

CORPORATE GOVERNANCE REPORT

STOCK CODE : 6139
COMPANY NAME : SYARIKAT TAKAFUL MALAYSIA KELUARGA BERHAD
FINANCIAL YEAR : December 31, 2022

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 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.

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 ("Board") of Syarikat Takaful Malaysia Keluarga Berhad ("Takaful Malaysia Keluarga" or "Company") is responsible to promote and protect the interest of Takaful Malaysia Keluarga which includes the shareholders and other stakeholders of each member of Takaful Malaysia Keluarga and its subsidiary companies ("Takaful Malaysia" or "Group"). The Board shoulders the ultimate responsibility of determining the direction of the Group thereby ensuring long-term success and delivery of sustainable value to its shareholders. The Board provides thought leadership and advice in fine-tuning corporate strategies, championing corporate governance/ethical practices and ensures effective execution of business processes and control mechanisms.</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/best practices and ensure its effectiveness/relevance to the Board's objectives. The last review was carried out on 1 November 2022. 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 affirmed 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 Malaysia and the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities"), and if required, to delegate these powers accordingly. Some of the specific powers of the Board include the following:</p>

- To establish and approve policies on future direction of the Company within the general objective of attaining progress in its overall corporate vision and 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;
- To approve new product and business developments, investments, divestments and acquisitions, including the setting up of new subsidiaries/associated companies and participation in new business activities locally or overseas;
- To review and approve annual business plan and budget, and monitoring quantitative and qualitative performance of Takaful Malaysia Keluarga, both at the Company and Group levels, against targets and objectives;
- To ensure that business operations of the Company are conducted in accordance with Shariah principles;
- To review and approve succession planning, including appointing, training, structuring compensation of and where appropriate, replacement of Senior Management; and
- Reviewing 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.

To enable the Board to discharge its duties effectively whilst enhancing business and operational efficacy, the Board delegates certain responsibilities to five (5) Board Committees, namely Audit Committee ("AC"), Nomination and Remuneration Committee ("NRC"), Board Risk Committee ("BRC"), Investment Committee and Long Term Incentive Plan Committee.

All Committees have clear written Terms of Reference ("TOR") and a copy each of the said Board 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 Board Committees will report to the Board the outcome of their meetings and such reports are incorporated in minutes of the Board meeting.

To operate effectively in a dynamic and challenging environment, the Board's responsibilities are delegated to and executed by the Management of the Company headed by the Group Chief Executive Officer ("GCEO"). GCEO is responsible for broad aspects of day-to-day

	<p>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 Company. This includes, amongst others, implementation of policies and strategies as approved by the Board, which are always in line with Shariah principles and guided by regulatory requirement as well as industry best practices.</p>	
<p>Explanation for departure</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>Timeframe</p>		

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 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. GCEO is responsible for 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 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. GCEO is responsible for 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 1.4

The Chairman of the board should not be a member of the Audit Committee, Nomination Committee or Remuneration Committee

<i>Note: If the board Chairman is not a member of any of these specified committees, but the board allows the Chairman to participate in any or all of these committees' meetings, by way of invitation, then the status of this practice should be a 'Departure'.</i>	
Application	: Applied
Explanation on application of the practice	: The Chairman of the Board, Dato' Mohammed Hussein, an Independent Non-Executive Director is not a Chairman or a member of the AC, NRC as well as other Board Committees, i.e. BRC, Investment Committee and Long Term Incentive Plan 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

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

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 regulatory requirements are met. The Company Secretary provides governance advice, ensures adherence to rules and procedures, and advocates 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 Committees' 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 relevant matters raised by meetings are subsequently communicated to relevant members of 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 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. Directors may seek independent professional advice in furtherance of their duties, at Takaful Malaysia Keluarga's expense.</p> <p>The Board is also regularly updated from time to time by the Company Secretary and/or Management on updates to regulations and guidelines, as well as any amendments thereto issued by BNM, Bursa Securities, Securities Commission Malaysia, 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 1.6

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 Directors to obtain further explanation, where necessary, in order to be properly briefed before the meeting. The Board papers include minutes of previous Board meeting, minutes of meetings of all Board Committees, minutes of Shariah Advisory Body ("SAB") and reports relevant to issues of the meetings covering areas such as strategy, financial, actuarial, risk management, investment, information technology, operational, human resource and regulatory compliance matters. 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>Senior Management are invited to attend 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 dates including dateline for meeting materials to be submitted is sent out to Management a few weeks prior to the meeting date.</p> <p>In order for 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 relevant members of Management the Board's decisions for appropriate actions to be taken. The Company Secretary will also follow up with Management on status of actions taken with reference to 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 format.</p>

	All Directors' Circular Resolutions are tabled for confirmation/ratification at the subsequent Board meeting after issuance thereof.	
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/best practices and ensure its effectiveness/relevance to the Board's objectives.</p> <p>The last review was carried out on 1 November 2022. 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>Directors' Code of Ethics:- 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 consists 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 Ethics applicable to the Directors is published on the Company's website at www.takaful-malaysia.com.my.</p> <p>The Code of Conduct ("COC") and Code of Ethics ("COE") applicable to the employees provide guidance on the standards behavior expected of employees for the Company and its subsidiaries. The COC and COE are available on the Company's portal, with details of the COC and COE stated in the Employee Handbook.</p> <p>The key provisions of COC include:</p> <ol style="list-style-type: none">1. Smoking policy2. Staff access card3. Personal records4. Security & Safety5. Use of email and ICT facilities6. Sexual harassment7. Personal account investments8. Information technology security and control

	<p>9. Anti-Corruption policy 10. Personal electronic equipment 11. Use of Company’s notebook computing facilities</p> <p>The key statements of COE include:</p> <ol style="list-style-type: none"> 1. Conflict of interest and outside business affiliations 2. Improper use of Company’s resources 3. Representing Company 4. Safeguarding of non-public information 5. Guidelines for written communication 6. Computer system security and control 7. Internal controls 8. Reporting of fraudulent practices <p>In addition to the COC and COE, we have also established on the guidelines for Anti-Money Laundering & Counter of Financing of Terrorism (“AML/CFT”). The guidelines is to provide guidance and minimum standards on AML/CFT measures in order for the Company to effectively combat money laundering and financing of terrorism activities.</p>
<p>Explanation for departure</p>	<p>:</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>:</p>
<p>Timeframe</p>	<p>:</p>

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 the Whistleblowing Policy (“Policy”) in response to the Whistleblower 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 whistleblowers to raise concerns and define a way to handle any concern 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 whistleblowers 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; and• 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 whistleblower can address concerns via any of the following Whistleblower reporting channel:-</p> <ol style="list-style-type: none">(a) Email to Chairman of the Board of Directors or Chairman of Audit Committee if its relating to any of the Directors or members Shariah Advisory Board;(b) Email to Chairman of Audit Committee and Chief Internal Auditor via a designated email address namely WB- STM@takaful-malaysia.com.my for misconduct of its Chief Officers;(c) Via e-form: https://www.takaful-malaysia.com.my/contactus/Pages/wbform.aspx to Chairman of Audit Committee and Chief Internal Auditor for misconduct of Senior Management or Employees up to General Manager’s level or in writing to Chief Internal Auditor to the mailing address as follows:

	Chief Internal Auditor 10 th Floor, Main Block, Menara Takaful Malaysia, No. 4, Jalan Sultan Sulaiman, 50000 Kuala Lumpur. P.O. Box 11483, 50746 Kuala Lumpur.	
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 company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

Practice 4.1

The board together with management takes responsibility for the governance of sustainability in the company including setting the company's sustainability strategies, priorities and targets.

The board takes into account sustainability considerations when exercising its duties including among others the development and implementation of company strategies, business plans, major plans of action and risk management.

Strategic management of material sustainability matters should be driven by senior management.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board of Directors provides oversight on the sustainability strategic directions and developments, whilst the Group Chief Executive Officer supervises the overall implementation of sustainability takaful practices, across the organization.</p> <p>Annually, Takaful Malaysia Keluarga published a sustainability statement which describes the sustainable development and performance of Takaful Malaysia Keluarga, in areas of corporate business functions and operations, initiatives, strategies, measures, and accomplishments.</p> <p>The report is developed with reference to Bursa Malaysia's sustainability reporting guide, the United Nations and Malaysia sustainable development goals, FTSE4Good Bursa Malaysia index and the Global Reporting Initiative Standards. It encompasses four (4) pillars of sustainability, covering the theme of Products & Services, Business Process & Culture, Investment and Social & Community. In 2022, Takaful Malaysia Keluarga has been included as a constituent for both the FTSE4Good Bursa Malaysia (F4GBM) Index and the FTSE4Good Bursa Malaysia Shariah (F4GBMS) Index.</p> <p>Various practices have been put in place to manage sustainability risk, in so far as it affects the Group including in business areas, investment, underwriting and reserving practices. Management regularly meets to deliberate on areas for improvements.</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

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

Practice 4.2

The board ensures that the company’s sustainability strategies, priorities and targets as well as performance against these targets are communicated to its internal and external stakeholders.

Application	:	Applied	
Explanation on application of the practice	:	In its Integrated Report publication, Takaful Malaysia Keluarga includes a section covering its corporate sustainability strategies, initiatives and accomplishments for the year. The Integrated Report will be made available on the corporate website: www.takaful-malaysia.com.my .	
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 company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

Practice 4.3

The board takes appropriate action to ensure they stay abreast with and understand the sustainability issues relevant to the company and its business, including climate-related risks and opportunities.

