

**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	Datin Sri Azlin Arshad	Mahadzir Azizan	Dato' Othman Abdullah	Mohd Azman Sulaiman	Damanhuri Mahmod	Suraya Hassan
<b>Designation (Appointment date)</b>	<ul style="list-style-type: none"> <li>▪ Deputy Chairman (25 April 2019)/ Independent Non-Executive Director (1 October 2016)</li> </ul>	<ul style="list-style-type: none"> <li>▪ Non-Independent Non-Executive Director (1 September 2007)</li> </ul>	<ul style="list-style-type: none"> <li>▪ Senior Independent Non-Executive Director (1 December 2012)</li> </ul>	<ul style="list-style-type: none"> <li>▪ Independent Non-Executive Director (9 May 2019)</li> </ul>	<ul style="list-style-type: none"> <li>▪ Non-Independent Non-Executive Director (15 May 2019)</li> </ul>	<ul style="list-style-type: none"> <li>▪ Independent Non-Executive Director (1 August 2019)</li> </ul>
<b>Key personal details and background of each director including relevant experience and external professional commitments</b>	<ul style="list-style-type: none"> <li>▪ Aged 47, female and a Malaysian citizen</li> <li>▪ She graduated from the University of Glamorgan, South Wales, United Kingdom (now known as University of South Wales) with a Bachelor Degree in Accounting &amp; Finance (Hons.) in 1996</li> <li>▪ She started her career in Corporate Finance Department at Amanah Merchant Bank Berhad (now known as Alliance Investment Bank Berhad). She then joined Amanah Capital Partners Berhad's Corporate Planning department and</li> </ul>	<ul style="list-style-type: none"> <li>▪ Aged 71, male and a Malaysian citizen</li> <li>▪ He is a Barrister-At-Law from Lincoln's Inn, London, United Kingdom and was called to the English Bar in 1978</li> <li>▪ He has held key positions both in private and public sector. After graduation, he joined the Judicial and Legal Service of the Malaysian Government as a Deputy Public Prosecutor and Federal Counsel and subsequently ventured into the private sector and served Malaysian International Shipping</li> </ul>	<ul style="list-style-type: none"> <li>▪ Aged 71, male and a Malaysian citizen</li> <li>▪ He obtained his Bachelor of Economics in Accounting and Diploma in Accounting from the University of Malaya in 1977 and is a member of the Malaysian Institute of Accountants (MIA)</li> <li>▪ He started his career in 1977 as Treasury Accountant at the Accountant General's (AG) Department. He held various positions in the AG Department among others as the Senior Treasury</li> </ul>	<ul style="list-style-type: none"> <li>▪ Aged 56, male and a Malaysian citizen</li> <li>▪ He obtained his Bachelor of Science degree in 1989 from University of Malaya, Master of Science degree, University of Strathclyde, United Kingdom in 1992 and Master of Business Administration, Australian National University in 1998</li> <li>▪ He began his career in 1989 as Engineering Geologist of Snowy Mountains Engineering Corporation and in 1993, he joined the subsidiary of UEM Group and was assigned to lead</li> </ul>	<ul style="list-style-type: none"> <li>▪ Aged 56, male and a Malaysian citizen</li> <li>▪ He obtained his Bachelor of Business (Accounting), Curtin University of Technology, Western Australia, in 1986 and served as a Council Member of the Malaysian Institute of Accountants (MIA) as well as CPA Australia in Malaysia, previously</li> <li>▪ He is currently the Group Chief Executive Officer of TH Properties Sdn Bhd and a Trustee of the Malaysian Accountancy</li> </ul>	<ul style="list-style-type: none"> <li>▪ Aged 55, female and a Malaysian citizen</li> <li>▪ She obtained her Bachelor Business Administration from International Islamic University in 1988</li> <li>▪ She has more than 30 years of working experience in the Financial Institutions (Retail Banking and Insurance) in Malaysia and inclusive of Asia Pacific, at leadership role (C level), across various functions of Credit Management, Collections &amp; Recoveries, Risk Management, Operations, Audit &amp; Compliance, Expense Control, Training and Talent Management, Change Management, Marketing, Innovation and</li> </ul>

