

# SUSTAINABILITY STATEMENT

## SCOPE

This Statement illustrates the sustainable development and performance of Syarikat Takaful Malaysia Keluarga Berhad ("STMKB" or "the Company") and its subsidiaries ("the Group" or "Takaful Malaysia"), incorporating our corporate business functions and operations, initiatives, strategies, measures, and accomplishments. The scope of this Statement encompasses the management and performance of Takaful Malaysia, covering the five themes of Responsible Finance, Inclusive Growth, Talent Development, Ethical Practice, and Corporate Sustainability. We focus on crafting lasting stakeholder value through the implementation of our business strategies that emphasize the ethical, social, environmental, and economic dimensions of conducting our business.

## REPORTING PERIOD

Takaful Malaysia has been consistently reporting on its sustainability development annually since 2016. This Statement covers the period from 1 January 2021 to 31 December 2021, unless stated otherwise.

## REFERENCES AND GUIDELINES

This Sustainability Statement was developed with reference to the Bursa Malaysia Securities Berhad's ("Bursa Malaysia") Sustainability Reporting Guide, FTSE4Good Bursa Malaysia ("F4GBM") Index, the United Nations Sustainable Development Goals ("SDGs"), the Global Reporting Initiative's ("GRI") Sustainability Reporting Standards, and Takaful Malaysia's Sustainability Report.



Bursa Malaysia



FTSE4Good  
Bursa Malaysia



United Nations  
Sustainable  
Development Goals

The digital version of this Sustainability Report is available in the Investor Relations section on our corporate website at [www.takaful-malaysia.com.my](http://www.takaful-malaysia.com.my). Please consider the environment before printing a copy of this report.

## SUSTAINABILITY HIGHLIGHTS

### Economic

More than  
**3 million** customers

Over **2,700**  
corporate agents

**RM12 million**  
invested in  
IT infrastructure

**36** new employment  
opportunities created

Shareholders' equity  
increased by **20%** to  
**RM1.8 billion**

**RM2.8 billion**  
total gross contributions

**RM3.1 billion**  
Market capitalisation

**3.24%**  
Dividend yield

### Social

**53** community-based  
initiatives and  
CSR activities

**RM1.45 million**  
Zakat and charity provision

More than **490 man-hours**  
spent for CSR activities

**Laptop & Tablet  
Assistance Program**  
for students

Recognized for the fourth  
time in a row as one of the  
award recipients of the  
**HR Asia Best Companies  
To Work For In Asia 2021**

Voted among the Most  
Attractive Graduate  
Employers To Work For  
in 2022 in the insurance  
category and won the  
**Graduate's Choice Award  
2021/2022**

### Environment

**5,617,718 kWh**  
Energy consumption

**12,729 m³**  
Water consumption

**3,118 reams**  
Paper consumption

Energy saving measures  
& paperless initiative

### Governance

**RM2.4 million**  
invested in learning  
and development

**4,530** training hours  
for employees

**57%** of women  
in the workforce

**93.1%** employee  
retention rate

Entrenched  
**risk management and  
compliance culture**

Revised the **Whistleblowing  
Policy & Notice**

## SUSTAINABILITY STATEMENT

### SUSTAINABILITY STRATEGY



At Takaful Malaysia, we constantly cultivate a sustainability strategy in our business operations by adopting a sustainable business model to deliver value to all our stakeholders. The Group is committed to realizing and applying forward-looking practices and actions to strengthen our sustainability efforts to operate in an economically, environmentally, and socially sustainable manner.

Our sustainability strategy encompasses five themes of Responsible Finance, Inclusive Growth, Talent Development, Ethical Practice, and Corporate Sustainability. Our sustainability strategy gives us a fundamental framework to evaluate, enhance, and highlight our unique propositions that differentiate us from our industry peers while providing space for economic value creation in line with our goals and values.

By implementing our sustainability strategy, we are able to continuously review and evaluate our progress, taking into account the risks and opportunities facing our business from a variety of perspectives and directions. As part of our sustainability considerations, we continue to enrich our perceptions and understanding of the risks and opportunities associated with our business and operations to meet customer demands and changing market conditions.

In our ongoing efforts to create value for all our stakeholders and shape a sustainable future, we are constantly improving the quality and transparency of our sustainability development to conduct and grow our business in ways that contribute positively to society and the environment.

### SUSTAINABILITY BLUEPRINT

SDG		Material Matters	SDG		Material Matters
<b>3</b> GOOD HEALTH AND WELL-BEING	Support healthy lives and well-being for all by offering inclusive takaful solutions and services	<ul style="list-style-type: none"> <li>• Sustainable Growth</li> <li>• Technical Excellence</li> </ul>	<b>10</b> REDUCED INEQUALITIES	Adopt fair business and employment practices	<ul style="list-style-type: none"> <li>• Talent Management</li> </ul>
<b>4</b> QUALITY EDUCATION	Promote lifelong learning opportunities for all	<ul style="list-style-type: none"> <li>• Talent Management</li> <li>• Community Empowerment</li> </ul>	<b>11</b> SUSTAINABLE CITIES AND COMMUNITIES	Provide takaful solutions to ensure inclusive, safe, resilient and sustainable human settlements	<ul style="list-style-type: none"> <li>• Customer Centricity</li> <li>• Operational Efficiency</li> <li>• Integrating Sustainability</li> </ul>
<b>8</b> DECENT WORK AND ECONOMIC GROWTH	Uphold sustainable economic growth as well as employment opportunities	<ul style="list-style-type: none"> <li>• Sustainable Growth</li> <li>• Digital Transformation</li> <li>• Talent Management</li> </ul>	<b>12</b> RESPONSIBLE CONSUMPTION AND PRODUCTION	Ensure sustainable consumption and production patterns	<ul style="list-style-type: none"> <li>• Integrating Sustainability</li> </ul>
<b>9</b> INDUSTRY INNOVATION AND INFRASTRUCTURE	Foster innovation and build a resilient infrastructure to stay relevant in the market	<ul style="list-style-type: none"> <li>• Digital Transformation</li> <li>• Operational Efficiency</li> <li>• Customer Centricity</li> </ul>	<b>16</b> PEACE, JUSTICE AND STRONG INSTITUTIONS	Promote inclusive societies for sustainable development	<ul style="list-style-type: none"> <li>• Ethics &amp; Compliance</li> <li>• Regulatory Changes</li> </ul>

# SUSTAINABILITY STATEMENT

## SUSTAINABILITY FRAMEWORK

Strategy



Our Commitment

**Creating sustainable value for all stakeholders through our business portfolio that contributes positively to society and the environment**

Key Values Created

- Delivering value to shareholders
- Offering innovative takaful solutions
- Streamlining business operations
- Implementing impact investment approach
- Managing environmental impact
- Uplifting the community
- Becoming the preferred choice for takaful solutions
- Cultivating customer value
- Embracing regulatory compliance
- Nurturing a compliance culture
- Strengthening the implementation of Shariah governance
- Building a high performance culture
- Focusing on talent management and development
- Sustaining employee engagement
- Implementing succession planning

Material Matters

- Digital Transformation
- Technical Excellence
- Operational Efficiency
- Sustainable Growth
- Risk Management
- Integrating Sustainability
- Community Empowerment
- Customer Centricity
- Ethics & Compliance
- Regulatory Changes
- Talent Management

Impact on SDG



## SUSTAINABILITY STATEMENT

### SUSTAINABILITY APPROACH



### SUSTAINABILITY GOVERNANCE

Our commitment to sustainability derives from the top of our organization and we have been consistently adopting the structure of our sustainability governance as disclosed in the previous reporting year. The Board (“The Board”) comprises a number of independent directors to safeguard the interests of our stakeholders. The Management of the Group is spearheaded by the Group Chief Executive Officer, who supervises the overall implementation of our sustainability practices in order to achieve operational efficiency. The Board delegates responsibilities to the following Board Committees to facilitate the management and operation of business activities throughout the Group.



