

CORPORATE GOVERNANCE REPORT

STOCK CODE : 6139
COMPANY NAME : SYARIKAT TAKAFUL MALAYSIA KELUARGA BERHAD
FINANCIAL YEAR : December 31, 2020

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

Disclosures in this section are pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements.

SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PERSUANT CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA

Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guidelines.

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

Disclosures in this section are pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements.

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.1

The board should set the company's strategic aims, ensure that the necessary resources are in place for the company to meet its objectives and review management performance. The board should set the company's values and standards, and ensure that its obligations to its shareholders and other stakeholders are understood and met.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board of Directors ("the Board") of Syarikat Takaful Malaysia Keluarga Berhad (STMKB) or ("the Company") is responsible to promote and protect the interest of STMKB which includes the shareholders and stakeholders of each member of the Group. The Board shoulders the ultimate responsibility of determining the direction of the Group thereby ensuring long term success and the delivery of sustainable value to its shareholders. The Board provides thought leadership and advice in fine-tuning corporate strategies, championing corporate governance and ethical practices and ensures effective execution of these strategies.</p> <p>The Board is mindful of the need to protect the interests of its shareholders and other stakeholders. In discharging its duties effectively, the Board is guided by its Terms of Reference/Board Charter ("Board Charter") which sets out the roles and responsibilities of the Board. The Board Charter is reviewed regularly to keep it up to date with changes in regulations and best practices and ensure its effectiveness and relevance to the Board's objectives. The last review was carried out on 19 October 2017. The Board Charter is accessible on our website at www.takaful-malaysia.com.my.</p> <p>The Board has the overall responsibility of ensuring that the Company operates as intended in the declared objectives of the Company. Consequently, it has the power to decide on all matters pertaining to the Company's business as empowered by the Company's Constitution, Companies Act 2016, Islamic Financial Services Act 2013 and all relevant guidelines of Bank Negara Malaysia (BNM), Securities Commission and the Listing Requirements, and if required, to delegate these powers accordingly. Some of the specific powers of the Board would include the following:</p> <ul style="list-style-type: none">• To establish and approve policies on the future direction of the Company within the general objective of attaining progress in its

	<p>overall corporate missions which cover all aspects of operations, including strategic planning, credit administration and control, asset and liability management encompassing the management of liquidity risk, return on investment risk and market risk, accounting system and control, service quality, automation plan, prevention of money laundering, risk management, profit planning and budgeting, adequacy of capital and human resource development;</p> <ul style="list-style-type: none"> • To approve new investments, divestments and acquisitions, including the setting up of new subsidiaries/associated companies and the participation in new business activities locally or overseas; • To review and approve the annual business plan and budget, and monitoring the quantitative and qualitative performance of STMKB, both at the Company and Group levels, against target and objectives; • To ensure that the business operations of the Company are conducted in accordance with the Shariah principles; • Succession planning, including appointing, training, fixing the compensation of and where appropriate, replacement of Senior Management; and • Reviewing the adequacy and integrity of the Company's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines. <p>To enable the Board to discharge its duties effectively whilst enhancing business and operational efficacy, the Board delegates certain responsibilities to five (5) Committees, namely Audit Committee, Nomination & Remuneration Committee, Board Risk Committee, Investment Committee and Long Term Incentive Plan Committee.</p> <p>All Committees have clear written terms of reference (TOR) and a copy each of the said Committees' TOR is also published in the Company's website. The Board receives reports of the Committees' proceedings and deliberations. The Chairman of the various Committees will report to the Board the outcome of their meetings and such reports are incorporated in the minutes of the Board meeting.</p> <p>To operate effectively in a dynamic environment, the Board's responsibilities are delegated to the Management of the Company headed by the Group Chief Executive Officer (GCEO). The GCEO is responsible for broad aspects of the day-to-day operations of the Company including financial stewardship and compliance to laws, regulations, policies and procedures. In this regard, Management is accountable to the Board for the overall functions and activities of the</p>
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	Company amongst others the implementation of the policies and strategies as approved by the Board, are always in line with the Shariah principles and guided by regulatory requirement as well as industry best practices.	
Explanation for departure :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure :		
Timeframe :		

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.2

A Chairman of the board who is responsible for instilling good corporate governance practices, leadership and effectiveness of the board is appointed.

Application	:	Applied
Explanation on application of the practice	:	<p>The roles and responsibilities of the Chairman of the Board have been clearly specified in Paragraph 3.2 of the Board Charter, which is available on the Company's website at www.takaful-malaysia.com.my.</p> <p>There is a clear division of responsibilities between the Chairman and the GCEO to ensure that there is a balance of power and authority. The roles and responsibilities of the Chairman and GCEO are distinct and separate, in accordance with the relevant best practice. The Chairman primarily presides over meetings of Directors and is responsible for instilling good corporate governance practices, leadership and the effectiveness of the Board. The GCEO is responsible for the execution of the Group's strategies in line with the Board's direction, oversees the operations of the Company and drives the Group's businesses and performance towards achieving the Group's vision and goals.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.3

The positions of Chairman and CEO are held by different individuals.

