

CORPORATE GOVERNANCE REPORT
SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PURSUANT 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 Haji Che Hussein	Mohd Azman Sulaiman	Suraya Hassan	Dato' Mustaffa Ahmad	Mohamad Salihuddin Ahmad	Datuk Bazlan Osman
Designation (Appointment date)	<ul style="list-style-type: none"> ▪ Chairman/ Independent Non-Executive Director (1 April 2020) 	<ul style="list-style-type: none"> ▪ Independent Non-Executive Director (9 May 2019) 	<ul style="list-style-type: none"> ▪ Independent Non-Executive Director (1 August 2019) 	<ul style="list-style-type: none"> ▪ Independent Non-Executive Director (13 August 2020) 	<ul style="list-style-type: none"> ▪ Non-Independent Non-Executive Director (13 August 2020) 	<ul style="list-style-type: none"> ▪ Independent Non-Executive Director (18 August 2020)
Key personal details and background of each director including relevant experience and external professional commitments	<ul style="list-style-type: none"> ▪ Aged 70, male and a Malaysian citizen <p>Academic/Professional Qualification/Membership(s):</p> <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 Newcastle, Australia (1972) <p>Present Directorship(s) in other Companies: Listed entity:</p>	<ul style="list-style-type: none"> ▪ Aged 57, male and a Malaysian citizen <p>Academic/Professional Qualification/Membership(s):</p> <ul style="list-style-type: none"> ▪ Harvard Senior Management Development Program (2002) ▪ MBA, Australian National University (1998) ▪ MSc. University of Strathclyde, United Kingdom (1992) ▪ BSc. University of Malaya (1989) ▪ Fellow & Faculty Member, Institute of Corporate Directors Malaysia (ICDM) ▪ Member, International Coach Federation (ICF) 	<ul style="list-style-type: none"> ▪ Aged 57, female and a Malaysian citizen <p>Academic/Professional Qualification/Membership(s):</p> <ul style="list-style-type: none"> • Bachelor of Business Administration, International Islamic University (1988) <p>Present Directorship(s) in other Companies: Listed entity: Nil</p> <p>Public Companies: Nil</p> <p>Background, Expertise and Experience: Suraya Hassan has more than 27+ years of successful working experience in the Financial Institutions</p>	<ul style="list-style-type: none"> ▪ Aged 65, male and a Malaysian citizen <p>Academic/Professional Qualification/Membership(s):</p> <ul style="list-style-type: none"> • Bachelor of Science (Hons) in Statistics, Heriot-Watt University, Edinburgh, Scotland (1974-1978) <p>Present Directorship(s) in other Companies: Listed entity: Nil</p> <p>Public Companies: Nil</p> <p>Background, Expertise and Experience: Dato' Mustaffa Ahmad is currently a Board member of</p>	<ul style="list-style-type: none"> • Aged 58, male and a Malaysian citizen <p>Academic/Professional Qualification/Membership(s):</p> <ul style="list-style-type: none"> • Master in Business Administration, Stephen F. Austin University, Texas, USA (1988) • Bachelor of Science, Indiana State University, USA (1986) <p>Present Directorship(s) in other Companies: Listed entity: Nil</p> <p>Public Companies: • Director, Syarikat Takaful Malaysia Am Berhad (2019)</p>	<ul style="list-style-type: none"> ▪ Aged 57, male and a Malaysian citizen <p>Academic/Professional Qualification/Membership(s):</p> <ul style="list-style-type: none"> • Association of Chartered Certified Accountants (ACCA), United Kingdom (Fellow) • Malaysian Institute of Accountants (MIA) (Member) • Diploma in Accounting, Polytechnic of North London, United Kingdom

CORPORATE GOVERNANCE REPORT

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

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SYARIKAT TAKAFUL MALAYSIA KELUARGA BERHAD

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(Incorporated in Malaysia)