The Shariah Advisory Body of STMKB Group consists of experts in various fields that play a vital role in providing counsel to the Board and the Management in order to ensure that we are conducting our business in accordance to the Shariah Guidelines and Principles. Our Group’s operations, affairs and activities are carried out in line with our Shariah Governance Policy as part of our ongoing sustainability initiative to comply with the Shariah requirements.

The detailed information of our Corporate Governance is set out in the Corporate Governance Overview Statement section of Takaful Malaysia’s Annual Report 2021. Please refer to page 61 for more details.

## SUSTAINABILITY STATEMENT

**RISK MANAGEMENT**

Takaful Malaysia has an Enterprise Risk Management (“ERM”) Framework in view of the value of institutionalised risk management, which encompasses the process of identification, assessment, management and reporting of risks on a consistent and reliable basis. In facilitating a risk-aligned strategic planning process for the Group, we have in place Risk Management and Internal Controls that are essential in our decision-making process.

**i. Managing Risk**

Managing risk is essential to the sustainability of the Group’s business and delivery of value to shareholders.

We remain dedicated to continuously improving our risk management framework, systems and processes to ensure risks are being well managed and monitored throughout the organisation.

The risks identified are managed through the ERM Framework, which sets out the key risk management processes of identifying, evaluating, monitoring and managing significant risk exposures arising from the business operations.

Takaful Malaysia has a Risk Appetite Statement intended to guide and support the Group in order to thrive in an increasingly dynamic and changing business environment.

**ii. Embedding Risk Culture**

Our ERM Framework distinguishes the significance of building a strong risk awareness culture to better manage the Group’s risks efficiently. At Takaful Malaysia, our risk culture starts from the Board and cascades down to the Management and finally to all employees. We firmly believe it is paramount to adopt an effective risk management system involving our stakeholders at all stages. In managing risks, we embrace the following concept of three levels of defence.

- a) The first level of defence is the operational level whereby risk is first identified. Head of Divisions/ Departments, with the support of respective risk coordinators, are required to assume the responsibility of identifying and managing risks in their respective functions, including escalating significant potential concerns to Management Risk Committee (“MRC”) and Board Risk Committee (“BRC”).
- b) The second level of defence consists of Risk Management Division (“RMD”) and MRC (comprises of Senior Management). MRC ensures the alignment of the Group’s business practices to the risk management policy, whilst the RMD assists MRC and BRC in discharging its responsibilities by providing oversight on the effectiveness of risk management.
- c) The third level of defence is performed by the internal audit function. It provides the Audit Committee, and the Board with an independent assurance on the effectiveness of risk management controls and functions.

**MATERIAL MATTERS**

In our continuous endeavor to create and preserve the economic, environmental, and social values for all our stakeholders, we strategically identify, prioritize, and manage material matters that are not only important to the Group, but also to our diverse group of stakeholders. The Group tactically analyses and prioritizes economic, environmental, and social issues that pose potential sources of risk and opportunities in our business activities as well as our group of stakeholders.

**Identification Process of Material Matters**

## SUSTAINABILITY STATEMENT

Strategy		RESPONSIBLE FINANCE
Material Matters	Importance to the Group	Importance to the Stakeholder Groups
<p><b>DIGITAL TRANSFORMATION</b></p>	<ul style="list-style-type: none"> <li>Stay relevant in the ongoing digital revolution to meet the customer expectations</li> <li>Create value through digital transformation and disruptive innovation</li> <li>Provide an innovative tranche of protection solutions</li> <li>Offer a differentiated experience, customized products, and services as well as seamless end-to-end engagements</li> </ul>	<ul style="list-style-type: none"> <li>Develop protection solutions with a high degree of personalization</li> <li>Incorporate digital capabilities into the Group's business model</li> <li>Cater to the needs of mobile-empowered stakeholders</li> <li>Keep up with the fast-paced evolution of technology and innovation in the insurance and takaful industry</li> </ul>
<p><b>TECHNICAL EXCELLENCE</b></p>	<ul style="list-style-type: none"> <li>Serve as a key differentiator against the industry peers</li> <li>Better manage the Group's risks and opportunities</li> <li>Ensure the advanced insurance technical practices are in place across all business units</li> <li>Develop profitable and compelling product offerings, pricing and underwriting</li> <li>Improve claims handling and related medical cost management activities to increase underwriting accuracy</li> </ul>	<ul style="list-style-type: none"> <li>Offering a competitive and comprehensive range of takaful solutions and services</li> <li>Provide an advantage in pricing to suit the diverse needs of the consumers</li> <li>Offer enhanced products with better benefits and wider coverage as well as competitive prices</li> <li>Make product offerings more attractive to low or no claims customer base</li> <li>Deliver value to the customers and business partners</li> </ul>
<p><b>OPERATIONAL EFFICIENCY</b></p>	<ul style="list-style-type: none"> <li>Enable the Group to achieve the agility and flexibility needed to stay ahead of the curve</li> <li>Streamline business operations through an integrated digital transformation and implement an enhanced and innovative IT infrastructure</li> <li>Correspond with the industry changes and the evolving demands of the customers</li> </ul>	<ul style="list-style-type: none"> <li>Increase the efficiency of the Group's business operations to deliver a great customer experience</li> <li>In line with the market demand for greater transparency, faster access to information, and effective communication with stakeholders</li> </ul>
<p><b>SUSTAINABLE GROWTH</b></p>	<ul style="list-style-type: none"> <li>Deliver profitable growth and superior shareholder value</li> <li>Expand market share via multiple distribution channels</li> <li>Uphold strong financial fundamentals and capital position</li> </ul>	<ul style="list-style-type: none"> <li>Meet the diverse protection needs of the stakeholders</li> <li>Provide financial security for any claims related matters</li> <li>Foster responsible environmental strategies</li> </ul>
<p><b>RISK MANAGEMENT</b></p>	<ul style="list-style-type: none"> <li>Improve risk management framework, systems and processes for the sustainability of the Group's business and stakeholder value</li> <li>Monitor and mitigate risks to reduce the possibility of a risk occurring and its potential impact on the Group's business</li> </ul>	<ul style="list-style-type: none"> <li>Maximize value to stakeholders through risk and business continuity management</li> </ul>

## SUSTAINABILITY STATEMENT

## Strategy



## INCLUSIVE GROWTH

Material Matters	Importance to the Group	Importance to the Stakeholder Groups
<p><b>CUSTOMER CENTRICITY</b></p>	<ul style="list-style-type: none"> <li>Function as a fundamental principle in conducting business with customers</li> <li>Provide a positive customer experience at the point of sale and post-sale</li> <li>Sustain customer loyalty, trust and repeat business</li> <li>Drive profit and gain competitive advantage</li> </ul>	<ul style="list-style-type: none"> <li>Increase customer lifetime value via excellent customer service</li> <li>Deliver sustainable growth and increase the Group's market share</li> <li>Build trust and loyalty of the customers</li> <li>Fulfill the diverse needs of the stakeholders</li> </ul>

## Strategy



## TALENT DEVELOPMENT

Material Matters	Importance to the Group	Importance to the Stakeholder Groups
<p><b>TALENT MANAGEMENT</b></p>	<ul style="list-style-type: none"> <li>Maintain a skilled and efficient workforce to achieve the Group's priority on the four core areas namely, financial, customer, business process as well as learning and growth</li> <li>Increase employee performance, attract top talent and continuous coverage of critical roles</li> </ul>	<ul style="list-style-type: none"> <li>Empower to render good service to the stakeholders as the preferred choice for insurance</li> <li>Provide an equal employment opportunity to potential talent</li> <li>Achieve greater customer satisfaction</li> </ul>