Application	:	Applied	
Explanation on application of the practice	:	Board members attended continuous training and briefings on Climate Change, as follows: <ul style="list-style-type: none"> • ESG Phase 1 Project Update-Intro to ESG & Climate • BNM-FIDE FORUM Dialogue: Climate Risk Management & Scenario Analysis • Fighting Climate Change with Market Mechanisms • Moody's Analytics - ESG & Climate Risk Training • Towards a Sustainable & Net-Zero Future: Carbon Pricing • Climate Governance Malaysia: A Standing Item on Board Agendas • Inflation, Looming Recession & Climate Change: A Tricky Balancing Act? • Sustainability Management & Reporting 	
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 company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

Practice 4.4

Performance evaluations of the board and senior management include a review of the performance of the board and senior management in addressing the company's material sustainability risks and opportunities.

Application	:	Applied	
Explanation on application of the practice	:	<p>NRC is also empowered to assess effectiveness of the Board and Board Committees namely AC, NRC and BRC, contribution of each individual Director and performance of SAB. Directors' Performance Evaluation, Assessment of Independence of Independent Directors and Performance Evaluation for Board Committees are carried out annually by way of questionnaires which were issued/distributed to the Board and Board Committee members for completion as required under BNM's Guidelines, Listing Requirements of Bursa Securities and Malaysian Code on Corporate Governance 2021 ("MCCG").</p> <p>NRC is empowered to assess the performance of Senior Management through the Annual Performance Management and Development review to address the Company's material sustainability risks and opportunities and long term strategy.</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 company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

Practice 4.5- Step Up

The board identifies a designated person within management, to provide dedicated focus to manage sustainability strategically, including the integration of sustainability considerations in the operations of the company.

Note: The explanation on adoption of this practice should include a brief description of the responsibilities of the designated person and actions or measures undertaken pursuant to the role in the financial year.

Application	:	Adopted
Explanation on adoption of the practice	:	<p>A dedicated sustainability department has been created to oversee the effective management of climate-related risks, community engagement and conserving ecosystems. As the Company is accelerating its effort to embrace and internalize the ESG environment, it has recently appointed Fawwaz Aminuddin as the designated sustainability officer overseen by senior management team chaired by GCEO to ensure the implementation of sustainability measures within the organization.</p> <p>Any feedback or enquiries pertaining to sustainability may be directed to esg@takaful-malaysia.com.my.</p>

Intended Outcome

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

Practice 5.1

The Nomination Committee should ensure that the composition of the board is refreshed periodically. The tenure of each director should be reviewed by the Nomination Committee and annual re-election of a director should be contingent on satisfactory evaluation of the director's performance and contribution to the board.

Application	:	Applied	
Explanation on application of the practice	:	NRC reviews eligibility and worthiness of directors for re-election either when Directors are seeking re-election subject to Rule 74, 76 and 77 of the Company's Constitution or upon expiry of term and seeking re-election under Rule 83. NRC makes the necessary recommendations to the Board for consideration and approval.	
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 5.2

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: <table border="1" data-bbox="576 701 1394 1030"> <thead> <tr> <th>Name</th> <th>Composition</th> <th>Percentage (%)</th> </tr> </thead> <tbody> <tr> <td>Non-Independent Executive Director</td> <td>-</td> <td>0</td> </tr> <tr> <td>Non-Independent Non-Executive Directors ("NINED")</td> <td>2/8</td> <td>25</td> </tr> <tr> <td>Independent Non-Executive Directors ("INED")</td> <td>6/8</td> <td>75</td> </tr> </tbody> </table>		Name	Composition	Percentage (%)	Non-Independent Executive Director	-	0	Non-Independent Non-Executive Directors ("NINED")	2/8	25	Independent Non-Executive Directors ("INED")	6/8	75
Name	Composition	Percentage (%)													
Non-Independent Executive Director	-	0													
Non-Independent Non-Executive Directors ("NINED")	2/8	25													
Independent Non-Executive Directors ("INED")	6/8	75													
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 5.3

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 provide justification and seek annual shareholders' approval through a two-tier voting process.

Application	:	Applied	
Explanation on application of the practice	:	The tenure of all six (6) INED does not exceed a cumulative term of nine (9) years as recommended by MCCG and as set out in the Board Charter. They continue to fulfil the definition of independence as set out in the Listing Requirements.	
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 5.4 - Step Up

The board has a policy which limits the tenure of its independent directors to nine years without further extension.

<i>Note: To qualify for adoption of this Step Up practice, a listed issuer must have a formal policy which limits the tenure of an independent director to nine years without further extension i.e. shareholders' approval to retain the director as an independent director beyond nine years.</i>	
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 Malaysian Code on Corporate Governance 2012. The tenure of all the six (6) INED does not exceed a cumulative term of nine (9) years as recommended by the MCCG and as set out in the Board Charter. They continue to fulfil 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. If the Board intends to retain an Independent Director beyond nine years, it should provide justification and seek annual shareholders' approval through a two-tier voting process as per Paragraph 2.5 of Takaful Malaysia Keluarga's Board Charter.

Intended Outcome

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

Practice 5.5

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.

Directors appointed should be able to devote the required time to serve the board effectively. The board should consider the existing board positions held by a director, including on boards of non-listed companies. Any appointment that may cast doubt on the integrity and governance of the company should be avoided.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board recognises that diversity is one (1) 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 of mind and fairness/opinion and perspectives, ethnicity, age and gender when appointing new Directors, SAB members and Senior Management as outlined in MCCG.</p> <p>With a diversified background and specialisation, the Board collectively brings with them a wide range of experience and expertise in areas such as finance, insurance, Takaful, accounting, investment, actuarial, company secretarial, management and banking.</p> <p>The formal process involves 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 Directors are provided on pages 96 to 103 of the Integrated Report. The profiles of the current Senior Management are mentioned on pages 109 to 113 of the Integrated 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

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

Practice 5.6

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.

If the selection of candidates was based on recommendations made by existing directors, management or major shareholders, the Nominating Committee should explain why these source(s) suffice and other sources were not used.

Application	:	Applied
Explanation on application of the practice	:	<p>In identifying candidates for appointment of Directors, 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 entrusted the NRC to compile a list of prospective candidates as potential Board members, recognising the need to succeed members of the Board. NRC compiled a list of names and profiles of potential candidates recommended by members of the Board as well as engaged FIDE Forum and ICDM to help expand the search. NRC then assessed and interviewed potential candidates before recommending a suitable candidate for a particular position to be considered by the Board. The Chairman and other Board members then interviewed the candidate before arriving at a final decision.</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 5.7

The board should ensure shareholders have the information they require to make an informed decision on the appointment and reappointment of a director. This includes details of any interest, position or relationship that might influence, or reasonably be perceived to influence, in a material respect their capacity to bring an independent judgement to bear on issues before the board and to act in the best interests of the listed company as a whole. The board should also provide a statement as to whether it supports the appointment or reappointment of the candidate and the reasons why.

Application	:	Applied
Explanation on application of the practice	:	The tenure of all six (6) INED does not exceed a cumulative term of nine (9) years as recommended by MCCG and as set out in the Board Charter. They continue to fulfil the definition of independence as set out in the Listing Requirements. Therefore, the Board recommends and supports the proposed re-election of the INED and NINED who are retiring by rotation in accordance with Rule 74 and Rule 83 of the Company's Constitution at the forthcoming 38 th AGM. The profile of the above Directors who are standing for re-election as per Resolutions 1 to 3 stated in the Notice of AGM is set out in the Profile of Directors' section on pages 96 to 103 of the Integrated 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

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

Practice 5.8

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 INED.	
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 5.9

The board comprises at least 30% women directors.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board acknowledges gender diversity in its composition and strongly supports the government’s target of having 30% women’s participation on boards of public listed companies (“PLC”) in Malaysia.</p> <p>For the period under review, the Board comprised five (5) men Directors and three (3) women Directors, resulting into a percentage of 37.5%. The Board remained cognisant of the importance of boardroom gender diversity and always mindful that any gender representation should be in the best interest of the Company. The Board will continue to encourage and support more women participation on the Board including whenever a vacancy arises.</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 5.10

The board discloses in its annual report the company's policy on gender diversity for the board and senior management.

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board recognises that diversity is a key driver to enhance Board effectiveness. Diversity broadens knowledge, insights and perspectives in strengthening decision making and overall business direction. The Board continuously seeks to enhance the composition through diversity of skills, background, knowledge, industry experience, culture, independence of mind and fairness/opinion and perspective, ethnicity, age and gender when appointing new Directors, SAB members and Senior Management as outlined in the MCCG.</p> <p>The formal process involves NRC firstly establishing a skills and experience matrix before addressing gaps in Board composition leading to sourcing for suitable candidates. Subsequently, NRC evaluates and recommends suitable Board candidates who fulfill requirements.</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 form an opinion on the overall effectiveness of the board and individual directors.

Practice 6.1

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 its outcome, actions taken and how it has or will influence board composition.

For Large Companies, the board engages an independent expert at least every three years, to facilitate objective and candid board evaluation.

<i>Note: For a Large Company to qualify for adoption of this practice, it must undertake annual board evaluation and engage an independent expert at least every three years to facilitate the evaluation.</i>	
Application	: Departure
Explanation on application of the practice	:
Explanation for departure	: <p>The Board has constantly adhered to best practice of conducting internal annual board effectiveness evaluation (“BEE”). As a step up to this practice, the Board not only conducts this assessment of the main Board and Audit Committee, but this year included other Board Committees namely NRC and BRC. All with the intention of not only adopting best practice as prescribed in the MCCG but also as a measure of progress and improvement. BEE results were tabled to NRC and the Board for deliberation in which area of improvements were discussed and agreed upon.</p> <p>Whilst this assessment has been conducted internally over the years, the Board endeavours to engage a third party independent consultant to facilitate the assessment in 2023 following the appointment of a new GCEO and two (2) new Board members who came on board in 2022. Upon engagement of independent external consultants, a holistic BEE will be undertaken of the Board and all its committees.</p> <p>The Company will appoint an independent consultant in Q3 2023.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	: Appointment of independent consultant by August 2023.
Timeframe	: Within 1 year

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 7.1

The board has remuneration 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 remuneration policies and practices should appropriately reflect the different roles and responsibilities of non-executive directors, executive directors and senior management. The policies and procedures are periodically reviewed and made available on the company's website.