Application	:	Applied
Explanation on application of the practice	:	<p>The positions of Chairman and GCEO are held by different individuals since the inception of the Company. This is also provided in Paragraph 3.1 of the Board Charter.</p> <p>There is a clear division of responsibilities between the Chairman and the GCEO to ensure balance of power and authority. The roles and responsibilities of the Chairman and GCEO are distinct and separate, in accordance with the relevant best practice.</p> <p>The Chairman primarily presides over meetings of Directors and is responsible for instilling good corporate governance practices, leadership and the effectiveness of the Board. The GCEO is responsible for the execution of the Group's strategies in line with the Board's direction, oversees the operations of the Company and drives the Group's businesses and performance towards achieving the Group's vision and goals.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.4

The board is supported by a suitably qualified and competent Company Secretary to provide sound governance advice, ensure adherence to rules and procedures, and advocate adoption of corporate governance best practices.

Application	:	Applied
Explanation on application of the practice	:	<p>The Company Secretary of the Company is qualified to act pursuant to Section 235(2) of the Companies Act 2016.</p> <p>The Company Secretary ensures that all the legal and regulatory requirements are met. The Company Secretary provide governance advice, ensures adherence to rules and procedures, and advocate adoption of corporate governance best practices.</p> <p>All Directors have unrestricted access to timely and accurate information and access to the advice and services of the Company Secretary, enabling them to discharge their duties effectively.</p> <p>The Company Secretary is responsible for ensuring that Board meetings' procedures are followed and that all applicable rules and regulations are complied with. She ensures the deliberations at Board and Board Committee meetings are properly documented and facilitates proper communications and ensures effective flow of information between the Board, Board Committees and Senior Management by ensuring that the relevant matters raised by meetings are subsequently communicated to the relevant management for their further actions. The Company Secretary further ensures that outstanding action items are properly tracked and monitored until such items are addressed and reported to the Board, where applicable. She is also responsible for advising the Directors of their obligations and duties, disclosure of their interest in securities, disclosure of any conflict of interest in a transaction involving the Company, prohibition on dealing in securities and restrictions on disclosure of price-sensitive information. The Directors may seek independent professional advice in furtherance of their duties, at STMKB's expense.</p> <p>The Board is also regularly updated from time to time by the Company Secretary and/or Management on updates to the regulations and guidelines, as well as any amendments thereto issued by BNM, Bursa Securities, Securities Commission, Companies Commission of Malaysia and other relevant regulatory authorities.</p>

Explanation for departure :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure :		
Timeframe :		

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.5

Directors receive meeting materials, which are complete and accurate within a reasonable period prior to the meeting. Upon conclusion of the meeting, the minutes are circulated in a timely manner.

Application	: Applied
Explanation on application of the practice	<p>The Board has full and timely access to information with Board papers distributed in advance of meetings, normally five (5) days prior to the meeting, to enable the Directors to obtain further explanation, where necessary, in order to be properly briefed before the meetings. The Board papers include the minutes of previous Board meeting, minutes of meetings of all Committees of the Board, minutes of the Shariah Advisory Body and reports relevant to the issues of the meetings covering areas such as financial, investment, information technology, operational, human resource and regulatory compliance matters. The GCEO keeps the Board informed, on timely basis, of all material matters affecting the Group's performance and major developments within the Group.</p> <p>The Senior Management are invited to attend the Board meetings to present and brief the Board on matters/reports relating to their areas of responsibility as and when required.</p> <p>A notification email on the meeting date including dateline for meeting materials to be submitted was sent out to the Management a few weeks prior to the meeting date.</p> <p>In order for the Board meetings to be more effective, the Board meeting agenda are sequenced in a manner that prioritise approval papers. Time allocation is also determined for each agenda item in order for Board meetings to be conducted efficiently.</p> <p>The deliberations and decisions at Board and Board Committee meetings are well documented in the minutes, including matters where Directors abstained from voting or deliberation. The Company Secretary will communicate to the relevant Management the Board's decisions for appropriate actions to be taken. The Company Secretary will also follow up with the Management on status of actions taken with reference to the previous minutes of meetings for updating the Board. Action items would stay as matters arising in the minutes of meetings until they are resolved.</p> <p>Key decisions are always made in a Board meeting while Directors' Circular Resolutions are confined to administrative matters and are normally accompanied by Board papers in the same prescribed</p>

	format. All Directors' Circular Resolutions are tabled for confirmation at the next Board meeting.	
Explanation for departure :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure :		
Timeframe :		

Intended Outcome

There is demarcation of responsibilities between the board, board committees and management.

There is clarity in the authority of the board, its committees and individual directors.

Practice 2.1

The board has a board charter which is periodically reviewed and published on the company's website. The board charter clearly identifies–

- the respective roles and responsibilities of the board, board committees, individual directors and management; and
- issues and decisions reserved for the board.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is mindful of the need to protect the interests of its shareholders and other stakeholders. In discharging its duties effectively, the Board is guided by its Terms of Reference/Board Charter ("Board Charter") which sets out the roles and responsibilities of the Board. The Board Charter is reviewed regularly to keep it up to date with changes in regulations and best practices and ensure its effectiveness and relevance to the Board's objectives.</p> <p>The last review was carried out on 19 October 2017. The Board Charter is accessible on our website at www.takaful-malaysia.com.my.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

Practice 3.1

The board establishes a Code of Conduct and Ethics for the company, and together with management implements its policies and procedures, which include managing conflicts of interest, preventing the abuse of power, corruption, insider trading and money laundering.

