



SYARIKAT TAKAFUL MALAYSIA KELUARGA BERHAD

[198401019089 (131646-K)]

(Incorporated in Malaysia)

**REMUNERATION POLICY AND
PROCEDURES FOR DIRECTORS AND
SENIOR MANAGEMENT**

Version 1.0



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TABLE OF CONTENT

NO.	CONTENT	PAGE
1.0	Objectives	3
2.0	Remuneration Approach and Guiding Principles	3 - 4
	2.1 Guiding Principles	
	2.2 Remuneration for Board of Directors and Board Committees	
	2.3 Remuneration for Senior Management	
3.0	Policy on Remuneration	4 - 5
	3.1 Policy for Board of Directors	
	3.2 Policy for Senior Management	
4.0	Procedures on Determining Remuneration of Directors and Senior Management	5 - 6
5.0	Governance on Remuneration	6
	5.1 Oversight of Remuneration	
	5.2 Directors and Officers Liability Insurance	
6.0	Remuneration Policy Review	6



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1.0 OBJECTIVES

- 1.1 The primary objectives of this Remuneration Policy and Procedures for Directors and Senior Management are as follows:-
- (a) The remuneration principles in Syarikat Takaful Malaysia Keluarga Berhad (“STMKB” or “Company”) is to establish a policy for remuneration package for Directors and Senior Management in order to attract, engage and retain the right talent in pursuing the Company’s goals;
 - (b) To deliver a total reward proposition that is competitive, fair and justifiably differentiated to retain high-quality individuals with the optimum mixture of competencies, experience and ability to deliver on Company’s strategy; and
 - (c) Structure of the total remuneration should be aligned with the Company’s business strategies, financial results as well as Directors and Senior Management’s performance and contributions.
- 1.2 This policy is established in accordance with Practice 7.1 of the Malaysian Code on Corporate Governance, 2021.

2.0 REMUNERATION APPROACH AND GUIDING PRINCIPLES

2.1 Guiding Principles

In fulfilling the primary objectives, the Company shall undertake the following approach and guiding principles:-

- (a) In accordance with Terms of Reference (“TOR”) of Nomination and Remuneration Committee (“NRC”), remuneration matters fall under the purview of NRC.
- (b) Further to that, NRC shall assist the Board of Directors (“Board”) to set up and implement Remuneration Policy and Procedures by developing and administering transparent procedures relating to reviewing and recommending remuneration packages for Directors and Senior Management.

2.2 Remuneration of the Board and Board Committees

The remuneration of the Board and Board Committees will be determined based on the following criteria:-

- Experience, expertise and level of responsibilities undertaken;
- Extent of contributions, effort and time spent;
- Attendance and frequency of meetings; and
- Prevailing market practice and market benchmark.



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2.3 Remuneration of Senior Management

The remuneration of Senior Management will be determined based on the following criterias:-

- Scope of duty, responsibilities, skills and experience required.
- Corporate and individual performance.
- Company's budget and strategic targets.
- Prevailing market practice and market benchmark.
- General economic situation.
- Extent of contribution, effort and time spent.

3.0 POLICY ON REMUNERATION

3.1 Non-Executive Directors

The Company's remuneration policy for Non-Executive Directors ("NED") is to develop a remuneration structure that commensurate with NED's responsibilities at both the Board and Board Committees' level. This is to ensure that it is sufficient to attract, motivate and retain quality NED for the Company's growth. Fees payable to NED shall be by a fixed sum, not by a commission or percentage of profits or turnover and shall be made on monthly basis.

(a) The policy of remuneration of the Board covers the following components:-

- Directors' Fees.
- Board Committees' Fee.
- Benefits-in-kind.
- Meeting allowance.
- Medical coverage.
- Other emolument such as reimbursement of expenses incurred, if any, in the course of performing their services.

(b) Independent NED generally shall not be remunerated with shares or stock-options.

3.2 Senior Management

The Company's Policy for Senior Management's remuneration is to ensure it is aligned with employees' personal objectives of with long term interests of Takaful Malaysia and the funds under management. Strategic measures are implemented in order to ensure they are aligned with interests of the Group and stakeholders. The policy and the general incentive structure are designed to meet the following objectives:-

- To be in line with the business strategy, objectives, values, long-term goals and interests of Takaful Malaysia;
- To be aligned with principle of protection of customers and investors as well as prevention of conflict of interests;



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- To enable the Group to attract, develop and retain high-performing and motivated employee;
- To offer competitive remuneration package which is aligned with industry; and
- To encourage employee to continue performing and create sustainable results and ensure that there is an alignment of interest among stakeholders namely shareholders, customers and employees.

- (a) The remuneration of Senior Management cover the following components:-

Fixed Pay

- Basic Salary.
- Fixed Allowance.

Variable Pay

- Performance Bonus.
- LTIP.

Others

- Benefits (as per employees' handbook or employment contract).
- Directors' and Officers' Liability Insurance.
- Such other incentives as may be determined from time to time.

- (b) Bonuses to Senior Management shall not be guaranteed, except in the context of sign-on bonuses.

4.0 PROCEDURES ON DETERMINING REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

4.1 The Board together with NRC shall, as follows:-

- (a) To ensure factors such as qualifications, skills, competency and experience of NED and Senior Management, demands of the Company's businesses, performance of the Company, market competitiveness and market benchmark in deciding the remuneration of Directors and Senior Management. This is to ensure that the remuneration commensurate with individual performance and also in line with the Company's strategic goals;
- (b) To consider factors such as Directors' contributions, effort and time spent, attendance at meetings and frequency of meetings. The respective responsibilities of NED including as members of Board Committees on which they serve and market practices in determining remuneration of NED;
- (c) To link certain components of remuneration to rewards with regard to corporate and individual performance based on annual key performance indicators set; and



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(d) To consider specific adjustments and/or reward payment, if any, reflecting individual contributions and performance for the year which are competitive and consistent with the Company's culture and strategic goals.

4.2 The Board has the final authority and responsibility in implementing the Company's remuneration policy and approval of remuneration packages for NED and Senior Management.

4.3 The fees of NED of the Company shall be approved at Annual General Meeting.

5.0 GOVERNANCE OF REMUNERATION

5.1 Oversight of Remuneration

(a) NRC shall assist the Board in implementing the policies and procedures on remuneration including reviewing and recommending matters relating to remuneration of NED and Senior Management.

(b) The remuneration policy and procedures shall be implemented with input from the control functions and Board Risk Committee shall ensure that risk exposures and risk outcomes are adequately considered. In considering the remuneration policy and procedures, NRC may also enlist the expertise of external advisors where necessary.

5.2 Directors' and Officers' Liability Insurance

(a) Directors and Senior Management are accorded with Directors' and Officers' Liability Insurance in respect of any liability (civil or criminal) arising in the course of discharging their duties as Directors and Senior Management of STMKB provided that such liabilities were occasioned in good faith and not as a result of negligence, default or breach of duty.

(b) Directors' and Officers' Liability Insurance premium/contribution shall be borne by the Company with certain agreed percentage borne by Directors and Officers.

6.0 REMUNERATION POLICY REVIEW

The Board shall review the Remuneration Policy and Procedures to ensure its effectiveness and that it remains aligned with the Company's Corporate Objectives from time to time as and when required.

Dated as at 31st October 2022.