<p>• Chairman, Hap Seng Plantations Holdings Berhad (2019)</p> <p>• Chairman, Gamuda Berhad (2013)</p> <p>Public Companies:</p> <p>• Chairman, Credit Guarantee Corporation Malaysia Berhad (2020)</p> <p>• Director, Bank of America Malaysia Berhad (2014)</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, 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</p>	<p>Present Directorship(s) in other Companies: Listed entity: Nil</p> <p>Public Companies: Nil</p> <p>Background, Expertise and Experience: Mohd Azman Sulaiman is currently a Director on private companies, Sarah Orthodontic Practice Sdn Bhd and Kumpulan Juruteknik Sdn Bhd. He is a Fellow & Faculty member of the Institute of Corporate Directors Malaysia (ICDM) where he specialises in Board Dynamics and Board Effectiveness Assessments.</p> <p>He has more than 30 years cross-industry & corporate leadership experience. Over the years, his areas of expertise focused on corporate leadership, business development and leadership & talent consulting supporting both international and local corporations.</p> <p>He began his career in 1989 with the Snowy Mountains</p>	<p>(Banking and Insurance Industries for both Conventional and Islamic products) in Malaysia and inclusive of Asia Pacific, at senior leadership role (C level), across various functions of Sales & Distribution, Customer Experience, Marketing, Credit Management, Collections & Recoveries, Risk Management, Operations, Audit & Compliance, Expense Control, Training, Talent Management and Development, Change Management, Digital Transformation & Innovation as well as Bancassurance business for both Conventional and Islamic Takaful. She is a qualified certified Global Trainer for Credit & Risk Management modules.</p> <p>She managed the overall Front, Middle and Back office Operations that has direct impact on P&L and sustainability in the long run. She had built a very successful</p>	<p>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 CEO. He was involved in all aspects of operations, including Investment, Finance and IT. He also held the position of Chairman of PIAM Rating Committee for 15 years as well as the Deputy Chairman of National Insurance Association of Malaysia (NIAM) for more</p>	<p>Background, Expertise and Experience: Mohamad Salihuddin Ahmad has held various key positions in the General and Life Insurance as well as Takaful over the past thirty 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, 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 Insurance Bhd, Assistant General Manager from 1998 to September 2000, General Manager at MCIS Zurich Insurance Berhad from 1 October 2000 to 31 October 2002, Senior Vice President, Corporate Insurance Business Division of Malaysia National Insurance Berhad from 1 November 2002 to 15</p>	<p>Present Directorship(s) in other Companies: Listed entity:</p> <ul style="list-style-type: none"> • Bursa Malaysia Berhad (2020) • Glomac Berhad (2020) • FIMA Corporation Berhad (2019) <p>Public Companies:</p> <ul style="list-style-type: none"> • Citibank Berhad (2019) <p>Background, Expertise and Experience: Datuk Bazlan Osman is currently the Chairman of GITN Sdn Bhd (wholly-owned subsidiary of TM), Council member of MIA, Deputy Chair of ACCA Malaysia Advisory Committee as well as a Director of Malaysia Professional Accountancy Centre.</p> <p>He started his career as an auditor with Hanafiah Raslan & Mohamad, a public accounting firm in 1986 and subsequently</p>
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CORPORATE GOVERNANCE REPORT
SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PURSUANT CORPORATE GOVERNANCE GUIDELINES
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SYARIKAT TAKAFUL MALAYSIA KELUARGA BERHAD