Application	:	Applied
Explanation on application of the practice	:	<p>Takaful Malaysia Keluarga'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 approved the remuneration policy at the recommendation of 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 Takaful Malaysia Keluarga 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 Takaful Malaysia Keluarga;• 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 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 ("KPI") that are set in</p>

	<p>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 Integrated Report.</p> <p>Philosophy or methodology imposed by Takaful Malaysia Keluarga to determine an employee’s remuneration is guided as per the following:-</p> <ul style="list-style-type: none"> • 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 Takaful Malaysia Keluarga’s comparative group by performing a market benchmarking exercise on an annual basis; • Set a market benchmark of the remuneration against the standard approved by the Board; and • 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 LTIP are set out in Note 15 of the Annual Audited Financial Statements of this Integrated Report. <p>Takaful Malaysia Keluarga’s performance management aligns the employees’ actions and behaviours with the Company’s strategies and goals which consist of the following:-</p> <ul style="list-style-type: none"> • Key Result Area (“KRA”) - key deliverables that create the greatest impact of the job and reflect the core responsibilities; • KPI - a specific measure of performance that is quantifiable/ measurable; and • Competencies - key behaviours expected to be demonstrated towards achievement of targets or goals. <p>The performance management process covers the following:-</p> <ul style="list-style-type: none"> • 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 KPI of the employees to tie back to the business plans and strategies; and • Performance of employees to be reviewed during mid-year and a final assessment will be conducted at financial year end. <p>Remuneration and rewards are granted to an employee based on the achievement of the KPI and subject to the Company’s overall annual financial performance and guided by the following factors:</p> <ul style="list-style-type: none"> • The Company’s overall performance and affordability (Profit After Tax & Zakat); • The performance of the distribution divisions;
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- 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); and
- 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)			✓	N/A

The above Remuneration Policy is disclosed under Takaful Malaysia Keluarga’s Corporate Governance Overview Statement as published on the Company’s website at www.takaful-malaysia.com.my.

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 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 7.2

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>Nomination Committee and Remuneration Committee were combined into one committee known as NRC effective 1 January 2017. As at the end of the financial year under review, NRC consists of three (3) Non-Executive Directors, two of whom are INED. The Chairman of NRC is Mohd Azman Sulaiman, an INED, in line with the recommendation of the MCGG.</p> <p>NRC is responsible in recommending the remuneration framework for Directors as well as the remuneration package of Shariah Advisory Body members, GCEO and Senior Management to the Board to ensure that Takaful Malaysia Keluarga 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 8.1

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 remuneration breakdown of individual directors includes fees, salary, bonus, benefits in-kind and other emoluments are mentioned in page 126 of the Integrated Report.

No	Name	Directorate	Company ('000)							Group ('000)						
			Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total	Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total
1	Dato' Mohammed Hussein	Independent Director	186	120	-	-	29	94	429	186	120	-	-	29	94	429
2	Mohd Azman Sulaiman	Independent Director	120	-	-	-	42	105	267	120	-	-	-	42	105	267
3	Suraya Hassan	Independent Director	156	-	-	-	23	106	285	156	-	-	-	23	106	285
4	Dato' Mustafa Ahmad	Independent Director	144	-	-	-	1	130	275	146	-	-	-	3	137	286
5	Mohamad Salihuddin Ahmad	Non-Executive Non-Independent Director	146	-	-	-	24	111	281	146	-	-	-	24	111	281
6	Datuk Bazlan Osman	Independent Director	120	-	-	-	23	121	264	120	-	-	-	23	121	264
7	Datin Paduka Kartini Haji Abdul Manaf	Non-Executive Non-Independent Director	73	-	-	-	9	36	118	73	-	-	-	9	36	118
8	Ch'ng Sok Heang	Independent Director	80	-	-	-	2	27	109	80	-	-	-	2	27	109
9	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here				
10	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here				
11	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here				
12	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here				
13	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here				
14	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here				

15	Input info here	Choose an item.	Input info here													
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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 8.2

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 – adopted Step Up 8.3	
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	:		

No	Name	Position	Company					
			Salary	Allowance	Bonus	Benefits	Other emoluments	Total
1	Input info here	Input info here	Choose an item.	Choose an item.				
2	Input info here	Input info here	Choose an item.	Choose an item.				
3	Input info here	Input info here	Choose an item.	Choose an item.				
4	Input info here	Input info here	Choose an item.	Choose an item.				
5	Input info here	Input info here	Choose an item.	Choose an item.				

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 8.3 - 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 details remuneration of each member of senior management on a named basis are mentioned in page 127 of the Integrated Report.

No	Name	Position	Company ('000)					Total
			Salary	Allowance	Bonus	Benefits	Other emoluments	
1	Nor Azman Zainal	Group Chief Executive Officer	1,320	120	246	64	270	2,020
2	Mohamed Sabri Ramli	Chief Executive Officer, Syarikat Takaful Malaysia Am Berhad	890	40	630	57	615	2,232
3	Leem Why Chong	Deputy Chief Executive Officer, Takaful Malaysia Keluarga	901	43	751	26	884	2,605
4	Firozdin Abdul Wahab	Chief Bancatakaful Officer	517	45	206	10	456	1,234
5	Juliana Lo Beng Liew	General Manager Corporate Finance & Strategy	504	45	168	19	454	1,190

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 9.1

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

Application	:	Applied	
Explanation on application of the practice	:	The Chairman of AC, Datuk Bazlan Osman, an INED is not Chairman of the Board as disclosed in the Audit Committee Report 2022.	
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 9.2

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

Application	:	Applied	
Explanation on application of the practice	:	Takaful Malaysia Keluarga has always recognised the need to uphold independence. None of AC members were former key audit partners. The practice has been incorporated into the Terms of Reference of AC.	
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 9.3

The Audit Committee has policies and procedures to assess the suitability, objectivity and independence of the external auditor to safeguard the quality and reliability of audited financial statements.

Application	:	Applied	
Explanation on application of the practice	:	This practice has already been incorporated into the Terms of Reference of AC and was carried out annually during the proposal on re-appointment of external auditor for recommendation to the Board prior to submission to BNM and approval by 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 9.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application	:	Adopted
Explanation on adoption of the practice	:	AC comprises of three (3) independent Directors.

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 9.5

Collectively, the Audit Committee should possess a wide range of necessary skills to discharge its duties. All members should be financially literate, competent 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 AC members are financially literate and are able to understand matters under purview of AC including financial reporting process. The qualification and experience of individual AC members are disclosed in the Profile of Board of Directors in the Integrated Report.</p> <p>All members of AC undertakes continuous professional development to ensure that they are abreast of relevant developments in accounting and auditing standards, practices and rules. Members of AC had continuously been briefed on relevant changes in the financial reporting standards by GCEO/CFO and External Auditors at AC quarterly meetings.</p> <p>Based on the outcome of the Board Effectiveness Evaluation exercise in respect to the financial period ended 31 December 2022, the Board is satisfied with AC's performance as its Chairman and members possess the necessary knowledge and skills which contributed to the overall effectiveness of AC.</p> <p>A summary of training programmes, conferences and seminars attended by AC members during the financial year under review is set out on page 125 (Directors' Training) in the Corporate Governance Overview Statement of the Integrated 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 10.1

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>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. 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 (3) lines of defence model. BRC supports the Board and oversees management activities in managing the key risk areas of the Group and to ensure appropriate risk management process and control is in place and functioning and functioning effectively.</p> <p>The key internal control processes that the Board has established in reviewing its governance and risk management process and evaluating 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 134 to 138 in the Integrated 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	:		
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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 10.2

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 (3) lines of defence model. The business units as the first line of defence are primarily responsible to identify and manage 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 regulatory requirements and within approved risk appetite. Internal Audit Division (IAD) as the third line of defence, provides independent and reasonable assurance on adequacy and effectiveness of governance, risk management and internal controls within the Group.</p> <p>BRC regularly meets and obtain information, critically review and constructively challenge, senior management on adherence to the Company's risk appetite and the implementation of risk management policies, process and internal controls, in managing the key risks to the Company, as well as emerging risks.</p> <p>The key internal control processes that the Board has established in reviewing 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 134 to 138 in the Integrated Report has been reviewed by the external auditors.</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

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 10.3 - 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>BRC currently comprises a majority of Independent Directors i.e. 75% (three (3) out of four (4)). BRC members are Suraya Hassan (Independent), Dato' Mustaffa Ahmad (Independent), Mohamad Salihuddin Ahmad (Non-Independent) and Ch'ng Sok Heang (Independent).</p> <p>Presently, the composition of BRC is in compliance with 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) GCEO is not a member of BRC; and(v) Chairman of the Board does not chair nor is he a member of BRC. <p>BRC has clear written Terms of Reference and the Board receives reports of its proceedings and deliberations. The Chairman of BRC will report to the Board the outcome of its meetings and such reports are incorporated in minutes of the Board meeting.</p> <p>BRC is supported by Chief Risk Officer, who prepares reports and provide advice to BRC on risk matters arising, and ensure appropriate risk management framework and policies are in place.</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 11.1