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	<p>later Aseambankers Malaysia Berhad (now known as Maybank Investment Bank Berhad) as Assistant Vice President in July 2003 and was later promoted to Vice President (Team Head) in July 2005 until March 2009. She left Maybank Investment Bank Berhad in April 2009 to join ECM Libra Investment Bank Berhad (ECMLIB) as Director &amp; Head of Corporate Finance until February 2010, Head of Investment Banking and Head of Structured Finance until December 2012 and subsequently assumed the post of Deputy Chief Executive Officer (CEO) in December 2010 until December 2012. She was appointed as the Group CEO of ECM Libra</p>	<p>Corporation (MISC) and Island &amp; Peninsular Berhad, the property arm of Permodalan Nasional Berhad (PNB) for 24 years. Whilst in the private sector, he also served as Ahli Majlis MARA as well as various other directorships in government linked companies</p> <ul style="list-style-type: none"> <li>▪ Previously, he was also a Director of Asian Healthcare Group Berhad and Libra Invest Berhad</li> <li>▪ Currently, he is the Director of ECM Libra Financial Group Berhad, RCE Capital Berhad, Syarikat Takaful Malaysia Am Berhad, Securities Industry Dispute Resolution Center and AmanahRaya-Kenedix REIT Manager Sdn Bhd</li> </ul>	<p>Accountant in 1982 and Accountant in 1984. He was seconded to the Sabah Electricity Board as the Deputy General Manager (Finance) in 1987. In 1993, he was appointed as the Deputy Director of Central Operation and Agency Services Division (BPOPA) and later he became the Director of BPOPA in 1995. In 1999, he then served as the Director of Branch Account Management Division, in 2000 as the Deputy AG of Malaysia and in 2003 as the AG of Malaysia until he retired in March 2005</p> <ul style="list-style-type: none"> <li>▪ Previously, he was also a Director of Syarikat Perumahan Negara Berhad, Indah Water</li> </ul>	<p>various projects with Kinta Kellas for 6 years</p> <ul style="list-style-type: none"> <li>▪ He assumed various positions at the UEM Group Malaysia which close to 20 years of senior management experience including UEM - CEO Rocpoint South Africa (Oct1999 until July 2000), UEM - GM Crest Petroleum Berhad (July 2000 until October 2003), UEM Group Director of Business Development (October 2003 until September 2007), CEO of Malaysian Virtual Trading Corporation (MAVTRAC) (October 2007 until January 2010) and left the UEM Group Bhd as Director of Corporate Affairs &amp; CEO of Yayasan UEM in September 2010. Later in the same</li> </ul>	<p>Research &amp; Education Foundation (MAREF). Previously, he was a Senior Vice President of Bank Simpanan Nasional (BSN), heading the Information Technology Department after serving as the Head of Treasury and Investments. He had also headed the Islamic Banking Department and Channel Management Department prior to that</p> <ul style="list-style-type: none"> <li>▪ Before that, he was the Chief Financial Officer of an IT group, and part of the pioneering group of ten individuals appointed by MDeC, under its mentoring programme, to mentor and coach Malaysian-based ICT entrepreneurs. A</li> </ul>	<p>Bancassurance business for both Conventional and Islamic Takaful. She managed the overall Front, Middle and Back office Operations that has direct impact on P&amp;L and sustainability in the long run. She had built a very successful career in Malaysia, Singapore and Thailand in various roles and responsibilities, with a proven track record. Extensive 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 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-rounded senior management</p>
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	<p>Financial Group Berhad (ECMFG) on 22 January 2013 until 31 July 2015</p> <ul style="list-style-type: none"> <li>She later left ECMFG and subsequently joined Astro Malaysia Holdings Berhad and assumed the position of the Chief Operating Officer, NJOI Customer Division until end of July 2018. She was later be appointed as Vice President, Industrial Development Division of Johor Corporation and is the Chairman of the Risk Management Committee of QSR Brands (M) Holdings Berhad until 19 June 2019</li> <li>Previously, she was also a Director of Wilayah Persekutuan Infrastructure Sdn Bhd</li> <li>Currently, she is the