The Code of Conduct and Ethics is published on the company's website.

Application	:	Applied
Explanation on application of the practice	:	<p>The Directors observe the code of ethics in accordance with the Company Directors' Code of Ethics established by the Companies Commission of Malaysia which provides guidance for proper standards of conduct, sound and prudent business practices as well as standard of ethical behaviour for Directors, based on principles of integrity, responsibility, sincerity and corporate social responsibility.</p> <p>The Directors' Code of Ethics consist of three (3) major areas, namely:</p> <ul style="list-style-type: none"> • Corporate Governance; • Relationship with shareholders, employees, creditors, customers and other stakeholders; and • Social responsibilities and the environment. <p>The Code of Conduct and Ethics is published on the Company's website at www.takaful-malaysia.com.my.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

Practice 3.2

The board establishes, reviews and together with management implements policies and procedures on whistleblowing.

Application	: Applied
Explanation on application of the practice	<p>The Company has established this Whistle Blowing Policy (“Policy”) in response to the Whistle-blower Protection Act 2010 and is committed to the highest standard of compliance with regards to disclosure, transparency, accountability and integrity, as well as those set by relevant legislations.</p> <p>The objectives of this Policy are:</p> <ul style="list-style-type: none">• To provide an avenue for Whistle-blower to raise concerns and define a way to handle any concerns of integrity and misconduct.• To ensure the Board of Directors is kept informed at an early stage about acts of misconduct or improprieties.• To reassure Whistle-blower that they will be protected from punishment or unfair treatment for reporting concerns in Good Faith, if such reporting is in accordance with the procedures in the Policy.• To help develop a culture of openness, accountability, and integrity within Takaful Malaysia. <p>The Policy should be read together with Company’s Fraud Management Policy and Anti-Corruption Framework. This Policy and the Fraud Management Policy collectively govern the reporting and investigation procedures of improper activities or misconducts.</p> <p>The whistle-blower can address concerns via any of the following Whistleblower reporting channel:</p> <p>(a) Email to Independent, Non-Executive Director of STMKB, Puan Suraya Hassan via email: suraya.hassan@takaful-malaysia.com.my</p> <p>(b) E-form: https://www.takaful-malaysia.com.my/contactus/Pages/wbform.aspx</p> <p>(c) Mailing address: Chief Compliance Officer, 26th Floor, Annexe Block, Menara Takaful Malaysia, No. 4, Jalan Sultan Sulaiman, 50000 Kuala Lumpur P.O. Box 11483, 50746 Kuala Lumpur.</p>

Explanation for departure :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure :		
Timeframe :		

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.1

At least half of the board comprises independent directors. For Large Companies, the board comprises a majority independent directors.

Application	:	Applied		
Explanation on application of the practice	:	During the financial year under review, the Board comprises the following:		
		Name	Composition*	Percentage (%)
		Non-Independent Executive Director	-	0
		Non-Independent Non-Executive Directors (NINED)	1/6	16.7
		Independent Non-Executive Directors (INED)	5/6	83.3
*Excluding Dato' Othman Abdullah, Damanhuri Mahmud, Datin Sri Azlin Arshad and Mahadzir Azizan whose term of appointments has ended on 4 April 2020, 1 July 2020, 13 August 2020 and 15 August 2020 respectively.				
Explanation for departure	:			
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.				
Measure	:			
Timeframe	:			

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.2

The tenure of an independent director does not exceed a cumulative term limit of nine years. Upon completion of the nine years, an independent director may continue to serve on the board as a non-independent director.

If the board intends to retain an independent director beyond nine years, it should justify and seek annual shareholders' approval. If the board continues to retain the independent director after the twelfth year, the board should seek annual shareholders' approval through a two-tier voting process.

Application	:	Not applicable - Step Up 4.3 adopted	
Explanation on application of the practice	:		
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.3 - Step Up

The board has a policy which limits the tenure of its independent directors to nine years.

Application	:	Adopted
Explanation on adoption of the practice	:	The Board has adopted a nine-year policy for INED in August 2011 before the issuance of MCCG 2012. The tenure of all the five (5) INED does not exceed a cumulative term of nine (9) years as recommended by the MCCG 2017. They continue to fulfill the definition of independence as set out in the Listing Requirements. Upon completion of the nine (9) years, an INED may continue to serve on the Board as a NINED.

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.4

Appointment of board and senior management are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board recognises that diversity is one of the key drivers to enhance Board effectiveness as diversity broadens the debate within the Board, Shariah Advisory Body (SAB) and Senior Management by harnessing different insights and perspectives. The Board will continuously enhance the Board, SAB and Senior Management's composition to encourage diversity in terms of skills, background, knowledge, industry experience, culture, independence, ethnicity, age and gender when appointing new Directors, SAB members and Senior Management as outlined in MCCG.</p> <p>The Board with a diversified background and specialisation, collectively bring with them a wide range of experience and expertise in areas such as finance, insurance, takaful, actuary, accounting, company secretarial, legal, management and banking.</p> <p>The formal process involves the Nomination and Remuneration Committee (NRC) first identifying the gap in the Board composition before sourcing for suitable candidates. Subsequently, the NRC evaluates and recommends to the Board suitable candidates who fulfil the requirements.</p> <p>The profiles of the Directors are provided on pages 54 to 59 of the Annual Report. The profiles of the current Senior Management are mentioned on pages 63 to 65 of the Annual Report.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.5

The board discloses in its annual report the company's policies on gender diversity, its targets and measures to meet those targets. For Large Companies, the board must have at least 30% women directors.