## Strategy



## ETHICAL PRACTICE

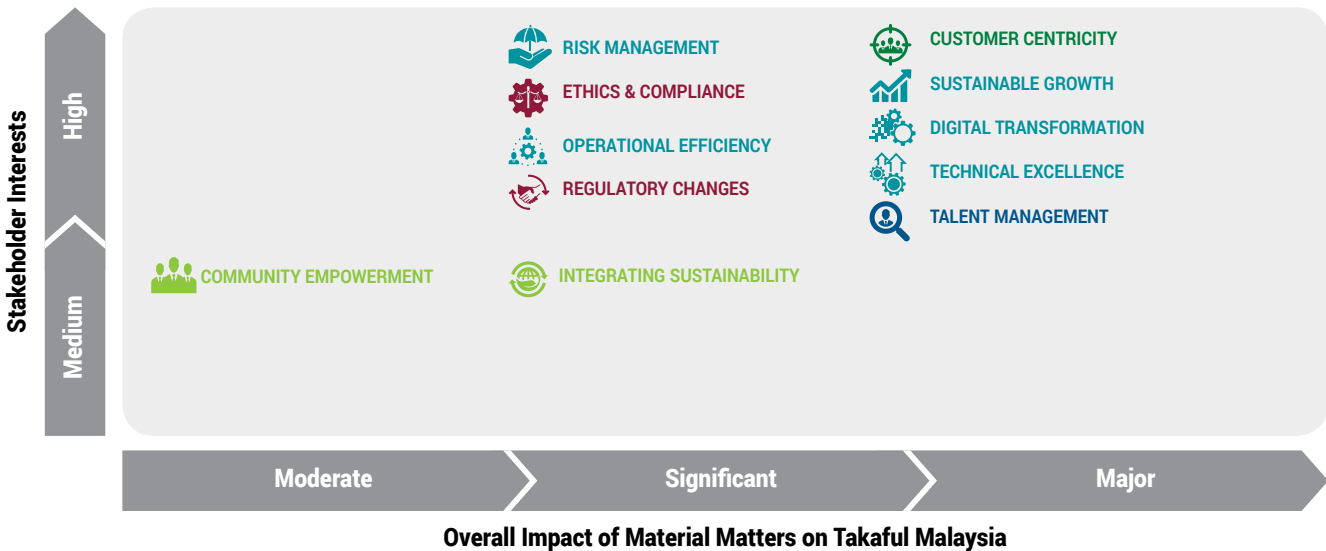
Material Matters	Importance to the Group	Importance to the Stakeholder Groups
<p><b>REGULATORY CHANGES</b></p>	<ul style="list-style-type: none"> <li>Comply with regulatory, guideline, policy and procedural changes that are relevant to the Group's business operations, products, and services</li> <li>Adhere to the relevant laws, regulations, guidelines, standards, and specifications that are applicable to the Group's business operations</li> </ul>	<ul style="list-style-type: none"> <li>Maximize the long-term value to stakeholders by adopting the regulatory changes with the Group's products, business, and corporate strategies</li> <li>Ensure product transparency and disclosure as well as fair treatment to promote confidence in the financial services industry amongst the stakeholders</li> </ul>
<p><b>ETHICS &amp; COMPLIANCE</b></p>	<ul style="list-style-type: none"> <li>Promote sustainability within the business and the society as a whole</li> <li>Adopt Shariah values and good ethical practices in conducting business across all organizational levels</li> <li>Conform to the ethical practices to reduce organizational risks</li> </ul>	<ul style="list-style-type: none"> <li>Gain trust and confidence from customers through ethics and integrity in business practices in a fair and transparent environment</li> </ul>

SUSTAINABILITY STATEMENT

Strategy		
Material Matters	Importance to the Group	Importance to the Stakeholder Groups
 <p><b>INTEGRATING SUSTAINABILITY</b></p>	<ul style="list-style-type: none"> <li>• Generate positive and sustainable impact on the economy, community, and environment</li> <li>• Create long-term stakeholder value</li> <li>• Implement a business strategy that emphasises on the ethical, social, environmental, cultural, and economic dimensions</li> <li>• Adopt sustainable business practices as a competitive differentiator</li> </ul>	<ul style="list-style-type: none"> <li>• Incorporate a sustainability mindset in the Group across all levels</li> <li>• Correspond to the demand of the stakeholders to create long-term value and high returns</li> <li>• Provide quality products and services to meet the consumer expectations</li> <li>• Operate in an economically, environmentally and socially sustainable manner that will benefit the community</li> </ul>
 <p><b>COMMUNITY EMPOWERMENT</b></p>	<ul style="list-style-type: none"> <li>• Foster goodwill and learning to build relationships that transcend race, gender and age</li> <li>• Create and implement solutions to social challenges in response to stakeholder demands and expectations</li> <li>• Engage the stakeholders and build relationships with the community through community-based activities</li> </ul>	<ul style="list-style-type: none"> <li>• Create a positive brand image for the Group as a good corporate citizen among the stakeholders with the aim of increasing sales leads</li> <li>• Provide an opportunity for the Group in reaching out to the underprivileged and less fortunate</li> <li>• Improve the involvement and commitment of the Group to the public through community-based activities and programs that will benefit the communities as a whole</li> </ul>

**MATERIALITY MATRIX**

The materiality matrix describes the material matters that are considered important to our stakeholders and also the overall impact on our business after assessing the material matters that are significant to the Group as well as our stakeholders. Each material matter identified is evaluated on a scale as outlined below, based on our internal discussions and ongoing engagement as well as feedback received from our stakeholders through various communication platforms. This materiality matrix guides us in developing and initiating appropriate actions and plans to the risks and opportunities that the material matters present.





## SUSTAINABILITY STATEMENT

## STAKEHOLDER ENGAGEMENT

Takaful Malaysia consistently interacts with different stakeholder groups through various engagement platforms and communication channels as part of our stakeholder engagement initiative to achieve a sustainable business performance, and ensure that our business operations and product offerings meet the ever-changing needs of our stakeholders. We identify our key stakeholder groups through a stakeholder prioritization exercise, which determines their level of involvement and influence on Takaful Malaysia, and we gather the key areas of concern to our stakeholders from regular interactions through various engagement platforms.

Customers

Industry Peers/  
Value Chain Partners

Employees

Government/  
RegulatorsInvestors/  
Shareholders




Community

Agents/  
Business Partners

Media

## STAKEHOLDER GROUP

## CUSTOMERS

Key Areas of Concern	Engagement Platforms	Our Response/Actions
 <b>CUSTOMER CENTRICITY</b>  <b>OPERATIONAL EFFICIENCY</b>  <b>DIGITAL TRANSFORMATION</b>	<ul style="list-style-type: none"> <li>Customer satisfaction survey</li> <li>Online and walk-in customer feedback platforms</li> <li>Social media platforms</li> <li>Online portals</li> <li>Mobile application</li> <li>Corporate website</li> <li>Business managers and customer service representatives</li> </ul>	<ul style="list-style-type: none"> <li>Adopt Customer Service Charter</li> <li>Deliver timely, transparent and efficient service</li> <li>Systematic operating procedures</li> <li>Provide online platforms such as the customer portal, corporate website and online sales portal, Chatbot and mobile app</li> <li>Implement fair business practices</li> </ul>

## STAKEHOLDER GROUP








## EMPLOYEES

Key Areas of Concern	Engagement Platforms	Our Response/Actions
 <b>TALENT MANAGEMENT</b>  <b>TECHNICAL EXCELLENCE</b>  <b>ETHICS &amp; COMPLIANCE</b>	<ul style="list-style-type: none"> <li>Virtual employee trainings</li> <li>Virtual engagement programs</li> <li>Internal e-newsletters</li> <li>Internal communications and updates via email</li> </ul>	<ul style="list-style-type: none"> <li>Adopt internal employee handbook and industry relations</li> <li>Conduct online trainings, employee engagement and knowledge sharing programs</li> <li>Implement succession planning programs</li> <li>Adopt performance management (please refer to the Remuneration Policy Statement on page 73 for more details.)</li> </ul>