Director, Commercial PayTV of ASTRO Malaysia Holdings Berhad</li> </ul>		<p>Konsortium Sdn Bhd and Permodalan Felcra Sdn Bhd</p> <ul style="list-style-type: none"> <li>Currently, he is the Director of ECM Libra Financial Group Berhad</li> </ul>	<p>year, he works at Korn Ferry International for 8 years as a Senior Client Partner before he left Korn Ferry in September 2018 to establish his private executive coaching practice with the icoachKL PLT</p> <ul style="list-style-type: none"> <li>Currently, he runs his private consulting practice as Executive Coaching for individuals and corporations with the icoachKL PLT and has 30 years cross-industry general management leadership experience. Over the years, his areas of expertise focused on corporate leadership, business development and leadership &amp; talent consulting supporting both international and local corporations</li> </ul>	<p>Malaysian Chartered Accountant (CA) highly experienced in undertaking due diligence exercises and strategic consultancy in a variety of industries including the ICT, he started his career as a credit analyst with a commercial bank</p> <ul style="list-style-type: none"> <li>When he was attached to a leading merchant bank later on, his exceptional talents were apparent that he was offered the position of the Manager of Corporate Finance and Management of a KLSE's main board listed company. He also served on the Board of Directors of some of the group's subsidiary companies during his tenure there.</li> <li>Due to his strong credibility, he was</li> </ul>	<p>professional with strong leadership, people and management skill.</p> <ul style="list-style-type: none"> <li>She started her working career as a Tax &amp; Audit Consultant at Ernst &amp; Whinney in 1990 to 1992. Subsequently, as Bankcard Credit &amp; Policy Head (AVP) at Citibank Malaysia from 1995 to 1999, as Bankcard Collections Head (VP) at Citibank Malaysia from 1999 to 2002, as Regional Credit Operations Specialist (VP) at Citibank Singapore, from 2002 to 2004, as Consumer Credit Operations Director at Citibank NA Thailand from 2005 to 2006, as Director Consumer Credit Operations Director at Citibank Malaysia from 2006 to 2012, as Executive Vice President , Head of Consumer Credit Operations at CIMB Malaysia from 2012 to 2013, as Executive Vice President Head of Sales &amp; Retail Distribution at Ambank Group Berhad,</li> </ul>
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				<ul style="list-style-type: none"> <li>▪ Currently, he is the Director of Kump Juruteknik Sdn Bhd, Sarah Orthodontic Practice Sdn Bhd and Icoachkl PLT</li> </ul>	<p>appointed as the General Manager of Corporate, Finance and Business Development of a local construction company and was instrumental in the company's listing exercise on the second board of the then KLSE</p> <ul style="list-style-type: none"> <li>▪ Currently, he served as board member of various other directorships in Non-Public Companies, Labuan Companies and Foreign Companies</li> </ul>	<p>Malaysia from 2013 to 2015, and as Chief Officer General/Life Insurance and Partnership Distribution at Prudential Assurance Malaysia Berhad from 2015 to 2016</p>
<b>Any shareholding in the financial institution</b>	<ul style="list-style-type: none"> <li>▪ None</li> </ul>	<ul style="list-style-type: none"> <li>▪ None</li> </ul>	<ul style="list-style-type: none"> <li>▪ None</li> </ul>	<ul style="list-style-type: none"> <li>▪ None</li> </ul>	<ul style="list-style-type: none"> <li>▪ None</li> </ul>	<ul style="list-style-type: none"> <li>▪ None</li> </ul>
<b>Chairman and members of each board committee</b>	<ul style="list-style-type: none"> <li>▪ Chairman of Board Risk Committee</li> <li>▪ Member of Investment Committee</li> </ul>	<ul style="list-style-type: none"> <li>▪ Member of Audit Committee</li> <li>▪ Member of Nomination &amp; Remuneration Committee</li> <li>▪ Member of Investment Committee</li> <li>▪ Member of the Board of</li> </ul>	<ul style="list-style-type: none"> <li>▪ Chairman of Audit Committee</li> <li>▪ Member of Nomination &amp; Remuneration Committee</li> </ul>	<ul style="list-style-type: none"> <li>▪ None</li> </ul>	<ul style="list-style-type: none"> <li>▪ Chairman of Investment Committee</li> <li>▪ Member of Board Risk Committee</li> </ul>	<ul style="list-style-type: none"> <li>▪ Chairman of Nomination &amp; Remuneration Committee</li> <li>▪ Member of Audit Committee</li> <li>▪ Member of Board Risk Committee</li> </ul>