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 AC and has unrestricted access to AC and all the Company’s records. Its function is independent of activities or operations of other operating units. Internal Auditors periodically evaluates effectiveness of risk management process, reviews operating effectiveness of internal controls system and compliance control within the Group. The Chief Internal Auditor is invited to attend AC meetings to facilitate the deliberation of audit reports. The minutes of 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>Internal Audit 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 134 to 138 in the Integrated Report has been reviewed by the external auditors.</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 have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

Practice 11.2

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 18 headcounts. As of 31 December 2022, IAD is headed by the Chief Internal Auditor, Zuhairi Ismail (“Zuhairi”) who graduated from University of the West of England, Bristol, United Kingdom with BA (Hon) Accounting & Finance, is a Certified Internal Auditor (CIA). Zuhairi is also a Certified Chartered Professional in Islamic Finance (CPIF), Chartered Member of Chartered Institute of Islamic Finance and also holds CMIIA from the Institute of Internal Auditors Malaysia.</p> <p>Zuhairi started his career in 1996 and has been involved in the Insurance and Banking industry since the beginning of his career. Zuhairi previously worked with MBF Group, AMI Insurance Berhad, CIMB Bank, CIMB Aviva Assurance Berhad, Liberty Insurance and Zurich Malaysia. Prior to joining Takaful Malaysia Keluarga, Zuhairi was the Independent Director and Audit Committee Chairman at Eastspring Al-Wara’ Investment Berhad.</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 Internal Audit function is carried out in accordance with the Guidance for an Effective Internal Audit Function (GI AF) 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 12.1

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 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 the Directors and Senior Management to engage shareholders to facilitate greater understanding of the Company’s business, governance and performance. Shareholders are able to participate and engage with the Board and Senior Management effectively and make informed voting decisions at general meetings. Besides the normal agenda for the AGM, GCEO presents the progress and performance of the Company’s business as contained in the Integrated Report and provides opportunities for shareholders to raise questions pertaining to business activities of the Group. Board 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 12.2

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

Application	:	Applied	
Explanation on application of the practice	:	FY2022 is the Company’s inaugural Integrated Report as per the international reporting framework based on a globally recognised framework. This demonstrates the Company’s continuous commitment to improve the quality of disclosure of information to stakeholders and promotion of greater transparency and accountability.	
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 13.1

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 38th Annual General Meeting (AGM) was given 28 days prior to the AGM to enable shareholders to make necessary arrangement to attend and participate in person or through corporate representatives or proxies. It also enables shareholders to read the Integrated Report, consider the resolutions and make an informed decision in exercising their voting rights at the AGM.</p> <p>The AGM notice is also published in a nationally circulated newspaper as required under the Listing Requirements of Bursa Securities and is made available on the Company's website.</p> <p>The notes to the AGM Notice had provided detailed explanations for each resolution proposed to enable shareholders to make informed decisions in exercising their voting rights.</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 13.2

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 37th AGM which was held virtually on 31 May 2022 via Remote Participation and Electronic Voting (RPEV). The AGM was held in accordance with 'Guidance Note on the Conduct of General Meetings for Listed Issuers' by Securities Commission Malaysia. Apart from Directors, Senior Management and the external auditors of the Company also attended the said AGM.</p> <p>The proceedings of the AGM included GCEO's presentation of the Company's operating and financial performance. GCEO also shared with shareholders, the Company's responses to questions submitted in advance of the AGM by the Minority Shareholders Watch Group.</p> <p>During the AGM, all members were invited to raise 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 Chairpersons or Senior Management in order to allow 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 13.3

Listed companies should leverage technology to facilitate–

- voting including voting in absentia; and
- remote shareholders' participation at general meetings.

Listed companies should also take the necessary steps to ensure good cyber hygiene practices are in place including data privacy and security to prevent cyber threats.

Application	:	Applied
Explanation on application of the practice	:	<p>The notice for the 38th Annual General Meeting (“AGM”) 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 Integrated Report, consider the resolutions and make an informed decision in exercising their voting rights at the AGM.</p> <p>The notice is also published in a nationally circulated newspaper as required under the Listing Requirements of Bursa Securities and is made available on the Company’s website.</p> <p>The notes to the Notice of the 38th AGM provided detailed explanations for each resolution proposed to enable shareholders to make informed decisions in exercising their voting rights. The 38th AGM of the Company will be conducted virtually through live streaming and online remote voting via Remote Participation and Electronic Voting (RPEV) facility from the broadcast venue thereby enabling voting in absentia and participation by remote shareholders at the AGM.</p> <p>The broadcast venue of the 38th AGM which is the main meeting venue 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 meeting venue. The broadcast venue of the 38th AGM is set for the purpose of organising the virtual meeting and from where streaming would be conducted. No shareholder(s)/ proxy(ies)/corporate representatives from the public will be physically present at the broadcast venue on the day of the 38th AGM of the Company.</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

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

Practice 13.4

The Chairman of the board should ensure that general meetings support meaningful engagement between the board, senior management and shareholders. The engagement should be interactive and include robust discussion on among others the company's financial and non-financial performance as well as the company's long-term strategies. Shareholders should also be provided with sufficient opportunity to pose questions during the general meeting and all the questions should receive a meaningful response.

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to.</i>	
Application :	Applied
Explanation on application of the practice :	General meetings are important platforms for Directors and Senior Management to engage with shareholders to facilitate greater understanding of the Company's business, governance and performance. Shareholders are able to participate and engage with the Board and Senior Management and make informed voting decisions at general meetings. Besides the normal agenda for the AGM, GCEO presents the progress and performance of the business as contained in the Integrated Report and provides opportunities for shareholders to raise questions pertaining to business activities of the Group. Board members, Senior Management and the Company's external auditors are available to respond to shareholders' enquiries during AGM.
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 13.5

The board must ensure that the conduct of a virtual general meeting (fully virtual or hybrid) support meaningful engagement between the board, senior management and shareholders. This includes having in place the required infrastructure and tools to support among others, a smooth broadcast of the general meeting and interactive participation by shareholders. Questions posed by shareholders should be made visible to all meeting participants during the meeting itself.

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to. Further, a listed issuer should also provide brief reasons on the choice of the meeting platform.</i>	
Application	: Applied
Explanation on application of the practice	: The 38 th AGM of the Company will be conducted virtually through live streaming and online remote voting via Remote Participation and Electronic Voting (RPEV) facility. The broadcast venue of the 38 th AGM which is the main meeting venue 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 meeting venue. The broadcast venue of the 38 th AGM is set for the purpose of organising the virtual meeting and from where streaming would be conducted. No shareholder(s)/ proxy(ies)/ corporate representatives from the public will be physically present at the broadcast venue on the day of the 38 th AGM of the Company.
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 13.6

Minutes of the general meeting should be circulated to shareholders no later than 30 business days after the general meeting.

<i>Note: The publication of Key Matters Discussed is not a substitute for the circulation of minutes of general meeting.</i>		
Application	:	Applied
Explanation on application of the practice	:	Minutes of the AGM (including the questions raised at the meeting and the answers given) were published on the Company's website at www.takaful-malaysia.com.my , within 30 days of the AGM.
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.

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CORPORATE GOVERNANCE REPORT

SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PURSUANT TO CORPORATE GOVERNANCE GUIDELINES

ISSUED BY BANK NEGARA MALAYSIA



SYARIKAT TAKAFUL MALAYSIA KELUARGA BERHAD

Company No.: 198401019089 (131646-K)
(Incorporated in Malaysia)