Company No.: 198401019089 (131646-K)
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<p>2008 was Deputy President/Executive Director/Chief Financial Officer. In April 2008 to September 2008, he was appointed as an Advisor of Maybank. Presently, he is 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 commercial and investment banking 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>Engineering Corporation. 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 leadership positions both locally and internationally. His experience includes spending stints as CEO Ropoint 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 PLC, E-Idaman Sdn Bhd as well as MIGHT.</p>	<p>career in Malaysia, Singapore and Thailand in various roles and responsibilities, with a proven track record. Extensive professional exposure in Regional and Operational leadership oversight in APAC, namely Malaysia, Thailand, Indonesia, Australia, Korea, Philippines, Singapore, India and Taiwan. A strategic thinker with focus on process improvements and evolution 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-rounded senior management professional with strong leadership, strategic, people and management skill.</p>	<p>than 10 years until his retirement in 2010. Over the years, he has contributed to the insurance and takaful industry via his involvement in Persatuan Insuran Am Malaysia (PIAM) Sub-Committees and BNM 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>September 2004, Executive Vice President, Retail Marketing & Sales Support Division at Mayban Fortis Holdings Berhad from 16 September 2004 to 14 December 2005, Chief Executive Officer (CEO) at Malaysia National Insurance Berhad from 15 December 2005 to 27 May 2006, CEO of Prudential BSN Takaful Berhad from 12 June 2006 to 31 August 2009 and as an Executive Director & CEO of Great Eastern Takaful Sdn Bhd from 1 September 2009 to 31 December 2012. He was also the CEO of AmMetLife Takaful Berhad (AmMetLife) from 11 May 2015 to 5 May 2017.</p>	<p>served the Sime Darby Group, holding various finance positions in its corporate office in Kuala Lumpur, Singapore and Melaka.</p> <p>From 1993 to 1994, he had a one-year stint in American Express Malaysia Berhad as its Manager-Accounting & Financial Control before joining Kumpulan FIMA Berhad in 1994, where he was subsequently appointed Senior Vice President, Finance/Company Secretary. He joined Celcom (Malaysia) Berhad in 2001 as the Senior Vice President, Corporate Finance & Treasury and subsequently appointed as the Chief Financial Officer (CFO) prior to his appointment as Telekom Malaysia (TM) Group CFO on 1 May 2005. In April 2017, he was appointed as the</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 executive search strategies.</p>	<p>She started her working career as a Tax & Audit Consultant at Ernst & Whinney for 2 years after graduation and spent thereafter 17 years at various roles and posting started with Citibank Malaysia, Citibank</p>	<p>Previously, he was a Technical Committee member at Finance Accreditation Agency from August 2013 until August 2019.</p>			

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



SYARIKAT TAKAFUL MALAYSIA KELUARGA BERHAD

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

			<p>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>She then joined CIMB Malaysia as Executive Vice President (EVP), Head of Consumer Credit Operations. Next, she assumed the role of Executive Vice President (EVP) Head of Sales and Distribution, at Ambank Group.</p> <p>She further expanded her portfolio to the Insurance Industry and joined Prudential Assurance Malaysia Berhad as the Chief Officer General/Life Insurance and Partnership Distribution, reporting to the CEO. An individual with a proven track record.</p>			<p>Deputy Group Chief Executive Officer and subsequently assumed the position as Acting Group Chief Executive Officer from 6 June 2018 until 16 November 2018. He was appointed as an Executive Director of TM on 25 April 2008 until 28 February 2019.</p>
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CORPORATE GOVERNANCE REPORT
SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PURSUANT CORPORATE GOVERNANCE GUIDELINES
ISSUED BY BANK NEGARA MALAYSIA



SYARIKAT TAKAFUL MALAYSIA KELUARGA BERHAD

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

Any shareholding in the financial institution	▪ None	▪ None	▪ None	▪ None	▪ None	▪ None
Chairman and members of each board committee	▪ None	<ul style="list-style-type: none"> ▪ Chairman of Nomination & Remuneration Committee ▪ Member of Long Term Incentive Plan Committee 	<ul style="list-style-type: none"> ▪ Chairman of Board Risk Committee ▪ Member of Audit Committee 	<ul style="list-style-type: none"> ▪ Chairman of Investment Committee ▪ Member of Nomination & Remuneration Committee ▪ Member of Board Risk Committee ▪ Member of Long Term Incentive Plan Committee 	<ul style="list-style-type: none"> ▪ Member of Audit Committee ▪ Member of Nomination & Remuneration Committee ▪ Member of Board Risk Committee ▪ Member of Long Term Incentive Plan Committee 	<ul style="list-style-type: none"> ▪ Chairman of Audit Committee ▪ Chairman of Long Term Incentive Plan Committee ▪ Member of Investment Committee
Appointments, resignations and removals of directors during the financial year	<ul style="list-style-type: none"> ▪ Demised: <ol style="list-style-type: none"> 1. Dato’ Othman Abdullah - 4 April 2020 ▪ Ceased of office: <ol style="list-style-type: none"> 1. Damanhuri Mahmod - 1 July 2020 2. Datin Sri Azlin Arshad - 13 August 2020 3. Mahadzir Azizan - 15 August 2020 ▪ New appointment : <ol style="list-style-type: none"> 1. Dato’ Mustaffa Ahmad - 13 August 2020 2. Mohamad Salihuddin Ahmad - 13 August 2020 3. Datuk Bazlan Osman - 18 August 2020 					
Description of training and education	<ul style="list-style-type: none"> • BAMB BOD Training on Lines of Business [Fixed Income, Currencies, Commodities (“FICC”)] (13 January 2020) 	<ul style="list-style-type: none"> • FIDE Core Programme Module A&B (Insurance) (April 2020) 	<ul style="list-style-type: none"> • The Board Journey 2020 (18-20 February 2020) • FIDE Core Programme Module A&B (Insurance) (April 2020) 	<ul style="list-style-type: none"> • OPM (7 November 2020) 	<ul style="list-style-type: none"> • OPM (7 November 2020) • Mandatory Accreditation Programme (MAP) (28-30 September 2020) 	<ul style="list-style-type: none"> • OPM (7 November 2020) • The Quiet Transformation of Corporatae