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>The Board strongly supports the Government's target of having 30% women's participation on board of public listed companies in Malaysia.</p> <p>For the period under review, the Company has five (5) men Directors and one (1) woman Director. The woman Board member is Suraya Hassan. In view of the retirement of Datin Sri Azlin Arshad on 13 August 2020, the representation of women directors has reduced to 16.7%. The Board recognises the importance of gender boardroom diversity and is always mindful that any gender representation should be in the best interest of the Company. At present, the Company does not set any specific target for female Directors in the Board composition. Nevertheless, the Board will continue to encourage and support more women participation on the Board whenever a vacancy arises.</p>
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.6

In identifying candidates for appointment of directors, the board does not solely rely on recommendations from existing board members, management or major shareholders. The board utilises independent sources to identify suitably qualified candidates.

Application	:	Applied
Explanation on application of the practice	:	<p>In identifying candidates for appointment of Directors, the NRC does not solely rely on recommendations from existing board members, management or major shareholders. The board also utilises independent sources such as FIDE FORUM, Institute of Corporate Directors Malaysia (ICDM) and Lead Women to identify suitably qualified candidates.</p> <p>During the financial year the Board established a talent pool, a database of potential candidates collated from talent resourcing, existing board members, management and major shareholder as a tool to facilitate new appointments and recruitments. The NRC/Board will screen through the said talent pool during the selection process in identifying the best suited candidate for a particular position.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.7

The Nominating Committee is chaired by an Independent Director or the Senior Independent Director.

Application	:	Applied	
Explanation on application of the practice	:	Mohd Azman Sulaiman, the current Chairman of NRC is an Independent Non-Executive Director.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Stakeholders are able to form an opinion on the overall effectiveness of the board and individual directors.

Practice 5.1

The board should undertake a formal and objective annual evaluation to determine the effectiveness of the board, its committees and each individual director. The board should disclose how the assessment was carried out and its outcome.

For Large Companies, the board engages independent experts periodically to facilitate objective and candid board evaluations.

Application	:	Applied							
Explanation on application of the practice	:	<p>Ernst & Young was appointed in 2005 to develop the assessment forms for individual directors, Board and Board Committees, and the assessment forms were implemented in 2006. In 2013, the Board upon the recommendation of the Nomination Committee agreed to adopt BIMB Holdings Berhad/Bank Islam Malaysia Berhad's format for the Directors' Assessment/Evaluation as suggested by the Chairman of the Board.</p> <p>The NRC is also empowered to assess the effectiveness of the Board, its Committees including Audit Committee, contribution of each individual Director and the performance of the Shariah Advisory Body. Directors' performance evaluation, assessment of independence of Independent Directors and performance evaluation for the Audit Committee were carried out annually by way of questionnaires which were issued/distributed to the Board and Audit Committee (AC) members for completion as required under the BNM Guidelines, Listing Requirements of Bursa Securities and MCGG. The areas covered are as follows:</p> <table border="1" data-bbox="544 1480 1390 2024"> <thead> <tr> <th data-bbox="544 1480 826 1518">Annual Evaluation</th> <th data-bbox="826 1480 1390 1518">Assessment Criteria</th> </tr> </thead> <tbody> <tr> <td data-bbox="544 1518 826 1877">Directors' Performance Evaluation</td> <td data-bbox="826 1518 1390 1877"> <p>Section A - Board evaluation criteria which comprises 3 criteria i.e. Board structure; Board operations and interaction; and Board roles and responsibilities.</p> <p>Section B - Director Self/Peer Evaluation which comprises 4 criteria i.e. contribution to interaction, quality of input, understanding of role and Chairman's role.</p> </td> </tr> <tr> <td data-bbox="544 1877 826 2024">Assessment of independence of INED</td> <td data-bbox="826 1877 1390 2024">As prescribed under Paragraph 1.01 and Practice Note 13 of Listing Requirements of Bursa Securities.</td> </tr> </tbody> </table>		Annual Evaluation	Assessment Criteria	Directors' Performance Evaluation	<p>Section A - Board evaluation criteria which comprises 3 criteria i.e. Board structure; Board operations and interaction; and Board roles and responsibilities.</p> <p>Section B - Director Self/Peer Evaluation which comprises 4 criteria i.e. contribution to interaction, quality of input, understanding of role and Chairman's role.</p>	Assessment of independence of INED	As prescribed under Paragraph 1.01 and Practice Note 13 of Listing Requirements of Bursa Securities.
Annual Evaluation	Assessment Criteria								
Directors' Performance Evaluation	<p>Section A - Board evaluation criteria which comprises 3 criteria i.e. Board structure; Board operations and interaction; and Board roles and responsibilities.</p> <p>Section B - Director Self/Peer Evaluation which comprises 4 criteria i.e. contribution to interaction, quality of input, understanding of role and Chairman's role.</p>								
Assessment of independence of INED	As prescribed under Paragraph 1.01 and Practice Note 13 of Listing Requirements of Bursa Securities.								

