplace practices and policies as part of their normal business operations.

Where applicable, TM's suppliers must provide honest and transparent responses to TM's ESG Self-Assessment for Suppliers. The supporting documents must be provided to TM if available, and upon

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request. TM may, from time to time conduct onsite assessment of its supplier's facilities to review the supplier's compliance against this Sustainable Supply Chain Policy.

Suppliers are required to implement timely corrective and preventive actions for any non-compliance and non-conformance identified.

9. WHISTLEBLOWING CHANNEL

TM's suppliers can report good faith concerns regarding suspected violations of applicable laws or the Sustainable Supply Chain Policy. This may include actual or suspected misconduct, illegal or unethical behaviour or unfair treatment across the supply chain that the suppliers become aware of in the conduct of business with TM.

This could be made via:

Ethical Line: 1800 88 2377

Email: ethic@tm.com.my

TM prohibits any discrimination or retaliation against individuals who report suspected violations in good faith.