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		Commissioners of P.T. Asuransi Takaful Keluarga				
<b>Appointments, resignations and removals of directors during the financial year</b>	<ul style="list-style-type: none"> <li>▪ Ceased of office :-                             <ol style="list-style-type: none"> <li>1. Tan Sri Dato' Ahmad Fuzi Haji Abdul Razak - 9 May 2019</li> <li>2. Mohd Tarmidzi Ahmad Nordin - 1 April 2019</li> <li>3. Zakaria Ismail - 15 May 2019</li> </ol> </li> <li>▪ New appointment :-                             <ol style="list-style-type: none"> <li>1. Mohd Azman Sulaiman - 9 May 2019</li> <li>2. Damanhuri Mahmod - 15 May 2019</li> <li>3. Suraya Hassan - 1 August 2019</li> </ol> </li> </ul>					
<b>Description of training and education provided to the board</b>	<ul style="list-style-type: none"> <li>• Seminar &amp; Business Trip: Korea Cloud &amp; Datacentre Summit 2019 by WMedia (23 January 2019)</li> <li>• Offsite Planning Meeting (19 and 20 October 2019)</li> </ul>	<ul style="list-style-type: none"> <li>• Business Conituity Management for Amanahraya Board of Directors (17 June 2019)</li> <li>• Corporate Liability Provision in the MACC Act 2009: 2016 Anti-Bribery Management System (5 September 2019)</li> <li>• Cyber Proofing the Next Wave (Latest Trends in Cybersecurity) (1 October 2019)</li> <li>• Compliance Insights: Past Lessons and Future Directions (2 October 2019)</li> <li>• Offsite Planning Meeting (19 and 20</li> </ul>	<ul style="list-style-type: none"> <li>• Offsite Planning Meeting (19 and 20 October 2019)</li> <li>• Audit Oversight Board Conversation with Audit Committees (8 November 2019)</li> <li>• General Understanding of Section 17A, Malaysian Anti-Corruption Act 2009 (26 November 2019)</li> </ul>	<ul style="list-style-type: none"> <li>• Independent Directors Programme: The Essence of Independence (27 June 2019)</li> <li>• FIDE Core Programme : Module A (2 to 5 July 2019)</li> <li>• Mandatory Accreditation Programme (MAP) (19 and 20 August 2019)</li> <li>• Offsite Planning Meeting (19 and 20 October 2019)</li> <li>• Offsite Planning Meeting (19 and 20</li> </ul>	<ul style="list-style-type: none"> <li>• MFRS 17 - Understanding its Impact &amp; Consequences (29 July 2019)</li> <li>• Mandatory Accreditation Programme (MAP) (19 and 20 August 2019)</li> <li>• Offsite Planning Meeting (19 and 20 October 2019)</li> <li>• MIA International Accountants Conference (22 and 23 October 2019)</li> </ul>	<ul style="list-style-type: none"> <li>• New Programme: Raising Defences: Section 17A, MACC Act (27 August 2019)</li> <li>• Offsite Planning Meeting (19 and 20 October 2019)</li> <li>• Directors' Conference for the Board &amp; Senior Management of BIMB Holdings Berhad Group of Companies (29 October 2019)</li> <li>• Mandatory Accreditation Programme (MAP) (30 and 31 October 2019)</li> </ul>

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		<p>October 2019)</p> <ul style="list-style-type: none"> <li>General Understanding of Section 17A, Malaysian Anti-Corruption Commission Act 2009 (26 November 2019)</li> </ul>		<p>October 2019)</p> <ul style="list-style-type: none"> <li>Module B: The Role of The Board in Talent Management &amp; Succession Planning (7 November 2019)</li> </ul>																				
<b>Number of meetings convened by the board and each board committee</b>	<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>6</td> </tr> <tr> <td>2</td> <td>Audit Committee</td> <td>4</td> </tr> <tr> <td>3</td> <td>Nomination &amp; Remuneration Committee</td> <td>6</td> </tr> <tr> <td>4</td> <td>Board Risk Committee</td> <td>4</td> </tr> <tr> <td>5</td> <td>Investment Committee</td> <td>4</td> </tr> </tbody> </table>						No	Name of Committee meetings	Number of meetings during the financial year	1	Board	6	2	Audit Committee	4	3	Nomination & Remuneration Committee	6	4	Board Risk Committee	4	5	Investment Committee	4
	No	Name of Committee meetings	Number of meetings during the financial year																					