# SUSTAINABILITY STATEMENT









**STAKEHOLDER GROUP**

## AGENTS/BUSINESS PARTNERS

Key Areas of Concern	Engagement Platforms	Our Response/Actions
 <b>CUSTOMER CENTRICITY</b>	<ul style="list-style-type: none"> <li>Virtual agency training sessions</li> <li>Online meetings</li> <li>Corporate agency portal</li> <li>Bancatakaful portal</li> <li>Online portal for Employee Benefits Scheme</li> <li>Online helpdesk</li> </ul>	<ul style="list-style-type: none"> <li>System enhancement</li> <li>Systematic turnaround time and operating procedures</li> <li>Provide online trainings</li> <li>Offer business development support</li> <li>Provide value-added services</li> <li>Introduce online/digital platforms such as portals, mobile app, and online helpdesk</li> <li>Provide e-Submission facility</li> <li>Implement fair business practices</li> </ul>
 <b>SUSTAINABLE GROWTH</b>		
 <b>DIGITAL TRANSFORMATION</b>		
 <b>TECHNICAL EXCELLENCE</b>		
 <b>OPERATIONAL EFFICIENCY</b>		
 <b>ETHICS &amp; COMPLIANCE</b>		
 <b>REGULATORY CHANGES</b>		

**STAKEHOLDER GROUP**

## INVESTORS/SHAREHOLDERS

Key Areas of Concern	Engagement Platforms	Our Response/Actions
 <b>SUSTAINABLE GROWTH</b>	<ul style="list-style-type: none"> <li>Virtual Annual General Meeting</li> <li>Annual reports</li> <li>Quarterly financial results</li> <li>Shareholders' circulars</li> <li>Online meetings with fund managers and investors</li> <li>Periodic updates to Bursa Malaysia</li> <li>Media releases</li> </ul>	<ul style="list-style-type: none"> <li>Deliver superior shareholder value</li> <li>Register growth with commendable profit</li> <li>Maintain sterling performance and financial results</li> <li>Increase market share and penetration rate</li> <li>Implement fair business practices</li> <li>Integrate ESG and sustainability consideration into investment asset mix and strategy</li> </ul>
 <b>DIGITAL TRANSFORMATION</b>		
 <b>INTEGRATING SUSTAINABILITY</b>		
 <b>ETHICS &amp; COMPLIANCE</b>		
 <b>REGULATORY CHANGES</b>		
 <b>TALENT MANAGEMENT</b>		
 <b>CUSTOMER CENTRICITY</b>		
 <b>TECHNICAL EXCELLENCE</b>		

**STAKEHOLDER GROUP**






## INDUSTRY PEERS & VALUE CHAIN PARTNERS

Key Areas of Concern	Engagement Platforms	Our Response/Actions
 <b>REGULATORY CHANGES</b>	<ul style="list-style-type: none"> <li>Online conferences</li> <li>Virtual meetings</li> <li>Virtual industry workshops</li> <li>Business partnerships</li> </ul>	<ul style="list-style-type: none"> <li>Participate in industry-related virtual workshops and seminars</li> <li>Collaborate through strategic partnerships</li> <li>Active participation in the Malaysian Takaful Association</li> </ul>
 <b>ETHICS &amp; COMPLIANCE</b>		
 <b>RISK MANAGEMENT</b>		
 <b>SUSTAINABLE GROWTH</b>		
 <b>TECHNICAL EXCELLENCE</b>		

## SUSTAINABILITY STATEMENT

## STAKEHOLDER GROUP

## GOVERNMENT &amp; REGULATORS

Key Areas of Concern	Engagement Platforms	Our Response/Actions
 <b>REGULATORY CHANGES</b>  <b>ETHICS &amp; COMPLIANCE</b>  <b>RISK MANAGEMENT</b>  <b>SUSTAINABLE GROWTH</b>  <b>TECHNICAL EXCELLENCE</b>	<ul style="list-style-type: none"> <li>• Periodic submission of reports</li> <li>• Periodic industry meetings</li> <li>• Virtual briefings, seminars and conferences</li> </ul>	<ul style="list-style-type: none"> <li>• Provide regulatory reports</li> <li>• Conduct independent compliance review and assessment</li> <li>• Attend periodic virtual briefings and trainings</li> <li>• Adopt policies and frameworks in line with regulatory guidelines</li> <li>• Business best practices according to industry standards</li> </ul>





## STAKEHOLDER GROUP

## COMMUNITY





Key Areas of Concern	Engagement Platforms	Our Response/Actions
 <b>COMMUNITY EMPOWERMENT</b>  <b>INTEGRATING SUSTAINABILITY</b>	<ul style="list-style-type: none"> <li>• Community-based programs</li> <li>• Corporate Social Responsibility ("CSR") activities</li> </ul>	<ul style="list-style-type: none"> <li>• Organize community-based activities and programs</li> <li>• Take part in philanthropic causes and provide positive social value</li> <li>• Make monetary and in-kind contributions to various beneficiaries</li> </ul>

## STAKEHOLDER GROUP




## MEDIA

Key Areas of Concern	Engagement Platforms	Our Response/Actions
 <b>SUSTAINABLE GROWTH</b>  <b>REGULATORY CHANGES</b>  <b>DIGITAL TRANSFORMATION</b>  <b>COMMUNITY EMPOWERMENT</b>	<ul style="list-style-type: none"> <li>• Press releases</li> <li>• Email interviews</li> </ul>	<ul style="list-style-type: none"> <li>• Circulate press releases</li> <li>• Provide feedback on media interviews</li> </ul>

## SUSTAINABILITY STATEMENT

SUSTAINABILITY PERFORMANCE						
Theme	Objectives	Material Matters	Scope of Material Matters	Indicators	Progress in 2021	
 <b>Responsible Finance</b>	To achieve the agility and flexibility to stay relevant in the ongoing digital revolution	 Digital Transformation	Incorporate digital capabilities into the business model, provide comprehensive product offerings and services as well as introduction of innovative takaful solutions	Click for Cover Online Sales Portal business growth	Double digit growth of 21% in the online takaful business	
				Technological innovation	<ul style="list-style-type: none"> <li>Launched the new Tele Bantuan mobile app for motor takaful customers of our bank partners and corporate agents</li> <li>Enhanced the Click for Cover mobile app with more functionality to provide a better user experience</li> <li>Offered promotional codes for selected online takaful plans to drive sales</li> <li>Provided a secure access point for employees to access designated data and selected systems remotely</li> <li>Utilized webinar software platforms to conduct virtual meetings</li> </ul>	
	To drive the development of technical excellence through product development as a key differentiator in meeting the customer needs	 Technical Excellence	Development of profitable and compelling product offerings, pricing, and underwriting	Innovative takaful solutions	Launched Takaful myProtect PA for LPPSA customers	<ul style="list-style-type: none"> <li>Offered new plan options and add-on benefits for private cars and motorcycles</li> <li>Launched Takaful myClick Motor FlexiSaver</li> <li>Introduced Takaful myGrowth Plus</li> <li>Introduced 2 optional COVID-19 coverage plans under group hospitalisation cover</li> </ul>
					Integrated digital transformation	
	To reduce cost, increase efficiency and support the digitization of our business operations	 Operational Efficiency	Enhancement and migration of systems, streamlining of business operations, improvement of workflows and turnaround times	System enhancement	Improved the claims management and process flow for employee benefits ("EB") business operations	<ul style="list-style-type: none"> <li>Enhanced the Takaful Integrated System ("TIS") core application and infrastructure to adopt new technologies and gain better business value</li> </ul>
					System enhancement	