Board of Directors								
1. Composition of the Board								
Name	Dato' Mohammed Hussein	Mohd Azman Sulaiman	Suraya Hassan	Dato' Mustaffa Ahmad	Mohamad Salihuddin Ahmad	Datuk Bazlan Osman	Datin Paduka Kartini Haji Abdul Manaf	Ch'ng Sok Heang
Designation (Appointment date)	▪ Chairman/ Independent Non-Executive Director (1 April 2020)	▪ Independent Non-Executive Director (9 May 2019)	▪ Independent Non-Executive Director (1 August 2019)	▪ Independent Non-Executive Director (13 August 2020)	▪ Non-Independent Non-Executive Director (13 August 2020)	▪ Independent Non-Executive Director (18 August 2020)	▪ Non-Independent Non-Executive Director (1 April 2022)	▪ Independent Non-Executive Director (1 June 2022)
Key personal details and background of each director including relevant experience and external professional commitments	<ul style="list-style-type: none"> ▪ Aged 72, male and a Malaysian citizen Academic/ Professional Qualification/ Membership(s): <ul style="list-style-type: none"> ▪ Fellow Chartered Banker, Chartered Banker Institute & Asian Institute of Chartered Bankers (2016) ▪ Advanced Management Program, Harvard Business School, Boston, USA (2003) ▪ Bachelor of Commerce (Accounting), University of 	<ul style="list-style-type: none"> ▪ Aged 59, male and a Malaysian citizen Academic/ Professional Qualification/ Membership(s): <ul style="list-style-type: none"> ▪ Harvard Senior Management Development Program (2002) ▪ MBA, Australian National University (1998) ▪ MSc. University of Strathclyde, United Kingdom ("UK") (1992) ▪ BSc. University of Malaya (1989) ▪ Fellow & Faculty Member, Institute of Corporate Directors Malaysia ("ICDM") 	<ul style="list-style-type: none"> ▪ Aged 59, female and a Malaysian citizen Academic/ Professional Qualification/ Membership(s): <ul style="list-style-type: none"> ▪ Bachelor of Business Administration, International Islamic University (1988) Present Directorship(s) in other Companies: Listed entity: Nil Other Public Companies: Nil Background, Expertise and Experience: 	<ul style="list-style-type: none"> ▪ Aged 67, male and a Malaysian citizen Academic/ Professional Qualification/ Membership(s): <ul style="list-style-type: none"> ▪ Bachelor of Science (Hons) in Statistics, Heriot-Watt University, Edinburgh, Scotland (1974 to 1978) Present Directorship(s) in other Companies: Listed entity: Nil Other Public Companies: Nil Background, Expertise and Experience: Dato' Mustaffa Ahmad is currently a Board 	<ul style="list-style-type: none"> ▪ Aged 60, male and a Malaysian citizen Academic/ Professional Qualification/ Membership(s): <ul style="list-style-type: none"> ▪ Master in Business Administration, Stephen F. Austin University, Texas, United States of America ("USA") (1988) ▪ Bachelor of Science, Indiana State University, USA (1986) Present Directorship(s) in other Companies: Listed entity: Nil Other Public Companies: Nil 	<ul style="list-style-type: none"> ▪ Aged 59, male and a Malaysian citizen Academic/ Professional Qualification/ Membership(s): <ul style="list-style-type: none"> ▪ Association of Chartered Certified Accountants ("ACCA"), United Kingdom ("UK") (Graduated in 1986, Member in 1990, Fellow since 1995) ▪ Malaysian Institute of Accountants ("MIA") (Member since 1992) ▪ Diploma in Accounting, Polytechnic of North London, UK Present Directorship(s) in other Companies: 	<ul style="list-style-type: none"> ▪ Aged 61, female and Malaysian citizen Academic/ Professional Qualification/ Membership(s): <ul style="list-style-type: none"> ▪ Master in Business Administration, Ohio University, United States of America ("USA") (1995) ▪ Bachelor in Business Administration, Ohio University, USA (1990) ▪ Diploma in Banking Studies, Universiti Teknologi MARA (1982) Present Directorship(s) in other Companies: Listed entity: 	<ul style="list-style-type: none"> ▪ Aged 51, female and Malaysian citizen Academic/ Professional Qualification/ Membership(s): <ul style="list-style-type: none"> ▪ Actuarial Society of Malaysia (Fellow since 2010) ▪ Institute and Faculty of Actuaries, United Kingdom ("UK") (Fellow since 2000) ▪ Chartered Institute of Management Accountants ("CIMA"), UK (Fellow since 2022) ▪ CIMA, UK (Chartered Global Management Accountant since 2022)

CORPORATE GOVERNANCE REPORT

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SYARIKAT TAKAFUL MALAYSIA KELUARGA BERHAD

Company No.: 198401019089 (131646-K)
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<p>Newcastle, Australia (1972)</p> <p>Present Directorship(s) in other Companies: Listed entity: ▪ Chairman, Hap Seng Plantations Holdings Berhad (2019)</p> <p>Other Public Companies: ▪ Chairman, Credit Guarantee Corporation Malaysia Berhad (2020)</p> <p>Background, Expertise and Experience: Dato' Mohammed was with the Malayan Banking Berhad ("Maybank") Group for 31 years, during which time he held various senior management positions including Head of Corporate Banking, Head of Commercial Banking, Head of Malaysian Operations,</p>	<p>▪ Member, International Coach Federation ("ICF")</p> <p>Present Directorship(s) in other Companies: Listed entity: Nil</p> <p>Other Public Companies: Nil</p> <p>Background, Expertise and Experience: Mohd Azman Sulaiman is currently a Director on private companies apart from his independent non-executive directorship on the Board of Syarikat Takaful Malaysia Keluarga Berhad ("Takaful Malaysia Keluarga"). He is a Fellow and Faculty member of the ICDM where he specialises in Board Dynamics and Board Effectiveness Assessments. He is an ICF professional certified business and leadership coach, where today he leads his private executive</p>	<p>Suraya Hassan has more than 28 years of successful working experience in the Financial Institutions (Banking and Insurance Industries for both Conventional and Islamic products) in Malaysia, Singapore and Thailand. Her stint in Singapore Citibank Regional Office, exposed her to Operational and Leadership oversight, for Citibank entities across Asia Pacific, at a very senior level. Her expertise covers a broad range of functions, from Sales & Distribution, Wealth Management, Customer Experience, Marketing, Credit Management, Remedial Management inclusive of Collections & Recoveries, Risk Management, Branch and Back end Operations, Audit & Compliance, Expense Control, Training, Talent Management</p>	<p>member of mySalam National B40/M40 Protection Trust Fund.</p> <p>He has worked for several insurance companies since 1978 and held various positions. He has more than 32 years working experience in the local insurance companies and the national reinsurer of Malaysia. Throughout the first 11 years as member of the Senior Management team of these companies, he was mainly involved in Claims, Underwriting and Reinsurance operations. During his tenure with the national reinsurer, the last position he held was as Chief Operating Officer and as immediate Deputy to the Chief Executive Officer. He was involved in all aspects of operations, including Investment, Finance and IT. He also held the position of Chairman of Persatuan</p>	<p>Background, Expertise and Experience: Mohamad Salihuddin Ahmad has held various key positions in the General and Life Insurance as well as Takaful Industry over the past 30 years. He started his career as a Marketing Executive at London & Pacific Insurance from 1988 to 1989, as Branch Manager at American Home Assurance Berhad from 1990 to 1993, later promoted as Countrywide Agency Manager from 1993 to 1995, Manager, Branch Operation & Agency Development at American Malaysia Insurance Berhad from 1995 to 1996, Senior Manager, Branch Operation & Agency Development at Amal Assurance Bhd, promoted as Assistant General Manager from 1998 to September 2000, General Manager at MCIS Zurich Insurance</p>	<p>Listed entity: ▪ Independent Non-Executive Director, Bank Islam Malaysia Berhad ▪ Senior Independent Non-Executive Director, Bursa Malaysia Berhad ▪ Chairman/Independent Non-Executive Director, FIMA Corporation Berhad</p> <p>Other Public Companies: Nil</p> <p>Present Appointments: ▪ Ex-Officio, Financial Reporting Foundation ▪ Director, Malaysia Professional Accountancy Centre ▪ President, MIA ▪ Chair, ACCA Malaysia Advisory Committee</p>	<p>▪ UMW Holdings Berhad (June 2017)</p> <p>Other Public Companies: ▪ Perumahan Kinrara Berhad (October 2021)</p> <p>Background, Expertise and Experience: Datin Paduka Kartini is a Director of Lembaga Tabung Haji ("LTH") and nominee director of LTH on the Board of Takaful Malaysia Keluarga.</p> <p>Datin Paduka Kartini started her career with Permodalan Nasional Berhad ("PNB") in March 1983 as a Management Trainee. She had risen through the ranks to become PNB's Deputy President, Strategic Investments prior to her retirement in December 2019. Throughout her corporate career spanning of 36 years, she served in various capacities across areas</p>	<p>▪ Chartered Accountant, Malaysian Institute of Accountant (CA since 2022) ▪ Qualified Risk Director, Institute of Enterprise Risk Practitioners (QRD since 2022) ▪ Bachelor of Economics, Macquarie University</p> <p>Present Directorship(s) in other Companies: Listed entity: Nil</p> <p>Other Public Companies: ▪ Cagamas Berhad</p> <p>Background, Expertise and Experience: Ch'ng Sok Heang is currently a director in an actuarial consultancy firm and a consulting actuary in a university. She is a past President of the Actuarial Society of Malaysia.</p> <p>She has held various key positions in the</p>
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<p>Managing Director of Aseambankers Malaysia Berhad (now known as Maybank Investment Bank Berhad) and Executive Director (Business Group). The last position held prior to his retirement from the Maybank Group in 30 January 2008 was Deputy President/ Executive Director/ Chief Financial Officer. From April 2008 to September 2008, he was appointed as an Advisor of Maybank. He was also Chairman of the Corporate Debt Restructuring Committee (CDRC) sponsored by Bank Negara Malaysia to facilitate the resolution and restructuring of major corporate debts. Dato' Mohammed has wide and varied organisational experience in</p>	<p>coaching practice, iCoachKL.</p> <p>He has more than 30 years cross-industry and corporate leadership experience. Over the years, his areas of expertise focused on corporate leadership, business development and leadership and talent consulting supporting both international and local corporations.</p> <p>He began his career in 1989 with the Snowy Mountains Engineering Corporation, Australia. He later joined the UEM Group in 1993, where he was involved in the nation's major infrastructure projects. Over the years he rose to senior corporate leadership positions both locally and internationally. His experience includes appointments as Chief</p>	<p>and Development, Change Management, Digital Transformation and Innovation as well as Bancassurance business for both Conventional Insurance and Islamic Takaful. She is a qualified certified Global Trainer for Credit & Risk Management modules.</p> <p>She has held very successful senior roles in Retail Banking and Insurance Company at a very early stage of her career starting with Citibank Berhad in Malaysia, Vice President (VP) Citibank Singapore, Senior Vice President (SVP) Citibank Thailand, (Director), CIMB Executive Vice President (EVP), AmBank (EVP) and Prudential Assurance Malaysia Berhad (Chief Partnership Distribution and Bancassurance). She started many first</p>	<p>Insuran Am ("PIAM") Rating Committee for 15 years as well as the Deputy Chairman of National Insurance Association of Malaysia ("NIAM") for more than 10 years until his retirement in 2010. Over the years, he has contributed to the Insurance and Takaful Industry via his involvement in PIAM Sub-Committees and Bank Negara Malaysia Working Groups. Previously, he was a Board member of Takaful Ikhlas Berhad (2002 to 2006), Malaysian Reinsurance Berhad (2015 to 2020) and MNRB Holdings Berhad (2016 to 2019).</p>	<p>Berhad from October 2000 to October 2002, Senior Vice President, Corporate Insurance Business Division of Malaysia National Insurance Berhad from November 2002 to September 2004, Executive Vice President, Retail Marketing & Sales Support Division at Mayban Fortis Holdings Berhad from September 2004 to December 2005, after the merger between Mayban Fortis, MNI & Takaful Nasional was appointed as Chief Executive Officer ("CEO") at Malaysia National Insurance Berhad from December 2005 to May 2006, CEO of Prudential BSN Takaful Berhad from June 2006 to August 2009 and as an Executive Director and CEO of Great Eastern Takaful Sdn Bhd from September 2009 to December 2012. He was also the CEO of</p>		<p>of investment management, corporate finance, mergers and acquisition, corporate restructuring, portfolio management, property investment as well as strategy and business development.</p>	<p>financial services industry over the past 20 years. Her areas of expertise focused on Actuarial, Finance, Strategy, Risk Management and Insurance/Takaful.</p> <p>She was the Chief Financial Officer ("CFO") of AmMetLife Insurance Berhad. Prior to this, she was the CFO of Zurich Insurance Malaysia Berhad. Before this, she was the Senior Vice President and Head of Actuarial, Finance, Strategy Planning, Product Management and Pricing for Great Eastern Life Assurance Malaysia Berhad.</p>
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	<p>financial services and his exposure to many other industries have enabled him to provide advice to the Board and make him ideally suited to chair the Board.</p>	<p>Executive Officer (“CEO”) of Rocpoint South Africa, GM Crest Petroleum Berhad, UEM Group Director of Business Development and CEO of MAVTRAC. He also served as UEM’s nominee director on the Board of Costain Group UK PLC, E-Idaman Sdn Bhd as well as Malaysian Industry-Government Group for High Technologies (MiGHT).</p> <p>In September 2010, he retired from UEM Group after close to 20 years of service, as Director of Corporate Affairs and CEO of Yayasan UEM. He then joined Korn Ferry International retiring as Senior Partner in 2018. In his time with Korn Ferry, he advised boards on senior leadership succession planning and talent management strategies. Azman is a former Vice-President</p>	<p>initiatives, implemented many cost savings projects, improved bottom lines as well as better workflows through aggressive change management for profitability and sustainability in the long run.</p> <p>Her proven track record with exemplary work ethics, is not only recognised in Malaysia, but in Singapore and Thailand as well. The countries under her supervision in the Asia Pacific, included Malaysia, Thailand, Indonesia, Australia, Korea, Philippines, Singapore, India and Taiwan. A strategic thinker with focus on process improvements and evolvement into more practical, productive and cost efficient ways of doing things. Over the years, her experience in decision-making roles has made her a well-</p>		<p>AmMetLife Takaful Berhad from May 2015 to May 2017.</p> <p>He was also appointed as Technical Committee member at Finance Accreditation Agency from August 2013 until August 2019.</p>			
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SYARIKAT TAKAFUL MALAYSIA KELUARGA BERHAD