	1	Board	6																					
	2	Audit Committee	4																					
	3	Nomination & Remuneration Committee	6																					
	4	Board Risk Committee	4																					
5	Investment Committee	4																						

<b>2. Function and Conduct</b>					
<b>Committee</b>	The Board	Audit Committee	Nomination & Remuneration Committee	Board Risk Committee	Investment Committee
<b>Roles and responsibilities of the Board and the Board Committees</b>	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
<b>Attendance of each director at board and board committee meetings during the financial year</b>	<b>Total: 6 Meetings</b> 1. Datin Sri Azlin Arshad (6/6) 2. Mahadzir Azizan (6/6) 3. Dato' Othman Abdullah (6/6) 4. Mohd Azman Sulaiman (3/3) 5. Damanhuri Mahmod (3/3) 6. Suraya Hassan (2/2)	<b>Total: 4 Meetings</b> 1. Mahadzir Azizan (4/4) 2. Dato' Othman Abdullah (4/4) 3. Mohd Azman Sulaiman (2/2) 4. Suraya Hassan (1/1)	<b>Total: 6 Meetings</b> 1. Mahadzir Azizan (6/6) 2. Dato' Othman Abdullah (6/6) 3. Mohd Azman Sulaiman (3/3)	<b>Total: 4 Meetings</b> 1. Datin Sri Azlin Arshad (4/4) 2. Mohd Azman Sulaiman (2/2) 3. Damanhuri Mahmod (3/3)	<b>Total: 4 Meetings</b> 1. Datin Sri Azlin Arshad (4/4) 2. Mahadzir Azizan (4/4)

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<b>Internal control framework</b>	
<b>3. Overview</b>	
<b>Main features of the internal control framework, and the nature and frequency of any review and assessment conducted on the internal control framework</b>	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.
<b>Key policies and procedures of the internal control framework, including any changes made to these policies and procedures during the financial year</b>	<p>The key policies and procedures of Internal Control Framework is as follows:</p> <ul style="list-style-type: none"> <li>• Organisational structure</li> <li>• Limits of Authorities</li> <li>• Standard Operating Procedures</li> <li>• Product Development Framework</li> <li>• Compliance Functions</li> <li>• Whistle Blowing Policy and Fraud Management Policy</li> <li>• Anti-Money Laundering and Counter Financing of Terrorism Policy (AML/CFT)</li> <li>• Personal Information Record Management Framework</li> <li>• Shariah Governance Framework</li> <li>• Shariah Compliance Manual</li> <li>• Shariah Risk Management Policy</li> <li>• Assets and Liabilities Management Framework</li> <li>• Takaful Operational Framework</li> <li>• Surplus Management and Distribution Policy</li> <li>• Business/Marketing Plan and Budget Process</li> <li>• Financial Reporting</li> </ul> <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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<b>Remuneration</b>	
<b>4. Qualitative Disclosures</b>	
<p><b>Information relating to the design and structure of the remuneration system, including –</b></p> <ul style="list-style-type: none"> <li>▪ an overview of the key features and objectives of the remuneration policy</li> <li>▪ 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</li> <li>▪ 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</li> <li>▪ 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</li> <li>▪ a discussion of measures taken to ensure that officers in control functions are compensated independently of the businesses they oversee</li> </ul>	<p>The Board have approved the NED 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"> <li>• To be in line with the business strategy, objectives, values, long-term goals and interests of STMKB;</li> <li>• To be aligned with the principle of protection of customers and investors as well as prevention of conflict of interests;</li> <li>• To enable the Group to attract, develop and retain high-performing and motivated staff;</li> <li>• To offer a competitive remuneration package which is aligned with the industry; and</li> <li>• 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.</li> </ul>