CORPORATE GOVERNANCE REPORT
SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PURSUANT CORPORATE GOVERNANCE GUIDELINES
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SYARIKAT TAKAFUL MALAYSIA KELUARGA BERHAD

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

provided to the board	<ul style="list-style-type: none"> • MIA - Speaker for Corporate leadership Symposium 2020 - BOARD CASE: HOW DO COMPANIES DRIVE AND IMPLEMENT SUSTAINABILITY? (12 February 2020) • BAMB Directors' Training on Webex (14 April 2020) • Enabling Executive & Board Meeting with Microsoft Teams Training (5 June 2020) • LHAG Live Webinar - Corporate Liability for Corruption Offences: The Time Has Come, Are You Ready (12 June 2020) • Fide Webinar : Sir Howard Davies, RBS (8 July 2020) • Training on Global Information Security (GIS) for BAMB & MLMA Board (28 July 2020) • Fide Webinar Topic: Banking on Governance, Insuring Sustainability-registered by Hap Seng (4 August 2020) • Macro Updates Green Shoots (26 August 2020) 	<ul style="list-style-type: none"> • Impact of Covid-19 Pandemic to the Economy (5 August 2020) • OPM (7 November 2020) • FIDE Simulation Exercise (26 November 2020) • 1-Day Program on Mergers & Acquisitions: Getting It Right & Making it Work" (17 December 2020) 				Governance (3 December 2020)
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Company No.: 198401019089 (131646-K)

(Incorporated in Malaysia)

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| <ul style="list-style-type: none">• UK Inheritance Tax Planning & How to Protect Your Assets as a UK Property Investor (27 August 2020)• BNM-FIDE FORUM Annual Dialogue with the Governor of BNM (3 September 2020)• Webinar on restructuring options & legal updates (23 September 2020)• LA Blockchain Summit (6 & 8 October 2020)• Tony's Liability Management course (22 October 2020)• Offsite Planning Meeting (OPM) (7 November 2020)• Bursa M & A virtual program (17 November 2020)• BAMB BOD Training on Management of Climate-Related Risk (10 December 2020) | | | | | |
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SYARIKAT TAKAFUL MALAYSIA KELUARGA BERHAD

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

Number of meetings convened by the board and each board committee	No	Name of Committee meetings	Number of meetings during the financial year
	1	Board	13
	2	Audit Committee	8
	3	Nomination & Remuneration Committee	6
	4	Board Risk Committee	3
	5	Investment Committee	2
	6	Long Term Incentive Plan Committee	1

2. Function and Conduct						
Committee	The Board	Audit Committee	Nomination & 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 & 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: 13 Meetings 1. Dato' Mohammed Haji Che Hussein (9/9) 2. Mohd Azman Sulaiman (13/13) 3. Suraya Hassan (13/13) 4. Dato' Mustaffa Ahmad (4/4) 5. Mohamad Salihuddin Ahmad (4/4) 6. Datuk Bazlan Osman (4/4)	Total: 8 Meetings 1. Datuk Bazlan Osman (4/4) 2. Suraya Hassan (8/8) 3. Mohamad Salihuddin Ahmad (4/4)	Total: 6 Meetings 1. Dato' Mohammed Haji Che Hussein (2/2) 2. Mohd Azman Sulaiman (3/3) 3. Suraya Hassan (4/4) 4. Dato' Mustaffa Ahmad (2/2) 5. Mohamad Salihuddin Ahmad (2/2)	Total: 3 Meetings 1. Suraya Hassan (3/3) 2. Dato' Mustaffa Ahmad (2/2) 3. Mohamad Salihuddin Ahmad (2/2)	Total: 2 Meetings 1. Dato' Mustaffa Ahmad (2/2) 2. Datuk Bazlan Osman (2/2)	Total: 1 Meeting 1. Datuk Bazlan Osman (1/1) 2. Mohd Azman Sulaiman (1/1) 3. Dato' Mustaffa Ahmad (1/1) 4. Mohamad Salihuddin Ahmad (1/1)