## SUSTAINABILITY STATEMENT

Theme	Objectives	Material Matters	Scope of Material Matters	Indicators	Progress in 2021
 <b>Responsible Finance (continued)</b>	To meet customer expectations and deliver superior shareholder value	 Sustainable Growth	Deliver sustainable performance, expand market share via multiple business portfolios and sound financial fundamentals with a strong capital position	Operating revenue	RM3.18 billion
				Profit after zakat and taxation	RM412.2 million
				Total assets	RM12.7 billion
				Net assets per share	RM2.16
				Return on equity	24.8%
				Family Takaful market share	20%
				General Takaful market share	24%
	To mitigate and manage risks	 Risk Management	Maintain business growth and market-leading position in the takaful industry, preparation for the implementation of MFRS17, and exposure of business enterprises to the risk of cyberattacks, disrupting business systems and networks, and potential data breaches	Business disruption due to the prolonged COVID-19 Pandemic	<ul style="list-style-type: none"> <li>Integrated digital technology into all aspects of business and operations</li> <li>Implemented work-from-home arrangements</li> <li>Provided secure access points for employees to access designated data and selected systems remotely</li> <li>Expanded the digital footprint across all distribution channels</li> </ul>
				Maintain a market-leading position in the takaful industry	<ul style="list-style-type: none"> <li>Adopted digital transformation strategy to offer innovative and comprehensive takaful solutions</li> <li>Implemented enhanced business processes to maintain business relationships with existing business partners</li> </ul>
				Preparation for the implementation of the new accounting standard	<ul style="list-style-type: none"> <li>Developed internal system, capacity, and resources in preparation for the implementation of the new financial reporting</li> <li>Engaged with external consultants</li> <li>Engaged with industry associations and regulatory authorities for implementation direction and updates</li> </ul>
Growing concerns about cybersecurity risks				<ul style="list-style-type: none"> <li>Enforced a cybersecurity strategy as part of the operational risk management to safeguard the Company's assets including computers, networks, and data</li> <li>Implemented mitigation measures to strengthen end-to-end management of potential IT risk exposure areas, including access control, monitoring and detection, and defense systems</li> </ul>	

## SUSTAINABILITY STATEMENT

### RESPONSIBLE FINANCE

We focus on providing a wider portfolio of innovative product mix that meets the diverse needs of consumers in driving technical excellence through product development, pricing, and underwriting. We incorporate digital capabilities into our business model to provide comprehensive and innovative takaful solutions as well as services to the consumers, corresponding to our sustainable approach of responsible finance that serves as a catalyst for Takaful Malaysia to adopt sustainable business practices and revolutionize into a climate-friendly industry player that embraces green technologies.

### DIGITAL TRANSFORMATION

#### Investment in IT Infrastructure

In 2021, we made a significant investment in our IT infrastructure to integrate information and operational technologies in optimizing performance, driving efficiency, enhancing IT security, and improving the quality of our products and services.

2019	2020	2021
RM3.4 million	RM5.0 million	RM12.0 million

#### Launch of Enhanced Click For Cover Application

The key features of our enhanced Click for Cover mobile application include, improved app performance with faster response times, increased security using biometric authentication, and an easier way for customers to manage certificates, and convenient access to medical care.

#### Introduction of a New Tele Bantuan Application

We launched the Tele Bantuan mobile application for motor takaful customers of our bank partners and corporate agents. Customers can submit requests for nationwide roadside assistance and real-time tow truck assistance tracking, and locate the nearest panel workshop through the Tele Bantuan app.

### TECHNICAL EXCELLENCE

#### Technical Capabilities

- We have made significant investments to enhance our technical efficiency and capabilities, and the Group will continue to do so in the future more intensively as part of its strategic expansion plan.
- To unleash the potential and reap the benefits of the Group's IT infrastructure, we have conducted various internal training sessions to equip employees with the knowledge and competencies needed in addition to strengthening governance controls as a form of risk mitigation initiative.

Training/Workshop	Objectives
SAS Enterprise Guide	<ul style="list-style-type: none"> <li>• To introduce the SAS solution for the regulatory content for MFRS17, and provide an overview of the topics and components used in the regulatory process.</li> <li>• To comply with the MFRS17 requirements, and meet the Group's financial strategy and business objectives.</li> </ul>
Prophet Enterprise ("PE") Workshop	<ul style="list-style-type: none"> <li>• To increase employee knowledge in the field of Prophet modeling (Actuarial financial modeling software) as the PE is an enhanced version of the existing Prophet Professional ("PP") version.</li> <li>• To cope with the upcoming MFRS17 requirements and to complement the existing SAS system solution.</li> </ul>

## SUSTAINABILITY STATEMENT

**Introduction of Innovative Takaful Solutions**

- Collaborated with Lembaga Pembiayaan Perumahan Sektor Awam ("LPPSA") to introduce Takaful *myProtect* PA, an affordable personal accident plan for LPPSA customers.
- Launched Takaful *myClick* Motor FlexiSaver, the nation's first flexi motor takaful plan with Pay As You Drive ("PAYD") daily cover.
- Introduced Takaful *myBiz* Financing Plan for customers of our bank partners to protect their business from unforeseen circumstances.
- Enhanced our existing Takaful *myMotor* with greater benefits to customers and business partners by offering new plan options and add-on benefits for private cars and motorcycles.
- Introduced two optional COVID-19 coverage plans under group hospitalisation cover to provide extended group hospitalisation coverage for claims due to category 3 to category 5 COVID-19 infection.

**OPERATIONAL EFFICIENCY****Enhanced Business Operations**

- Encryption of selected customer documents to protect customer data and comply with the Personal Data Protection Act.
- Additional self-service functionality to our bancatakaful portal for bank partners to easily retrieve endorsement and transaction records for faster and better service to customers.
- Enhancement of the bancatakaful's mortgage and business term takaful e-Submission system with a smart underwriting engine to facilitate instant underwriting approvals. Customers can now complete the online underwriting questionnaire anytime and anywhere at their convenience.
- Full automation with straight-through processing to handle online customer service requests as part of our digital ecosystem to enhance the overall customer experience.
- Introduction of online nomination facility as an additional avenue for beneficiary nomination to expedite future takaful benefit payments.
- Implementation of Robotic Process Automation ("RPA") for selected operational processes to reduce manual interruptions and improve turnaround time and cost efficiency.
- Improvement to claims management and process flow for employee benefits ("EB") business operations for accurate and efficient claims review to enable prompt claims settlement.
- Introduction of e-Claim submission facility for EB clients to submit non-cashless outpatient claims.

**SUSTAINABLE GROWTH****Financial Performance****Market Capitalisation**

2019	2020	2021
RM4.7 billion	RM4.0 billion	RM3.1 billion

**Profit After Zakat & Taxation**

2019	2020	2021
RM366.3 million	RM363.6 million	RM412.2 million

**Return On Equity**

2019	2020	2021
33.1%	26.5%	24.8%

**Earnings Per Share**

2019	2020	2021
44.16 sen	43.76 sen	49.43 sen

Please refer to page 6 and page 7 of this Annual Report for a snapshot of our five-year financial highlights.

## SUSTAINABILITY STATEMENT

### Market Share

#### Family Takaful Business

2019	2020	2021
30%	23%	20%

#### General Takaful Business

2019	2020	2021
22%	24%	24%

### Responsible Investment

Shariah-compliant investing and Environmental, Social, and Governance (“ESG”) are complementary investment approaches with many shared principles, which have been integrated into our considerations in asset allocation and portfolio construction. We focus on adopting responsible investment into our investment strategy as part of our efforts to positively impact society as a whole and enhance brand value towards ensuring social and environmental sustainability as well as to better mitigate risks and increase long-term returns. The ESG criteria are applied through our investment selection and screening process across all asset classes, where we allocate higher preference to constituents of the FTSE4Good Bursa Malaysia Shariah Index (“F4GBMS”) and sukuk issued based on the Securities Commission’s Sustainable and Responsible Investment (“SRI”) Framework or sukuk issued under the ASEAN Green, Social, and Sustainability Bond Standards. With a responsible investment policy now in place, our strategy on responsible investing involves, but is not limited to streamlining our ESG and sustainability considerations in investment analysis for both equity and sukuk. We have prudently restructured and rebalanced our portfolios to increase exposure in ESG-compliant stocks and sukuk, and monitor our existing holdings on a regular basis in relation to ESG factors.