<p><b>Description of the ways in which current and future risks are taken into account in the remuneration system, including –</b></p> <ul style="list-style-type: none"> <li>▪ an overview of the key risks that the financial institution takes into account when implementing remuneration measures</li> <li>▪ 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)</li> <li>▪ a discussion of the ways in which these measures affect remuneration</li> <li>▪ 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</li> </ul>	<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"> <li>• The Company's overall performance and affordability (Profit after Tax &amp; Zakat);</li> <li>• The performance of the sales divisions;</li> <li>• The employee's individual performance;</li> <li>• Moderated performance rating distribution to align with the Company's performance;</li> <li>• Benchmarking with the current market practice;</li> <li>• The approved remuneration and reward matrix (governed by a specific business rule and requirement);</li> </ul>
<p><b>Description of the ways in which the financial institution seeks to link performance during a performance measurement period with levels of remuneration, including –</b></p> <ul style="list-style-type: none"> <li>▪ an overview of the main performance metrics for the financial institution,</li> </ul>	<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"> <li>• Key Result Area (KRA) - key deliverables that create the greatest impact of the job and reflect the core responsibilities;</li> </ul>



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<p><b>top-level business lines and officers</b></p> <ul style="list-style-type: none"> <li>▪ a discussion of how amounts of individual remuneration are linked to institution-wide and individual performance</li> <li>▪ 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</li> </ul>	<ul style="list-style-type: none"> <li>• Key Performance Indicator (KPI) - a specific measure of performance that is quantifiable/measurable;</li> <li>• Competencies - Key behaviours expected to be demonstrated towards achievement of targets or goals.</li> </ul> <p>The performance management process covers the following:-</p> <ul style="list-style-type: none"> <li>• A business plan and strategy presentation by division heads to the Board of Directors on an annual basis for approval;</li> <li>• Circulation of the approved business plans and strategies to all employees;</li> <li>• KRA and KPIs of the employees to tie back to the business plans and strategies;</li> <li>• Performance of employees to be reviewed during the mid-year and a final assessment will be conducted during the financial year end.</li> </ul>
<p><b>Description of the ways in which the financial institution seeks to adjust remuneration to take account of longer-term performance, including-</b></p> <ul style="list-style-type: none"> <li>▪ 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</li> <li>▪ a discussion of the financial institution’s policy and criteria for adjusting deferred remuneration before vesting and after vesting through clawback arrangements</li> </ul>	<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"> <li>• Pay for performance with the notion that there is a direct link between the employee’s remuneration and individual or Company’s performance;</li> <li>• Set the remuneration level to STMKB’s comparative group by performing a market benchmarking exercise on an annual basis;</li> <li>• Set a market benchmark of the remuneration against the standard approved by the Board.</li> <li>• 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.</li> </ul>
<p><b>Description of the different forms of variable remuneration that the financial institution utilises and the rationale for using these different forms, including –</b></p> <ul style="list-style-type: none"> <li>▪ an overview of the forms of variable remuneration offered (such as cash, shares and share-linked instruments)</li> <li>▪ 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</li> </ul>	<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"> <li>• Pay for performance with the notion that there is a direct link between the employee’s remuneration and individual or Company’s performance;</li> <li>• Set the remuneration level to STMKB’s comparative group by performing a market benchmarking exercise on an annual basis;</li> <li>• Set a market benchmark of the remuneration against the standard approved by the Board.</li> <li>• 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.</li> </ul>