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



SYARIKAT TAKAFUL MALAYSIA KELUARGA BERHAD

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

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 • Compliance Functions • Whistle Blowing Policy and Fraud Management Policy • Anti-Money Laundering and Counter Financing of Terrorism Policy (AML/CFT) • Personal Information Record Management Framework • Shariah Governance Framework • 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>

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



SYARIKAT TAKAFUL MALAYSIA KELUARGA BERHAD

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

Remuneration	
4. Qualitative Disclosures	
Information relating to the design and structure of the remuneration system, including – <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 STMKB and the funds under its management. Strategic measures are implemented in order to ensure they are aligned to the interests of the Group and its stakeholders. The policy and the general incentive structure are designed to meet the following objectives:</p> <ul style="list-style-type: none"> • To be in line with the business strategy, objectives, values, long-term goals and interests of STMKB; • To be aligned with the principle of protection of customers and investors as well as prevention of conflict of interests; • To enable the Group to attract, develop and retain high-performing and motivated staff; • To offer a competitive remuneration package which is aligned with the industry; and • To encourage the staff to continue to perform and create sustainable results and ensure that there is an alignment of interest among the stakeholders; i.e. Shareholders, Customers and Staff.
Description of the ways in which current and future risks are taken into account in the remuneration system, including – <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);
Description of the ways in which the financial institution seeks to link performance during a performance measurement period with levels of remuneration, including – <ul style="list-style-type: none"> ▪ an overview of the main performance metrics for the financial institution, top-level business lines and officers 	<p>STMKB'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;

CORPORATE GOVERNANCE REPORT
SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PURSUANT CORPORATE GOVERNANCE GUIDELINES
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SYARIKAT TAKAFUL MALAYSIA KELUARGA BERHAD

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

<ul style="list-style-type: none"> ▪ 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 	<ul style="list-style-type: none"> • 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 STMKB 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 STMKB’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 STMKB 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 STMKB’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.

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



SYARIKAT TAKAFUL MALAYSIA KELUARGA BERHAD

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

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>

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



SYARIKAT TAKAFUL MALAYSIA KELUARGA BERHAD

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

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

Table A												
	Dato' Mohammed Haji Che Hussein (Director)		Mohd Azman Sulaiman (Director)		Suraya Hassan (Director)		Dato' Mustaffa Ahmad (Director)		Mohamad Salihuddin Ahmad (Director)		Datuk Bazlan Osman (Director)	
Total value of remuneration awards for the financial year	Unrestricted	Deferred	Unrestricted	Deferred	Unrestricted	Deferred	Unrestricted	Deferred	Unrestricted	Deferred	Unrestricted	Deferred
<u>Fixed remuneration</u>												
Cash-based	178,986	n/a	84,357	n/a	134,905	n/a	52,290	n/a	65,516	n/a	43,839	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
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
<u>Variable remuneration</u>												
Cash-based	34,500	n/a	61,979	n/a	79,075	n/a	34,000	n/a	34,500	n/a	39,000	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
Other	22,042	n/a	21,754.57	n/a	24,551	n/a	n/a	n/a	n/a	n/a	n/a	n/a

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



SYARIKAT TAKAFUL MALAYSIA KELUARGA BERHAD

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

Table A						
	Dato' Sri Mohamed Hassan Kamil (GCEO)		Senior Management		Other Material Risk Taker	
	Unrestricted	Deferred	Unrestricted	Deferred	Unrestricted	Deferred
Total value of remuneration awards for the financial year						
Fixed Remuneration						
Cash-based	2,280,000	n/a	3,874,121	n/a	3,574,082	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
Variable Remuneration						
Cash-based	1,048,800	n/a	1,071,379	n/a	682,126	n/a
Shares and share-linked instruments	n/a	2,084,634	n/a	3,947,398	n/a	2,781,850
Other	249,146	n/a	91,669	n/a	n/a	n/a