### RISK MANAGEMENT

During the year under review, we conducted a survey to measure the level of awareness and understanding among employees about risk and risk management. The survey is important to assist us in identifying areas for improvement that we need to work on, in addition to increasing employee awareness and understanding of risk management. The ongoing COVID-19 pandemic situation necessitated continued efforts by the Group to communicate and remind employees of safety precautions and diligent practice of health SOPs to minimize the risk of viral infection. We also conducted periodic monitoring and reporting of infection incidents within the Group for appropriate actions to be taken.



Several learning initiatives were rolled out as part of our ongoing efforts to strengthen staff awareness and understanding of the risks posed by business operations and their responsibilities to manage the identified risks. Due to the physical limitations imposed by the pandemic, the training sessions were conducted online covering various areas including enterprise-wide risk, operational risk, and business continuity management. A survey was also conducted to gauge key concerns among management about emerging operational risks, particularly given the growing digital adoption and changing consumer behaviour proliferated by the pandemic and climate risk. The Group also conducted a business continuity test exercise to examine the Group’s preparedness in response to a crisis situation scenario and the communication connectivity in a pandemic environment.

### Material Issues

We set out the detailed information related to managing our material issues in the Management Discussion and Analysis section of this Annual Report. Please refer to page 16 for more details.



## SUSTAINABILITY STATEMENT

Theme	Objectives	Material Matters	Scope of Material Matters	Indicators	Progress in 2021
 <b>Inclusive Growth</b>	To increase customer lifetime value and sustain customer loyalty and profit	 Customer Centricity	Provide excellent customer service and respond within the turnaround time set	Nationwide footprint	24 service centres
				Number of customer enquiries attended via call centres	96,442 enquiries
				Number of customer enquiries attended via email	59,072 email enquiries
				Number of customer complaints resolved	60 cases
				Number of customer enquiries attended at service centres	86,301 enquiries
				Acknowledgement of query processing time	1 working day



## INCLUSIVE GROWTH

As part of our digital strategy to facilitate customers with seamless access to our extensive range of takaful solutions and services, we continue to promote financial inclusion by providing the right digital platforms and facilities to create value for our customers in achieving the agility and flexibility needed to stay relevant in the ongoing digital revolution whilst meeting consumer expectations. As a takaful operator, we understand that continued progress towards the greater digitalization of financial services, including the takaful industry benefits the economy and society as a whole, ensuring customers have access to a wide range of financial services provided through various platforms.



## CUSTOMER CENTRICITY

### Customer Value

We provided eligible customers a deferment period to pay their family takaful regular contributions through the COVID-19 Relief Programme, an industry-wide initiative joined by all industry players. The COVID-19 Relief Program was initially effective from 1 April 2020 to 31 December 2020, and Takaful Malaysia subsequently extended the period until 31 December 2021 to assist certificate holders affected by the COVID-19.

### Customer Experience

In addressing the challenges of the COVID-19 pandemic on the operations of our service centres nationwide, we have made some adjustments and steps to continue building trust and care for customers. Reorienting customer service efforts to meet diverse customer needs while keeping in touch with them during these challenging times, our service centres have implemented various initiatives and arrangements to provide a seamless, convenient, and engaging customer experience as follows.

- Making renewal and endorsement arrangements via email and phone calls.
- Utilizing Electronic Direct Mail to stay in touch with our online sales portal customers.
- Cross-selling of online takaful products to existing and potential customers.
- Providing customer service via digital and social media platforms.
- Promoting online takaful plans offered through the Click for Cover online sales portal.
- Sending certificates and other supporting documents to customers through email.
- Marketing SME and medical products to SMEs and clinics respectively for new businesses.

## SUSTAINABILITY STATEMENT

### Customer Engagement

We provide multiple channels for customers to interact and get in touch with us or submit their feedback, enquiries, or complaints as listed in the table below.

#### Customer Engagement Channels and Platforms

Channels and Platforms	Description
Service centres	24 service centres
Hotline	1-300 88 252 385
Fax	03-2274 0237
Email	csu@takaful-malaysia.com.my
Corporate website	www.takaful-malaysia.com.my
Online portal	myTakaful Customer
Artificial intelligence (“AI”) chatbot	Chatbot, Tamara on corporate website & myTakaful Customer portal
Facebook	Takaful Malaysia
Instagram	takafulmalaysia.official



Details of customer feedback, enquiries, responses, and complaints we received from various customer engagement channels during the year under review are illustrated in the following tables.



#### Detailed Customer Feedback in 2021

Responses	Enquiries	Complaints
54	241,815	60

#### 3-Year Customer Feedback

2019	2020	2021
166,777	158,415	241,929

## SUSTAINABILITY STATEMENT

Theme	Objectives	Material Matters	Scope of Material Matters	Indicators	Progress in 2021
 Talent Development	To maximize performance levels and competency of employees	 Talent Management	Learning and development, rewards and remuneration as well as succession planning	Total number of workforce	931 employees
				Total investment in employee learning and development	RM2.4 million
				Succession planning	4 succession planning programmes
				Workforce composition	Please refer to the workforce composition table on page 38
				Employee retention rate	93.1%
				Average employee tenure	11.7 years
				Total number of employees promoted	34 employees
				Total number of employees obtained professional certificates	28 employees
Total number of new employment opportunities created	36				



## TALENT DEVELOPMENT

We value and retain a skilled and efficient workforce to provide long-term benefits to Takaful Malaysia, as part of the Group's human capital strategy to achieve our priorities in the four core areas of financial, customer, business process as well as learning and growth. We continue to equip our employees with the right skills and competencies to achieve our objectives by offering a healthy work culture where employees feel valued, safe, and full of opportunities for growth, and a conducive working environment that promotes employee safety, growth and goal achievement.



## TALENT MANAGEMENT

### Human Resource Management

- Adopted a comprehensive staffing blueprint by identifying the various competencies required such as skills, abilities, and knowledge that are essential to perform various tasks effectively.
- Digitized some of our human resource functions to increase employee productivity, optimize workforce planning, and explore new ways of handling work assignments in the wake of the COVID-19 pandemic.
- Implemented four succession planning programs under the Group's talent management framework which involve the top management to junior level employees, namely, Leadership Development Program, Leadership Development Program for High Potentials, Staff Talent Awareness & Retention Program, and Leadership Intensive Talent Enrichment Program.
- Enforced work-from-home arrangements and flexible working hours to better manage our people while ensuring uninterrupted operational services and business continuity in response to the COVID-19 situation.

### Total number of employees

2019	2020	2021
943 employees	917 employees	931 employees

### Total number of new employment opportunities created

2019	2020	2021
12	30	36

## SUSTAINABILITY STATEMENT

### Workforce composition

DESCRIPTION	STMKB	STMAB	GROUP
Total Employees	691	240	931
Average Length of Service	11.4 years	12.3 years	11.7 years
Employee Turnover Rate	6.6%	7.6%	6.9%
Employee Retention Rate	93.4%	92.4%	93.1%
Gender Diversity (%)	Male : 40.23% Female : 59.77%	Male : 51.67% Female : 48.33%	Male : 43.18% Female : 56.82%
Age Diversity (%)	Below 35 years: 19.97% 35 to 44 years : 48.48% 45 to 54 years : 29.09% 55 to 60 years : 2.46% Above 60 years: 0%	Below 35 years: 15.00% 35 to 44 years : 39.17% 45 to 54 years : 39.17% 55 to 60 years : 6.66% Above 60 years: 0%	Below 35 years: 18.69% 35 to 44 years : 46.08% 45 to 54 years : 31.69% 55 to 60 years : 3.54% Above 60 years: 0%
Ethnicity Diversity (%)	Malay : 80.46% Chinese : 15.64% Indian : 2.60% Others : 1.30%	Malay : 83.33% Chinese : 12.92% Indian : 2.92% Others : 0.83%	Malay : 81.20% Chinese : 14.93% Indian : 2.69% Others : 1.18%
Employment Arrangement (%)	Local : 99.90% Foreign : 0.10%	Local : 99.60% Foreign : 0.40%	Local : 99.80% Foreign : 0.20%

### Learning and Development

- 53 webinars covering a wide range of topics were conducted for STMKB employees during the year under review as part of our employee learning and development initiatives.
- 37 webinars were organized for STMAB employees with an average of up to two learning hours for each webinar.
- The webinars conducted provide an effective platform to share knowledge, resources, and information with our employees while increasing employee engagement and productivity.