Company No.: 198401019089 (131646-K)

(Incorporated in Malaysia)

		<p>of International NGO, Mercy Malaysia.</p>	<p>rounded senior management professional with strong leadership, strategic, people and management skills.</p> <p>She started her working career as a Tax & Audit Consultant at Ernst & Whinney for two (2) years after graduation and spent thereafter 17 years at various roles and postings, with Citibank Malaysia, Citibank Singapore (Regional role) and Citibank Thailand. She moved up the ladder from her first role as Credit Manager with the Bank and steadily rose to her last position at Citibank, at Senior Management level as Director of Credit Operations.</p> <p>After 17 years in Citibank, she moved to CIMB Malaysia as EVP, Head of Consumer Credit Operations. Next, she assumed the role of EVP Head of</p>					
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SYARIKAT TAKAFUL MALAYSIA KELUARGA BERHAD

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			<p>Sales and Distribution, at AmBank Group. She further expanded her portfolio to the Insurance Industry and joined Prudential Assurance Malaysia Berhad as the Chief Partnership Distribution and Bancassurance, reporting to the Chief Executive Officer.</p> <p>She is a member of Lead Women, an Organisation who champions issues on Women and placement of Women Directors at Board levels. At the same time, she is actively involved in Charity and Volunteer works across Asia. She assisted in the set up of food banks during the COVID-19 shutdown, in Johor and Langkawi. She champions the course for orphans and underprivileged children for better education and future, with various NGOs.</p>				
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			She is also very passionate on initiatives for climate change and sustainability.					
Any shareholding in the financial institution	▪ None	▪ None	▪ None	▪ None	▪ None	▪ None	▪ None	▪ None
Chairman and members of each board committee	▪ None	▪ Chairman of Nomination and Remuneration Committee ▪ Member of Long Term Incentive Plan Committee	▪ Chairperson of Board Risk Committee ▪ Member of Audit Committee	▪ Chairman of Investment Committee ▪ Member of Nomination and Remuneration Committee ▪ Member of Board Risk Committee ▪ Member of Long Term Incentive Plan Committee	▪ Member of Audit Committee (<i>Ceased on 20 June 2022</i>) ▪ Member of Nomination and Remuneration Committee (<i>Ceased on 4 August 2022</i>) ▪ Member of Board Risk Committee ▪ Member of Long Term Incentive Plan Committee	▪ Chairman of Audit Committee ▪ Chairman of Long Term Incentive Plan Committee ▪ Member of Investment Committee	▪ Member of Nomination and Remuneration Committee (<i>Appointed on 20 June 2022</i>) ▪ Member of Investment Committee (<i>Appointed on 20 June 2022</i>)	▪ Member of Audit Committee (<i>Appointed on 20 June 2022</i>) ▪ Member of Board Risk Committee (<i>Appointed on 20 June 2022</i>)
Appointments, resignations and removals of directors during the financial year	NIL						Appointed on 1 April 2022	Appointed 1 June 2022
Description of training and education	▪ [Masterclass] Fostering Market Dynamism: Advance the	▪ Offsite Planning Meeting (OPM) (2 - 3 March 2022)	▪ BNM-FIDE FORUM Dialogue on Licensing Framework for	▪ Offsite Planning Meeting (OPM) (2 - 3 March 2022)	▪ Board Offsite (OPM) - Mid Year Review (20 September 2022)	▪ ESG Phase 1 Project Update-Intro to ESG & Climate (19 January 2022)	▪ Board Offsite (OPM) - Mid Year Review (20 September 2022)	▪ Bursa Mandatory Accreditation Programme (MAP) (4 – 6 July 2022)