	<p>Performance Evaluation for the AC</p>	<p>Section 1 comprises 3 sections i.e. quality and composition, skills and competencies, and meeting administration and conduct. Section 2 comprises AC members' peer evaluation.</p>
<p>Explanation for departure</p>	<p>The results of the evaluation for the financial year ended 31 December 2020 were tabled to the NRC and the Board meetings held on 19 January 2021 and 29 January 2021 respectively, for Board's notification and deliberation. The Board has taken note of the identified areas for improvement and would address them in the appropriate manner.</p> <p>Based on the 2020 assessment, the Board was satisfied that the Board and Committee's composition provides an appropriate balance in terms of its current mix of skills, knowledge and experience, and is able to discharge their duties and responsibility diligently and efficiently in accordance with its Board Charter. The assessment in respect of Directors' independence in 2020 was carried out using the criteria prescribed under the Main Listing Requirements of Bursa Securities. All Independent Directors assessed have declared adherence to all the relevant regulatory stipulations in accordance with paragraph 1.01 and Practice Note 13 of the Listing Requirements of Bursa Securities.</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure</p>	<p>: The Board will evaluate on the need to engage independent experts again to facilitate objective and candid board evaluations.</p>	
<p>Timeframe</p>	<p>: Within 1 year.</p>	

Intended Outcome

The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

Practice 6.1

The board has in place policies and procedures to determine the remuneration of directors and senior management, which takes into account the demands, complexities and performance of the company as well as skills and experience required. The policies and procedures are periodically reviewed and made available on the company's website.

Application :	Applied
Explanation on application of the practice :	<p>STMKB's Remuneration Policy ("Policy") serves to reflect the Group's objectives in promoting good corporate governance to sustain a long-term value creation for our shareholders. The Board has approved the remuneration policy at the recommendation of the NRC. Some entities within the Group may have remuneration policies that differ from the Group policy in order to meet the relevant local requirements and practices.</p> <p>The Policy is designed to align the personal objectives of staff with the long term interests of STMKB and the funds under its management. Strategic measures are implemented in order to ensure they are aligned to the interests of the Group and its stakeholders. The policy and the general incentive structure are designed to meet the following objectives:</p> <ul style="list-style-type: none">• To be in line with the business strategy, objectives, values, long-term goals and interests of STMKB;• To be aligned with the principle of protection of customers and investors as well as prevention of conflict of interests;• To enable the Group to attract, develop and retain high-performing and motivated staff;• To offer a competitive remuneration package which is aligned with the industry; and• To encourage the staff to continue to perform and create sustainable results and ensure that there is an alignment of interest among the stakeholders i.e. Shareholders, Customers and Staff. <p>The Policy and general incentive structure is consistent with the Group's long term strategy. It is also implemented to ensure transparency in respect of the Group's reward strategy where the staff will have clear and predetermined Key Performance Indicators (KPIs) that are set in accordance with the Group's overall strategy and applicable regulations. Correspondingly, transparency is justified through the Group's disclosure of remuneration and information on paid remuneration disclosed in the Group's annual report.</p>

Philosophy or methodology imposed by STMKB to determine an employee's remuneration is guided as per the following:

- Pay for performance with the notion that there is a direct link between the employee's remuneration and individual or company's performance;
- Set the remuneration level to STMKB's comparative group by performing a market benchmarking exercise on an annual basis; and
- Set a market benchmark of the remuneration against the standard approved by the Board;
- Long Term Incentive Plan (LTIP) granted to eligible employees based on performance matrix that will drive the growth of the business while simultaneously helping to retain the talent. The detailed features of the LTIP are set out in Note 15 of the Annual Audited Financial Statements of this Annual Report.

STMKB's performance management aligns the employees' actions and behaviours with the Company's strategies and goals which consist of the following:

- Key Result Area (KRA) - key deliverables that create the greatest impact of the job and reflect the core responsibilities;
- KPIs - a specific measure of performance that is quantifiable/measurable; and
- Competencies - Key behaviours expected to be demonstrated towards achievement of targets or goals.

The performance management process covers the following:

- A business plan and strategy presentation by division heads to the Board on an annual basis for approval;
- Circulation of the approved business plans and strategies to all employees;
- KRA and KPIs of the employees to tie back to the business plans and strategies; and
- Performance of employees to be reviewed during the mid-year and a final assessment will be conducted during the financial year end.