### High-Performance Culture

- Developed and implemented well-defined performance metrics, regular performance evaluations, and schemes to reward high-performing employees in line with the Group's performance.
- The detailed information related to the Directors' Remuneration and Remuneration Policy Statement of the Group is set out in the Corporate Governance Overview Statement section of this Annual Report. Please refer from page 73 to page 74 for more details.

## SUSTAINABILITY STATEMENT

**Employee Engagement**




- Organized virtual knowledge sharing sessions with employees to stimulate cultural change and innovation as well as foster productivity and empower employees to perform their tasks efficiently while working remotely.
- Conducted a virtual knowledge sharing session with employees on the topic of "How to Remain Relevant in an Organization" to provide some useful tips and the importance of staying relevant in the workplace.
- Organized a virtual town hall to provide information on the Group's priorities and areas of focus in addition to fostering employee engagement with top management.
- Engaged management trainees through a series of virtual engagement sessions as part of the Group's knowledge sharing initiatives.

**Employer of Choice**

- We are honored to be recognized for the fourth time in a row as one of the award recipients of the HR Asia Best Companies To Work For In Asia 2021. This award is a testament to our outstanding performance with the best HR practices in creating a conducive workplace and promoting employee engagement with excellent workplace culture.
- Takaful Malaysia has been voted among the Most Attractive Graduate Employers To Work For in 2022 in the insurance category, and clinched the Graduate's Choice Award 2021/2022. This recognition echoes our recruitment and talent acquisition strategy beyond the boundaries amidst the COVID-19 pandemic.



## SUSTAINABILITY STATEMENT

Theme	Objectives	Material Matters	Scope of Material Matters	Indicators	Progress in 2021
 <b>Ethical Practice</b>	To cultivate good business practices in line with regulatory compliance	 Ethics & Compliance	Good corporate governance and responsible business practices	Employee training and awareness programs	<ul style="list-style-type: none"> <li>• Anti-Money Laundering and Counter Financing of Terrorism ("AML/CFT") e-Learning</li> <li>• Personal Information Record Management Framework ("PIRMF") Awareness e-Learning</li> <li>• Anti-Corruption Framework ("ACF") e-Learning</li> <li>• BNM quarterly updates and news on terrorism financing</li> </ul>
				Compliance-related initiatives	<ul style="list-style-type: none"> <li>• Periodic engagement sessions with the Department/Divisional Compliance Coordinators</li> <li>• Discussions with business owners on Customer Due Diligence ("CDD") procedures</li> <li>• Discussions with business owners on the Risk-Based Approach ("RBA")</li> <li>• Attended the Compliance Conference 2021 organized by BNM</li> <li>• Assessment of policies and procedures to be aligned with the new and revised regulatory requirements to govern business initiatives and opportunities</li> <li>• Enforcement of internal controls to identify, monitor, remediate and report non-compliance incidents</li> </ul>
	To keep track of the regulatory changes and developments set by the regulatory body and abide by the evolving laws and regulations	 Regulatory Changes	Adhere to the relevant laws, regulations, guidelines, standards, and specifications that are applicable to business operations, products, and services	Regulatory compliance	Complied with the following policies: <ul style="list-style-type: none"> <li>• Revised Management of Customer Information and Permitted Disclosures</li> <li>• Specifications pursuant to sections 47 and 123 of the Financial Services Act 2013 (FSA) and sections 57 and 135 of the Islamic Financial Services Act 2013 (IFSA) in respect of the Phased Liberalisation of Motor and Fire Tariffs</li> <li>• Code of Conduct for Malaysia Wholesale Financial Markets</li> <li>• Notice Pursuant to Section 83 of the Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001</li> <li>• Expectations on the Review of Private Car Policy/ Certificate ("PCP") and Product Disclosure Sheet ("PDS")</li> <li>• Supervisory expectations to manage risk of customer data breaches</li> </ul>

## SUSTAINABILITY STATEMENT



## ETHICAL PRACTICE

We always stay on top of the guidelines, policies, and frameworks implemented by the administrative and regulatory bodies to sustain our competitive advantage in providing better value to the customers and maintaining transparency in our business operations and dealings. Complying with evolving laws and regulations by keeping track of regulatory changes and developments ensures that we are steered clear of any adverse impact in conducting our business in a responsible manner.



## ETHICS & COMPLIANCE

### Culture of Compliance

- It is part of our ongoing initiative to nurture an appropriate compliance culture by conforming to the laws, regulations, guidelines, and specifications relevant to our business processes and industry's best practices.
- To govern both our business initiatives and opportunities, we constantly reassess our policies and procedures apart from incorporating an internal framework to identify, monitor, remediate and report non-compliance incidents as part of our commitment to embracing regulatory compliance in our business operations.
- The Group has engaged the employees to inculcate a culture of compliance through various e-Learning modules, engagement sessions, and revision of the Group's Shariah policies as listed below.

Initiatives	Objectives
Anti-Money Laundering and Countering Financing of Terrorism ("AML/CFT") e-Learning	<ul style="list-style-type: none"> <li>• To create awareness in preventing our business from being misused as a medium for suspicious activities and transactions.</li> <li>• To guide employees in performing their daily business functions by applying consistent customer due diligence procedures, risk classification of customers, monitoring customer data, transactions and accounts, and suspicious activity reporting.</li> </ul>
Personal Information Record Management Framework ("PIRMF") Awareness e-Learning	<ul style="list-style-type: none"> <li>• To increase awareness in the handling and management of customers' information and permitted disclosures.</li> <li>• To guide employees in performing their daily business functions by implementing utmost security and privacy standards when handling personal information.</li> </ul>
Anti-Corruption Framework ("ACF") e-Learning	<ul style="list-style-type: none"> <li>• To create and facilitate continuous awareness in combating bribery and corruption in line with our commitment to lawful, ethical, and honest behaviour at all times.</li> <li>• To guide employees in performing their daily business functions by combating and reporting situations related to bribery and corruption activities.</li> </ul>
Compliance Awareness and Engagement Session with Compliance Coordinators	<ul style="list-style-type: none"> <li>• To educate and reiterate the roles of compliance coordinators as an ambassador of the respective business functions for compliance-related matters.</li> <li>• To discuss compliance-related topics including Anti-Money Laundering, Personal Information, and Anti-Bribery and Corruption.</li> </ul>
Revision of Charity Fund Management and Distribution Policy	<ul style="list-style-type: none"> <li>• To ensure accurate and timely disbursement of donations to beneficiaries.</li> <li>• To safeguard the management of the Group's charity fund and distribution of donations.</li> <li>• To ensure all beneficiaries receiving donations are qualified as stipulated in the policy.</li> </ul>
Revision of Shariah Governance Policy	<ul style="list-style-type: none"> <li>• To set out strengthened oversight accountabilities on the Board, the Shariah Advisory Body, and other key organs involved in the implementation of Shariah governance.</li> <li>• To ensure that the arrangements of Shariah governance of the Group are operating effectively and appropriate to the size, nature of business, complexity of activities, and structure.</li> </ul>

## SUSTAINABILITY STATEMENT



### REGULATORY CHANGES

Keeping up with regulatory changes is important to the Group to demonstrate a higher level of responsiveness, accuracy, and monitoring of our data, transactions, governance, and policies while ensuring that we steer clear of any adverse impact in the conduct of our business. As the regulatory environment continues to evolve, we constantly ensure that we keep abreast of regulatory changes and establish the necessary internal procedures to implement and comply with the evolving regulations.