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<b>5. Quantitative Disclosures</b>	
<p><b>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 –</b></p> <ul style="list-style-type: none"> <li>▪ fixed and variable remuneration</li> <li>▪ deferred and non-deferred remuneration</li> </ul> <p><b>the different forms of remuneration used (such as cash, shares and share-linked instruments)</b></p>	<p>The disclosure is as per table A below.</p>
<p><b>Remuneration information in two broad categories, namely in respect of Senior Management and other material risk takers, as follows:</b></p> <ul style="list-style-type: none"> <li>▪ 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"> <li>○ fixed and variable remuneration</li> <li>○ deferred and non-deferred remuneration</li> <li>○ the different forms of remuneration used (such as cash, shares and share-linked instruments)</li> </ul> </li> <li>▪ number of officers having received a variable remuneration during the financial year</li> <li>▪ number and total amount of guaranteed bonuses awarded during the financial year</li> <li>▪ number and total amount of sign-on awards made during the financial year</li> <li>▪ number and total amount of severance payments made during the financial year</li> <li>▪ total amount of outstanding deferred remuneration, split into cash, shares, share-linked instruments and other forms</li> <li>▪ total amount of deferred remuneration paid out during the financial year</li> <li>▪ 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"> <li>○ total amount of outstanding deferred remuneration and retained</li> </ul> </li> </ul>	<p>The disclosure is as per table A below.</p>

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<p>remuneration exposed to ex-post explicit and implicit adjustments</p> <ul style="list-style-type: none"><li>○ total amount of reductions during the financial year due to ex-post explicit adjustments</li><li>○ total amount of reductions during the financial year due to ex-post implicit adjustments</li></ul>	
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Table A														
	Tan Sri Dato' Ahmad Fuji Haji Abdul Razak (Director)		Mahadzir Azizan (Director)		Zakaria Ismail (Director)		Dato' Othman Abdullah (Director)		Mohd Tarmidzi Ahmad Nordin (Director)		Datin Sri Azlin Arshad (Director)		Mohd Azman Sulaiman (Director)	
Total value of remuneration awards for the financial year	Unrestricted	Deferred	Unrestricted	Deferred	Unrestricted	Deferred	Unrestricted	Deferred	Unrestricted	Deferred	Unrestricted	Deferred	Unrestricted	Deferred
<b>Fixed remuneration</b>														
<b>Cash-based</b>	75,080.65	N/A	102,000.00	N/A	44,516.12	N/A	146,241.94	N/A	18,000.00	N/A	84,140.85	N/A	76,451.62	N/A
<b>Shares and share-linked instruments</b>	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
<b>Other</b>	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
<b>Variable remuneration</b>														
<b>Cash-based</b>	42,500.00	N/A	60,000.00	N/A	45,500.00	N/A	59,500.00	N/A	3,000.00	N/A	56,000.00	N/A	15,500.00	N/A
<b>Shares and share-linked instruments</b>	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
<b>Other</b>	N/A	N/A	23,911.38	N/A	4,506.52	N/A	41,036.93	N/A	7,836.39	N/A	26,982.50	N/A	1,719.59	N/A

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Table A										
Total value of remuneration awards for the financial year	Damanhuri Mahmod (Director)		Suraya Hassan (Director)		Dato' Sri Mohamed Hassan Kamil (GCEO)		Senior Management		Other Material Risk Taker	
	Unrestricted	Deferred	Unrestricted	Deferred	Unrestricted	Deferred	Unrestricted	Deferred	Unrestricted	Deferred
<b>Fixed remuneration</b>										
Cash-based	45,290.00	N/A	37,500.00	N/A	2,560,961.35	N/A	6,537,508.90	N/A	640,824.00	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
Other	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>Variable remuneration</b>										
Cash-based	8,000.00	N/A	5,500.00	N/A	5,940,000.00	N/A	2,688,954.00	N/A	273,437.00	N/A
Shares and share-linked instruments	N/A	N/A	N/A	N/A	N/A	2,645,673.00	N/A	3,751,406.65	N/A	581,832.09
Other	7,929.35	N/A	10,529.02	N/A	72,676.51	N/A	105,000.00	N/A	N/A	N/A