Remuneration and rewards are granted to an employee based on the achievement of the KPIs and subject to the Company's overall annual financial performance and guided by the following factors:

- The Company's overall performance and affordability (Profit after Tax & Zakat);
- The performance of the sales divisions;
- The employee's individual performance;
- Moderated performance rating distribution to align with the Company's performance;
- Benchmarking with the current market practice;
- The approved remuneration and reward matrix (governed by a specific business rule and requirement);
- The approval matrix for remuneration is determined as per below table:

	No	Item	Approving Authorities			Periodic Review
			Shareholder	Board	GCEO	
	1	Remuneration for Board of Directors	✓			Annually
	2	Remuneration for SAB		✓		Annually
	3	Remuneration for GCEO		✓		Annually
	4	Remuneration for members of Senior Management & other Material Risk Takers		✓		Annually
	5	Staff Annual Salary Increment/Salary Adjustment/Promotion Budget		✓		Annually
	6	Staff Annual Performance Bonus Budget		✓		Annually
	7	Remuneration for clerical and non clerical employees under the Collective Agreement (CA)		✓		Annually
	8	Remuneration for new hires (excluding General Managers and GCEO)			✓	NA
	<p>The above Remuneration Policy is disclosed under STMKB's Corporate Governance Overview Statement as published on STMKB's website at www.takaful-malaysia.com.my.</p>					
Explanation for departure						
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>						
Measure						
Timeframe						

Intended Outcome

The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

Practice 6.2

The board has a Remuneration Committee to implement its policies and procedures on remuneration including reviewing and recommending matters relating to the remuneration of board and senior management.

The Committee has written Terms of Reference which deals with its authority and duties and these Terms are disclosed on the company's website.

Application	:	Applied
Explanation on application of the practice	:	<p>The Nomination Committee and Remuneration Committee were combined into one committee known as the NRC effective 1 January 2017. As at the end of the financial year under review, the NRC consists of three (3) Non-Executive Directors, two of whom are INED. The Chairman of the NRC is Mohd Azman Sulaiman, an INED, in line with the recommendation of the MCGG.</p> <p>The NRC is responsible in recommending the remuneration framework for the Directors as well as the remuneration package of Shariah Advisory Body members, GCEO and Senior Management to the Board to ensure that STMKB attracts, motivates and retains the right Directors, Shariah Advisory Body members, GCEO and Senior Management.</p> <p>The Terms of Reference of the Committee are available on the Company's website at www.takaful-malaysia.com.my</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company’s performance.

Practice 7.1

There is detailed disclosure on named basis for the remuneration of individual directors. The remuneration breakdown of individual directors includes fees, salary, bonus, benefits in-kind and other emoluments.

Application	:	Applied	
Explanation on application of the practice	:	The detailed disclosure on named basis for individual directors including fees, salary, bonus, benefits in-kind and other emoluments are made on pages 77 to 79 of the Annual Report and in the Note 29 to the audited financial statements on pages 214 to 216 of the Annual Report.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

Practice 7.2

The board discloses on a named basis the top five senior management's remuneration component including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000.

Application	:	Not applicable - Step Up 7.3 adopted	
Explanation on application of the practice	:		
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

Practice 7.3 - Step Up

Companies are encouraged to fully disclose the detailed remuneration of each member of senior management on a named basis.

Application	:	Adopted
Explanation on adoption of the practice	:	The detailed disclosure on named basis of each member of senior management's remuneration is made on page 79 of the Annual Report.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

Practice 8.1

The Chairman of the Audit Committee is not the Chairman of the board.

Application	:	Applied
Explanation on application of the practice	:	The Chairman of Audit Committee, Datuk Bazlan Osman, an INED is not the Chairman of the Board as disclosed in the Audit Committee Report 2020.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

Practice 8.2

The Audit Committee has a policy that requires a former key audit partner to observe a cooling-off period of at least two years before being appointed as a member of the Audit Committee.

Application	:	Applied
Explanation on application of the practice	:	STMKB has always recognised the need to uphold independence. None of the Audit Committee members were former key audit partners. The practice has been incorporated into the Terms of Reference of Audit Committee.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

Practice 8.3

The Audit Committee has policies and procedures to assess the suitability, objectivity and independence of the external auditor.

Application	:	Applied	
Explanation on application of the practice	:	This practice has already been incorporated into the Terms of Reference of Audit Committee and was carried out annually during the proposal on the re-appointment of external auditor for the recommendation to the Board prior to submission to BNM and approval by the shareholders at the annual general meeting.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

Practice 8.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application	:	Not Adopted
Explanation on application of the practice	:	
Explanation for departure	:	At present, two (2) out of three (3) members of the Audit Committee are Independent Non-Executive Directors. The Company will strive to adopt Practice 8.4 as recommended by the MCCG in future.

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

Practice 8.5

Collectively, the Audit Committee should possess a wide range of necessary skills to discharge its duties. All members should be financially literate and are able to understand matters under the purview of the Audit Committee including the financial reporting process.

All members of the Audit Committee should undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.

Application	:	Applied
Explanation on application of the practice	:	<p>All Audit Committee members are financially literate and are able to understand matters under the purview of the Audit Committee including financial reporting process. The qualification and experience of the individual Audit Committee members are disclosed in the Profile of Board of Directors in the Annual Report.</p> <p>All member of the Audit Committee undertakes continuous professional development to ensure that they are abreast of relevant developments in accounting and auditing standards, practices and rules. The members of the Audit Committee had continuously been briefed on the relevant changes in the financial reporting standards by the GCEO/CFO and External Auditors at the AC quarterly meetings.</p> <p>Based on the outcome of the Board Effectiveness Evaluation exercise in respect to the financial period ended 31 December 2020, the Board is satisfied with the AC's performance as its Chairman and members possess the necessary knowledge and skills which contributed to the overall effectiveness of the AC.</p> <p>A summary of training programmes, conferences and seminars attended by Audit Committee members during the financial year under review is set out on pages 76 (Directors' Training) in the Corporate Governance Overview Statement of the Annual Report.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company’s objectives is mitigated and managed.