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<p>provided to the board</p>	<ul style="list-style-type: none"> Development of Open Data Ecosystem & Potential Shared Data Infrastructure 27 January 2022) ▪ Offsite Planning Meeting (OPM) (2 - 3 March 2022) ▪ Board Offsite (OPM) - Mid Year Review (20 September 2022) ▪ Board Offsite (OPM) - Bizplan and Training (15 -18 November 2022) ▪ Shariah Training with Dr. Syed Musa Alhabshi: Shariah Audit in Islamic Finance (24 November 2022) ▪ The Emerging Trends, Threats and Risks to the Financial Services Industry (24 November 2022) 	<ul style="list-style-type: none"> ▪ Board Offsite (OPM) - Mid Year Review (20 September 2022) ▪ International Directors Summit 2022 - The B Factor - [Bold + Brave] Boards (26 -28 September 2022) ▪ Board Offsite (OPM) - Bizplan and Training (15 -18 November 2022) ▪ Shariah Training with Dr. Syed Musa Alhabshi: Shariah Audit in Islamic Finance (24 November 2022) 	<ul style="list-style-type: none"> Digital Insurers and Takaful Operators (23 February 2022) ▪ Offsite Planning Meeting (OPM) (2 - 3 March 2022) ▪ 2022 International Women's Day by LeadWomen: Panel Discussion, "Breaking the Bias for a Sustainable Tomorrow" (8 March 2022) ▪ BNM-FIDE FORUM Dialogue: Climate Risk Management and Scenario Analysis (8 March 2022) ▪ AOB Conversation with Audit Committee Confirmation (7 April 2022) ▪ The Executive Insights: Women in Leadership, Purposeful Leadership Confirmation (12 April 2022) ▪ What the Quran teaches you about 	<ul style="list-style-type: none"> ▪ PT STI: BOC CR & Risk Certification Training (14 – 18 March 2022) ▪ Board Offsite (OPM) - Mid Year Review (20 September 2022) ▪ Board Offsite (OPM) - Bizplan and Training (15 -18 November 2022) ▪ Shariah Training with Dr. Syed Musa Alhabshi: Shariah Audit in Islamic Finance (24 November 2022) 	<ul style="list-style-type: none"> ▪ Board Offsite (OPM) - Bizplan and Training (15 -18 November 2022) ▪ Shariah Training with Dr. Syed Musa Alhabshi: Shariah Audit in Islamic Finance (24 November 2022) 	<ul style="list-style-type: none"> ▪ BNM-FIDE FORUM Dialogue: Licensing Framework for Digital Insurers & Takaful Operators (23 February 2022) ▪ Offsite Planning Meeting (OPM) (2 - 3 March 2022) ▪ BNM-FIDE FORUM Dialogue: Climate Risk Management & Scenario Analysis (8 March 2022) ▪ Financial Sector Blueprint 2022-2026: Overview & Key Areas of Mutual Interest with Bursa Malaysia (10 March 2022) ▪ Exchange's Benchmarking Study: Market Trading & Products/Services Offering (10 March 2022) ▪ Fundamental Disruption of Asset Management & Securities (6 April 2022) ▪ MFRS 17 Refresher Course (9 May 2022) 	<ul style="list-style-type: none"> ▪ Board Offsite (OPM) - Bizplan and Training (15 -18 November 2022) 	<ul style="list-style-type: none"> ▪ FIDE FORUM Leadership Perspectives Forum on Board Effectiveness in conjunction with BEE Launch (14 July 2022) ▪ Engagement Session with Board Members of General Insurers and Takaful Operators on Motor Claims Reforms (11 August 2022) ▪ Governance in Audit Conference 2022 (6 September 2022) ▪ Board Offsite (OPM) - Mid Year Review (20 September 2022) ▪ International Directors Summit 2022 - The B Factor - [Bold + Brave] Boards (26 – 28 September 2022) ▪ Sustainability Management & Reporting (3 October 2022) ▪ Board's Role in Value Creation (5 October 2022) ▪ Optimising Tax Benefits for Companies & Related
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			<p>Money (26 April 2022)</p> <ul style="list-style-type: none"> ▪ Board Offsite (OPM) - Mid Year Review (20 September 2022) ▪ Inflation, Looming Recession & Climate Change: A Tricky Balancing Act? (7 November 2022) ▪ Board Offsite (OPM) - Bizplan and Training (15 -18 November 2022) ▪ Shariah Training with Dr. Syed Musa Alhabshi: Shariah Audit in Islamic Finance (24 November 2022) ▪ The Emerging Trends, Threats and Risks to the Financial Services Industry (24 November 2022) 			<ul style="list-style-type: none"> ▪ MetaFinance: The Next Frontier of the Global Economy (23 May 2022) ▪ Fighting Climate Change with Market Mechanisms (25 May 2022) ▪ Islamic Finance: What is Next? (22 June 2022) ▪ Moody's Analytics - ESG & Climate Risk Training (22 June 2022) ▪ Towards a Sustainable & Net-Zero Future: Carbon Pricing (28 June 2022) ▪ Unauthorised Disclosure of Customer's Information & Bank's Data (29 June 2022) ▪ FIDE FORUM Leadership Perspectives Forum on Board Effectiveness in conjunction with BEE Launch (14 July 2022) ▪ Transforming Malaysia's Economy & Society Through 		<ul style="list-style-type: none"> ▪ Entities (14 October 2022) ▪ Key Amendments to Listing Requirements 2022 (18 October 2022) ▪ Board Offsite (OPM) - Bizplan and Training (15 -18 November 2022) ▪ Shariah Training with Dr. Syed Musa Alhabshi: Shariah Audit in Islamic Finance (24 November 2022) ▪ The Emerging Trends Threats and Risks to the Financial Services Industry - Managing Global Risk Investment and Payment System (24 November 2022) ▪ Raising Defences: Section 17A, MACC Act (29 November 2022)
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						<p>Islamic Finance (Invest Shariah Conference 2022) (26 July 2022)</p> <ul style="list-style-type: none"> ▪ Update on AML/CFT Legal & Regulatory Development (5 August 2022) ▪ Climate Governance Malaysia: A Standing Item on Board Agendas (11 August 2022) ▪ Bursa - Maybank Sectorial Series: Why Malaysia? (15 August 2022) ▪ Invest Malaysia Kuala Lumpur (IMKL) Series 1: "Building Resilience Amidst Volatility"(14 September 2022) ▪ Board Offsite (OPM) - Mid Year Review (20 September 2022) ▪ Economic Outlook & Lookout - "Without Syndrome" after "Sugar Rush"? (22 September) ▪ Bursa Rise (Bursa Research Incentive 	
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						<p>Scheme) (27 September 2022)</p> <ul style="list-style-type: none"> ▪ KMF 2022 - Development and its Complexities: Steering Our Way Through a Perfect Storm (3 - 4 October 2022) ▪ Global Islamic Finance Forum 2022 (5 – 6 October 2022) ▪ Geopolitics, Stagflation & Deterioration of "The Commons": Considerations in Your Business Planning for 2023 and Beyond (12 October 2022) ▪ 14th ACCA Asia Pacific Thought Leadership Forum: Geopolitics, Stagflation & Deterioration of 'the Commons': considerations in your Business Planning for 2023 and beyond (19 October 2022) ▪ Diversity, Equity & Inclusion (DEI) Conversation #4: 	
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						<p>Climate Action (20 October 2022)</p> <ul style="list-style-type: none">▪ Out of Box Session: Driving Culture from a Behavioural Science Perspective (21 October 2022)▪ Debt Based Products vs Equity Based Products (21 October 2022)▪ The Art of Cyber Defence (31 October 2022)▪ Anti-Bribery Management Systems (ABMS) (31 October 2022)▪ Introduction to Metaverse (8 November 2022)▪ The Road to Electrical Vehicles (9 November 2022)▪ Board Offsite (OPM) - Bizplan and Training (15 – 18 November 2022)▪ How the Audit Committees & Auditors Can Work Together Towards Reliable Audited Financial Statements (17 November 2022 & 6 December 2022)		
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						<ul style="list-style-type: none"> The Emerging Trends Threats and Risks to the Financial Services Industry - Managing Global Risk Investment and Payment System (24 November 2022) 																				
<p>Number of meetings convened by the board and each board committee</p>	<table border="1"> <thead> <tr> <th>No</th> <th>Name of Committee meetings</th> <th>Number of meetings during the financial year</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Board</td> <td>11</td> </tr> <tr> <td>2</td> <td>Audit Committee</td> <td>7</td> </tr> <tr> <td>3</td> <td>Nomination and Remuneration Committee</td> <td>7</td> </tr> <tr> <td>4</td> <td>Board Risk Committee</td> <td>5</td> </tr> <tr> <td>5</td> <td>Investment Committee</td> <td>5</td> </tr> <tr> <td>6</td> <td>Long Term Incentive Plan Committee</td> <td>1</td> </tr> </tbody> </table>			No	Name of Committee meetings	Number of meetings during the financial year	1	Board	11	2	Audit Committee	7	3	Nomination and Remuneration Committee	7	4	Board Risk Committee	5	5	Investment Committee	5	6	Long Term Incentive Plan Committee	1		
	No	Name of Committee meetings	Number of meetings during the financial year																							
	1	Board	11																							
	2	Audit Committee	7																							
	3	Nomination and Remuneration Committee	7																							
	4	Board Risk Committee	5																							
	5	Investment Committee	5																							
	6	Long Term Incentive Plan Committee	1																							

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2. Function and Conduct						
Committee	The Board	Audit Committee	Nomination and Remuneration Committee	Board Risk Committee	Investment Committee	Long Term Incentive Plan Committee
Roles and responsibilities of the Board and the Board Committees	As stipulated in the Company's Constitution and Terms of Reference ("TOR")/Board Charter	As stipulated in the TOR of Audit Committee	As stipulated in the TOR of Nomination and Remuneration Committee	As stipulated in the TOR of Board Risk Committee	As stipulated in the TOR of Investment Committee	As stipulated in the TOR of Long Term Incentive Plan Committee
Attendance of each director at board and board committee meetings during the financial year	Total: 11 Meetings 1. Dato' Mohammed Haji Che Hussein (11/11) 2. Mohd Azman Sulaiman (11/11) 3. Suraya Hassan (9/11) 4. Dato' Mustaffa Ahmad (11/11) 5. Mohamad Salihuddin Ahmad (11/11) 6. Datuk Bazlan Osman (11/11) 7. Datin Paduka Kartini Haji Abdul Manaf (8/8)# 8. Ch'ng Sok Heang (5/5)#	Total: 7 Meetings 1. Datuk Bazlan Osman (7/7) 2. Suraya Hassan (7/7) 3. Mohamad Salihuddin Ahmad (5/5)* 4. Ch'ng Sok Heang (2/2)#	Total: 7 Meetings 1. Mohd Azman Sulaiman (7/7) 2. Dato' Mustaffa Ahmad (7/7) 3. Mohamad Salihuddin Ahmad (6/6)* 4. Datin Paduka Kartini Haji Abdul Manaf (1/2)#	Total: 5 Meetings 1. Suraya Hassan (5/5) 2. Dato' Mustaffa Ahmad (5/5) 3. Mohamad Salihuddin Ahmad (3/5) 4. Ch'ng Sok Heang (2/2)#	Total: 5 Meetings 1. Dato' Mustaffa Ahmad (5/5) 2. Datuk Bazlan Osman (5/5) 3. Datin Paduka Kartini Haji Abdul Manaf (3/4)# 4. Nor Azman Zainal (4/5)	Total: 1 Meetings 1. Datuk Bazlan Osman (1/1) 2. Mohd Azman Sulaiman (1/1) 3. Dato' Mustaffa Ahmad (1/1) 4. Mohamad Salihuddin Ahmad (1/1)

* The number of meetings held up to the cessation of office.

The number of meetings attended after the appointment date.