Practice 9.1

The board should establish an effective risk management and internal control framework.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board acknowledges its responsibility and is committed in maintaining a sound system of internal control and risk management practice. However, such system can only provide reasonable but not absolute assurance against material misstatements or losses.</p> <p>The AC regularly evaluates the adequacy and effectiveness of the Group’s governance, risk management and internal control systems by reviewing the actions taken on lapses/deficiencies identified in reports provided by both the internal and external auditors. The AC also reviews the internal and external auditors’ recommendation and management responses to these recommendations to ensure that they are working adequately and promptly.</p> <p>The Group adopts an enterprise-wide Risk Management Framework which embraces the three lines of defence model. The key internal control processes that the Board has established in reviewing its governance and risk management process and evaluating the adequacy and integrity of the system of internal control, including compliance with applicable laws, regulations, rules, directives and guidelines are disclosed in the Statement on Risk Management and Internal Control (SORMIC). The SORMIC, is furnished on pages 88 to 93 in the Annual Report.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

Practice 9.2

The board should disclose the features of its risk management and internal control framework, and the adequacy and effectiveness of this framework.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board acknowledges its responsibility and is committed in maintaining a sound system of internal control and risk management practice. However, such system can only provide reasonable but not absolute assurance against material misstatements or losses.</p> <p>In line with this, the Group adopts an enterprise-wide Risk Management Framework which embraces the three lines of defence model. The business units as the first line of defence are primarily responsible to identify and manage the risks associated in the day-to-day operations. Risk Management and Compliance functions which act as the second lines of defence, perform independent monitoring and provide oversight to ensure business operates in compliance with the regulatory requirements and within the approved risk appetite. Internal Audit Division (IAD) as the third line of defence, provides independent and reasonable assurance on the adequacy and effectiveness of the governance, risk management and internal controls within the Group.</p> <p>The key internal control processes that the Board has established in reviewing the adequacy and integrity of the system of internal control, including compliance with applicable laws, regulations, rules, directives and guidelines are disclosed in the SORMIC. The SORMIC, furnished on pages 88 to 93 in the Annual Report has been reviewed by the external auditors.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

Practice 9.3 - Step Up

The board establishes a Risk Management Committee, which comprises a majority of independent directors, to oversee the company's risk management framework and policies.

Application	:	Adopted
Explanation on adoption of the practice	:	<p>The Board Risk Management Committee (BRC) currently comprise a majority of independent directors i.e. 67% (2 out of 3). The BRC members are Suraya Hassan (Independent), Dato' Mustaffa Ahmad (Independent) and Mohamad Salihuddin Ahmad (Non-Independent).</p> <p>Presently, the composition of the Board Risk Committee (BRC) is in compliance with the provisions of the BNM CG Policy:-</p> <ul style="list-style-type: none">(i) has at least 3 members;(ii) has a majority of Independent Directors;(iii) chaired by an Independent Director;(iv) the GCEO is not a member of any of the BRC; and(v) the Chairman of the Board does not chair nor is he a member of the BRC. <p>BRC has clear written terms of reference and the Board receives reports of its proceedings and deliberations. The Chairman of the BRC will report to the Board the outcome of its meetings and such reports are incorporated in the minutes of the Board meeting.</p>

Intended Outcome

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

Practice 10.1

The Audit Committee should ensure that the internal audit function is effective and able to function independently.

Application	:	Applied
Explanation on application of the practice	:	<p>The internal audit function of the Company is effective and remains independent all the time.</p> <p>Internal Auditors reports functionally to the Audit Committee (AC) and has unrestricted access to the AC. Its function is independent of the activities or operations of other operating units. Internal Auditors periodically evaluates the effectiveness of the governance, risk management process, internal controls system and compliance control within the Group. The Head of Internal Audit is invited to attend the AC meetings to facilitate the deliberation of audit reports. The minutes of the AC meetings are tabled to the Board for information and serves as a reference especially when there are pertinent points should any of the Board members wish to highlight or seek clarification.</p> <p>IA processes and activities are governed by the relevant regulatory guidelines as well as the Group's and Institute of Internal Auditors' (IIA) Code of Ethics and applicable standards established under the International Professional Practices Framework ("IPPF").</p> <p>The key internal control processes that the Board has established in reviewing the adequacy and integrity of the system of internal control, including compliance with applicable laws, regulations, rules, directives and guidelines are disclosed in the SORMIC. The SORMIC, furnished on pages 88 to 93 in the Annual Report has been reviewed by the external auditors.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

Practice 10.2

The board should disclose–

- whether internal audit personnel are free from any relationships or conflicts of interest, which could impair their objectivity and independence;
- the number of resources in the internal audit department;
- name and qualification of the person responsible for internal audit; and
- whether the internal audit function is carried out in accordance with a recognised framework.

Application	:	Applied
Explanation on application of the practice	:	<p>The audit personnel are free from any relationships or conflicts of interest, which could impair the objectivity and independence.</p> <p>Internal Audit Division currently consists of a total of 11 headcounts. As of 31 December 2020, IAD is headed by the Acting Head, Internal Audit, Rohani Sulaiman (Rohani) who graduated from Deakin University, Australia and is a Certified Information System Auditor (CISA).</p> <p>Rohani holds a CMIIA from the Institute of Internal Auditors and is also a Professional Member of ISACA (previously known as Information Systems Audit and Control Association, a US-based international professional association focused on assurance, governance, risk and information security). Rohani started off her career as an external auditor with Coopers-Lybrand (now known as PricewaterhouseCoopers, PwC) and has accumulated more than 30 years of experience in Banking and Insurance industries, particularly in audit (internal and external audit) and Information Technology fields.</p> <p>The Internal Audit function adopts the Institute of Internal Auditors' (IIA) Code of Ethics and International Professional Practices Framework (IPPF) in the course of conducting audit and is governed by Bank Negara Malaysia's requirements stipulated in the Guidelines on Internal Audit Function for Licensed Institutions. The IA function is carried out in accordance with the Guidance for an Effective Internal Audit Function (GIAF) by the Institute of Internal Auditors, Association, Malaysia.</p>
Explanation for departure	:	

Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.

Measure	:		
Timeframe	:		

Intended Outcome

There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other's objectives and expectations.

Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

Practice 11.1

The board ensures there is effective, transparent and regular communication with its stakeholders.

Application	:	Applied
Explanation on application of the practice	:	<p>The Company publishes immediately all the latest information/announcements through the Company's website under "Investor Relations" section.</p> <p>The AGM is the principal forum for dialogues with shareholders. General meetings are important platforms for Directors and Senior Management to engage shareholders to facilitate greater understanding of the Company's business, governance and performance. Shareholders are able to participate, engage the Board and Senior Management effectively and make informed voting decisions at general meetings. Besides the normal agenda for the AGM, the GCEO presents the progress and performance of the business as contained in the Annual Report and provides opportunities for shareholders to raise questions pertaining to the business activities of the Group. Board members, SAB members, Senior Management and the Company's external auditors attend the AGM and are available to respond to shareholders' enquiries during the AGM.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other's objectives and expectations.

Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

Practice 11.2

Large companies are encouraged to adopt integrated reporting based on a globally recognised framework.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Company aims to adopt integrated reporting in the future and will take the necessary measures to comply with the requirement.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	The Company will take the necessary measures to comply with the requirement in the future.	
Timeframe	:	Others	In the future.

Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 12.1

Notice for an Annual General Meeting should be given to the shareholders at least 28 days prior to the meeting.

Application	:	Applied
Explanation on application of the practice	:	<p>The notice for the 36th Annual General Meeting was given 28 days prior to the Meeting to enable shareholders to make the necessary arrangement to attend and participate in person or through corporate representatives or proxies. It also enables the shareholders to read the Annual Report, consider the resolutions and make an informed decision in exercising their voting rights at the General Meeting.</p> <p>The notice is also published in a nationally circulated newspaper as required under the MMLR of Bursa Securities and is made available on the Company's website.</p> <p>The notes to the Notice of the AGM had provided detailed explanations for each resolution proposed to enable shareholders to make informed decisions in exercising their voting rights.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 12.2

All directors attend General Meetings. The Chair of the Audit, Nominating, Risk Management and other committees provide meaningful response to questions addressed to them.

Application	:	Applied
Explanation on application of the practice	:	<p>All Directors attended the Company's 35th AGM which was held fully virtual on 13 August 2020. This was due to the Recovery Movement Control Order (RMCO) and based on the 'Guidance Note on the Conduct of General Meetings for Listed Issuers' by the Securities Commission Malaysia, where the listed issuers are encouraged to conduct fully virtual general meetings during the RMCO period. Apart from the Directors, Senior Management and the External Auditors of the Company also attended the said AGM.</p> <p>The proceedings of the AGM included the GCEO's presentation of the Company's operating and financial performance. The GCEO also shared with the shareholders present the Company's responses to the questions submitted in advance of the AGM by the Minority Shareholders Watch Group.</p> <p>During the AGM, all members were invited to raise any questions and seek clarifications on all proposals tabled and members had encouragingly raised questions on the agenda items of the AGM. Appropriate answers and/or clarification were provided by the Board members, Committee Chairmen or Senior Management in order to allow the members to make informed decisions when casting their votes at the said AGM.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 12.3

Listed companies with a large number of shareholders or which have meetings in remote locations should leverage technology to facilitate–

- including voting in absentia; and
- remote shareholders' participation at General Meetings.

Application	:	Applied	
Explanation on application of the practice	:	<p>As part of the initiatives to curb the spread of COVID-19, the 36th AGM of the Company will be conducted on a fully virtual basis through live streaming and online remote voting via Remote Participation and Electronic Voting facilities.</p> <p>The broadcast venue of the 36th AGM which is the main venue of the meeting is strictly for the purpose of complying with Section 327(2) of the Companies Act, 2016 which requires the Chairman of the meeting to be present at the main venue of the meeting. The broadcast venue of the 36th AGM is to organise the fully virtual meeting and where streaming would be conducted from. No shareholder(s)/proxy(ies)/corporate representatives from the public will be physically present at the broadcast venue on the day of the 36th AGM of the Company.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PURSUANT CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA

Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guidelines.

Refer to the attached disclosures pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia