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Internal control framework	
3. Overview	
Main features of the internal control framework, and the nature and frequency of any review and assessment conducted on the internal control framework	Our internal control framework is established on an enterprise risk-based approach with the objective of providing effective controls covering amongst others, compliance with prevailing internal policies and procedures as well as applicable laws, regulations and guidelines imposed by the regulatory and/or statutory bodies. The frequency of the reviews is determined by the level of risks derived through the risk assessment exercise conducted Company-wide and is also taking into account issues raised by the regulators, external auditors and management requests (if any). This plan is presented to the Audit Committee for approval on a yearly basis.
Key policies and procedures of the internal control framework, including any changes made to these policies and procedures during the financial year	<p>The key policies and procedures of Internal Control Framework is as follows:</p> <ul style="list-style-type: none"> • Organisational structure • Limits of Authorities • Standard Operating Procedures • Product Development Framework • Anti-Corruption Framework • Whistle Blowing Policy and Fraud Management Policy • Fraud Management Policy • Anti-Money Laundering and Counter Financing of Terrorism Policy (AML/CFT) • Personal Information Record Management Framework • Shariah Governance Policy • Shariah Compliance Manual • Shariah Risk Management Policy • Assets and Liabilities Management Framework • Takaful Operational Framework • Surplus Management and Distribution Policy • Business/Marketing Plan and Budget Process • Financial Reporting <p>The changes made to the policies during the year (if any) is in line with the requirements of regulatory bodies and other authorities to reflect latest rulings/guidelines. The process of changes follow the Company's policies and procedures review and approval process.</p>

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Remuneration	
4. Qualitative Disclosures	
<p>Information relating to the design and structure of the remuneration system, including –</p> <ul style="list-style-type: none"> ▪ an overview of the key features and objectives of the remuneration policy ▪ a description of the scope of the remuneration policy (such as by regions or business lines), including the extent to which it is applicable to foreign subsidiaries and branches ▪ a description of the types of officers considered as senior officers and as other material risk takers, including the number of officers in each group ▪ an overview of the findings, recommendations and actions taken with respect to any review and assessment conducted on the remuneration system during the financial year ▪ a discussion of measures taken to ensure that officers in control functions are compensated independently of the businesses they oversee 	<p>The Board have approved the Remuneration Policy.</p> <p>The Policy is designed to align the personal objectives of staff with the long term interests of Takaful Malaysia Keluarga 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 Takaful Malaysia Keluarga; • 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>Description of the ways in which current and future risks are taken into account in the remuneration system, including –</p> <ul style="list-style-type: none"> ▪ an overview of the key risks that the financial institution takes into account when implementing remuneration measures ▪ an overview of the nature and type of the key measures used to take account of these risks, including risks that are difficult to measure (values need not be disclosed) ▪ a discussion of the ways in which these measures affect remuneration ▪ a discussion of how the nature and type of these measures have changed over the financial year, reasons for the changes, and the impact of these changes on remuneration 	<p>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:</p> <ul style="list-style-type: none"> • 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);

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<p>Description of the ways in which the financial institution seeks to link performance during a performance measurement period with levels of remuneration, including –</p> <ul style="list-style-type: none"> ▪ an overview of the main performance metrics for the financial institution, top-level business lines and officers ▪ a discussion of how amounts of individual remuneration are linked to institution-wide and individual performance ▪ a discussion of the measures that will be taken to adjust remuneration in the event that performance metrics are weak, including the financial institution’s criteria for determining “weak” performance metrics 	<p>Takaful Malaysia Keluarga’s performance management aligns the employees’ actions and behaviours with the Company’s strategies and goals which consist of the following:</p> <ul style="list-style-type: none"> • Key Result Area (KRA) - key deliverables that create the greatest impact of the job and reflect the core responsibilities; • Key Performance Indicator (KPI) - a specific measure of performance that is quantifiable/measurable; • Competencies - Key behaviours expected to be demonstrated towards achievement of targets or goals. <p>The performance management process covers the following:-</p> <ul style="list-style-type: none"> • A business plan and strategy presentation by division heads to the Board of Directors 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; • Performance of employees to be reviewed during the mid-year and a final assessment will be conducted during the financial year end.
<p>Description of the ways in which the financial institution seeks to adjust remuneration to take account of longer-term performance, including-</p> <ul style="list-style-type: none"> ▪ a discussion of the financial institution’s policy on deferral and vesting of variable remuneration and, if the fraction of variable remuneration that is deferred differs across officers or groups of officers, a description of the factors that determine the fraction and their relative importance ▪ a discussion of the financial institution’s policy and criteria for adjusting deferred remuneration before vesting and after vesting through clawback arrangements 	<p>Philosophy or methodology imposed by Takaful Malaysia Keluarga to determine an employee’s remuneration is guided as per the following:</p> <ul style="list-style-type: none"> • 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 Takaful Malaysia Keluarga’s comparative group by performing a market benchmarking exercise on an annual basis; • Set a market benchmark of the remuneration against the standard approved by the Board. • Long Term Incentive Plan (LTIP) granted to key employees based on performance matrix that will drive the growth of the business while simultaneously helping to retain the talent.
<p>Description of the different forms of variable remuneration that the financial institution utilises and the rationale for using these different forms, including –</p> <ul style="list-style-type: none"> ▪ an overview of the forms of variable remuneration offered (such as cash, shares and share-linked instruments) ▪ a discussion of the use of the different forms of variable remuneration and, if the mix of different forms of variable remuneration differs across officers or groups of officers), a description the factors that determine the mix and their relative importance 	<p>Philosophy or methodology imposed by Takaful Malaysia Keluarga to determine an employee’s remuneration is guided as per the following:</p> <ul style="list-style-type: none"> • 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 Takaful Malaysia Keluarga’s comparative group by performing a market benchmarking exercise on an annual basis; • Set a market benchmark of the remuneration against the standard approved by the Board. • Long Term Incentive Plan (LTIP) granted to key employees based on performance matrix that will drive the growth of the business while simultaneously helping to retain the talent.

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5. Quantitative Disclosures	
<p>Breakdown of the total amount of remuneration awards for the Group Chief Executive Officers and Directors for the financial year, disclosed individually for the GCEO and each Director, to show –</p> <ul style="list-style-type: none"> ▪ fixed and variable remuneration ▪ deferred and non-deferred remuneration <p>the different forms of remuneration used (such as cash, shares and share-linked instruments)</p>	<p>The disclosure is as per table A below</p>
<p>Remuneration information in two broad categories, namely in respect of Senior Management and other material risk takers, as follows:</p> <ul style="list-style-type: none"> ▪ breakdown of the total amount of remuneration awards for the financial year as exemplified in Table A, to show – <ul style="list-style-type: none"> ○ fixed and variable remuneration ○ deferred and non-deferred remuneration ○ the different forms of remuneration used (such as cash, shares and share-linked instruments) ▪ number of officers having received a variable remuneration during the financial year ▪ number and total amount of guaranteed bonuses awarded during the financial year ▪ number and total amount of sign-on awards made during the financial year ▪ number and total amount of severance payments made during the financial year ▪ total amount of outstanding deferred remuneration, split into cash, shares, share-linked instruments and other forms ▪ total amount of deferred remuneration paid out during the financial year ▪ the officers’ exposure to implicit (such as fluctuations in the value of shares or performance units) and explicit adjustments (such as malus, clawbacks or similar reversals or downward revaluations of awards) of deferred remuneration and retained remuneration, including – <ul style="list-style-type: none"> ○ total amount of outstanding deferred remuneration and retained remuneration exposed to ex-post explicit and implicit adjustments 	<p>The disclosure is as per table A below</p>

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- total amount of reductions during the financial year due to ex-post explicit adjustments
- total amount of reductions during the financial year due to ex-post implicit adjustments

Table A																
	Dato' Mohammed Hussein (Director)		Mohd Azman Sulaiman (Director)		Suraya Hassan (Director)		Dato' Mustaffa Ahmad (Director)		Mohamad Salihuddin Ahmad (Director)		Datuk Bazlan Osman (Director)		Datin Paduka Kartini Haji Abdul Manaf (Director)		Ch'ng Sok Heang (Director)	
Total value of remuneration awards for the financial year	Unrestricted	Deferred	Unrestricted	Deferred	Unrestricted	Deferred	Unrestricted	Deferred	Unrestricted	Deferred	Unrestricted	Deferred	Unrestricted	Deferred	Unrestricted	Deferred
Fixed remuneration																
Cash-based	306,000	n/a	120,000	n/a	156,000	n/a	144,000	n/a	146,000	n/a	120,000	n/a	73,000	n/a	80,000	n/a
Shares and share-linked instruments	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Other	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Variable remuneration																
Cash-based	94,000	n/a	105,000	n/a	106,000	n/a	130,000	n/a	111,000	n/a	121,000	n/a	36,000	n/a	27,000	n/a
Shares and share-linked instruments	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Other	29,000	n/a	42,000	n/a	23,000	n/a	1,000	n/a	24,000	n/a	23,000	n/a	9,000	n/a	2,000	n/a

CORPORATE GOVERNANCE REPORT

SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PURSUANT TO CORPORATE GOVERNANCE GUIDELINES

ISSUED BY BANK NEGARA MALAYSIA



SYARIKAT TAKAFUL MALAYSIA KELUARGA BERHAD

Company No.: 198401019089 (131646-K)
(Incorporated in Malaysia)

Table A						
	Nor Azman Zainal (GCEO)		Senior Management		Other Material Risk Taker	
Total value of remuneration awards for the financial year	Unrestricted	Deferred	Unrestricted	Deferred	Unrestricted	Deferred
<u>Fixed Remuneration</u>						
Cash-based	1,440,000	n/a	6,178,262.61	n/a	3,638,206.67	n/a
Shares and share-linked instruments	n/a	n/a	n/a	n/a	n/a	n/a
Other	n/a	n/a	n/a	n/a	n/a	n/a
<u>Variable Remuneration</u>						
Cash-based	246,000	n/a	2,109,413.74	n/a	877,054.69	n/a
Shares and share-linked instruments	n/a	n/a	n/a	1,747,300.80	n/a	1,255,997.40
Other	334,000	n/a	136,326.37	n/a	n/a	n/a