#### **Incorporation of the Integrity Clauses in Existing Agreements pursuant to the Anti-Corruption (“ACF”) Framework of Takaful Malaysia**

- The framework provides a comprehensive set of standards in relation to addressing improper solicitation, bribery and other corrupt activities and issues that may arise in the course of business to prevent acts of bribery and corruption. This includes the incorporation of standard integrity clauses in all agreements with third parties to ensure that Takaful Malaysia deals only with third parties who subscribe to acceptable standards of integrity in their business practices.

#### **Implementation of Malaysian Financial Reporting Standard 17 (“MFRS17”)**

- Technical issues related to MFRS17 were deliberated and various industrial sessions were also conducted to prepare industry players for the implementation of the new accounting standard. Guidance notes and illustrative financial statements are also issued, which serve as best practices and guidelines for the reference of the takaful operators. Bank Negara Malaysia (“BNM”) has also introduced an exposure draft on the valuation of insurance and takaful liabilities, as well as undertaking a review of the overall solvency framework as part of its holistic review of the overall capital adequacy framework.

#### **The Exposure Draft (“ED”) on Financial Reporting for Takaful Operators**

- The Exposure Draft (“ED”) sets out the proposed revisions to the current Policy Document on Financial Reporting for Takaful Operators issued by BNM. The ED is intended to ensure compliance with Shariah requirements and the latest MFRS requirements applicable to takaful business. This is consistent with the latest ruling by the Shariah Advisory Council of BNM and the recommendations by the Malaysian Accounting Standards Board (“MASB”) relating to the application of MFRS17 and MFRS9 to takaful businesses.

#### **Discussion Paper on Risk-Based Capital Framework for Insurers and Takaful Operators**

- The Discussion Paper explores proposed enhancements to the design of the capital adequacy framework for licensed insurers and licensed takaful operators as part of the BNM’s multi-phased review of the overall solvency framework.

#### **BNM Notification on Supervisory Expectations to Manage Risk of Customer Data Breaches**




- The notification emphasizes the need for financial institutions (“FIs”) to constantly assess data breaches, and implement control measures to strengthen current controls. Companies are expected to ensure an ongoing assessment of emerging risks and implement appropriate actions to strengthen current controls.

#### **Exposure Draft on Climate Risk Management and Scenario Analysis**

- This exposure draft sets out the proposed requirements and guidance on climate risk management and scenario analysis to ensure that financial institutions strengthen the management of financial risks stemming from climate change, enhance the resilience of the financial sector against climate-related risks, and facilitate an orderly transition to a low-carbon economy.



## SUSTAINABILITY STATEMENT

Theme	Objectives	Material Matters	Scope of Material Matters	Indicators	Progress in 2021
 Corporate Sustainability	To foster a sustainability strategy, encompassing the Environmental, Social, and Governance ("ESG") matters	 Integrating Sustainability	Integrate sustainability into business operations, operate business in an economically, environmentally, and socially sustainable manner	Total amount of electricity consumption	5,617,718 kWh
				Total water consumption	12,729 m <sup>3</sup>
				Total amount of paper consumption	3,118 reams
				Environmental sustainability initiatives	<ul style="list-style-type: none"> <li>• Energy saving measures</li> <li>• Paperless initiative</li> <li>• Centralized air conditioning system</li> <li>• Switching to energy efficient LED light bulbs and appliances</li> <li>• Water conservation drive</li> </ul>
	To cultivate goodwill, learning and building relationships with the underserved communities as well as to create and implement solutions to social challenges	 Community Empowerment	Organize community-based activities, voluntary employee participation as well as monetary and in-kind contributions	Types of CSR and community-based activities organized	<ul style="list-style-type: none"> <li>• Takaful <i>myJalanan</i> Kasih to provide monetary and in-kind contributions to the underprivileged</li> <li>• Takaful <i>myJalanan</i> Ilmu to provide monetary and in-kind contributions to deserving students</li> </ul>
				Total amount of contributions made via charity fund	RM1,100,274
				Total number of CSR and community-based activities conducted	53 CSR and community-based activities
				Total hours allocated for CSR activities	496 hours


**CORPORATE SUSTAINABILITY**

We are committed to exploring innovative ways to further strengthen our sustainability efforts. This is done by promoting a culture of sustainability and managing our operations in a way that minimizes our environmental and social impacts. Incorporating sustainability is essential as part of our strategy to generate long-lasting benefits and ensure the continuity of our business in a competitive and challenging market environment. We focus on creating long-term stakeholder value through the implementation of our business strategy that emphasizes the ethical, social, environmental, cultural, and economic aspects of the way we conduct our business.


**INTEGRATING SUSTAINABILITY**
**Managing Our Environmental Impact**

Our actions in favor of valuing the environment are a key aspect of our vision of sustainable growth as we are actively involved in identifying and preventing potential environmental impacts caused by our business operations. We encourage respect for the environmental context in which we operate, and adopt responsible environmental protections, to better manage the footprint of our operations and reduce the impact on the environment. By embracing a sustainability strategy, which includes the environmental, social, and governance central factors, we tactically integrate sustainability into our business operations in an economically, environmentally, and socially sustainable manner.

## SUSTAINABILITY STATEMENT

### Energy

Takaful Malaysia is taking proactive measures to minimize the use of energy at work in our continued efforts to better manage our energy consumption for energy conservation. In addition to periodic maintenance and replacement of IT equipment, we also identified energy-saving solutions to better manage our office energy usage, including a centralized air conditioning system and switching to energy-efficient light bulbs and appliances. All employees are constantly prompted to switch off the office lights and other appliances when not in use, and we will carry on exploring new solutions to meet our energy needs that are not only economically but also environmentally sustainable.

2019	2020	2021
6,576,329 kWh	5,785,190 kWh	5,617,718 kWh

### Water

The total volume of water consumption across Takaful Malaysia in 2021 was 12,729 cubic metres ("m<sup>3</sup>"), comprising 9,399 cubic metres of water consumption on headquarters and 3,330 cubic metres across our service centres nationwide. We perform leak detection in pipes on a regular basis and monitor water use across our business operations and premises to conserve water resources. Takaful Malaysia will continue to take preventive measures by engaging our employees to use water wisely and ensure pipelines of our water distribution system are consistently checked and maintained as part of our corporate responsibility in water conservation.

2019	2020	2021
30,223 m <sup>3</sup>	12,785 m <sup>3</sup>	12,729 m <sup>3</sup>

### Paper

In 2021, the Group recorded an increase in its paper consumption following the reopening and full operations of its service centres after months of restricted business operations due to the pandemic. As part of our ongoing paper saving initiatives, we are embracing technology by implementing the e-Document module and engaging our employees to reduce paper usage at work. Apart from working towards reducing paper use by going paperless to increase our productivity, we continue to promote prudent use of paper practice amongst our employees by adopting an electronic document management system and use of electronic mail to receive and send documents besides practicing double-sided copying and printing. Takaful Malaysia will continue to purchase multipurpose paper made of responsible sources from suppliers with proven and internationally recognized environmental certifications that meet the international standards such as FSC C014719 for paper from responsible sources, ISO 9706 for permanency of paper and ISO 14001 for an effective environmental management system.

2019	2020	2021
5,114 reams	2,271 reams	3,118 reams



### COMMUNITY EMPOWERMENT

During the year under review, we carried out various community-based activities and programs via our Corporate Social Responsibility ("CSR") umbrella of Takaful *myJalanan*, which comprises of two sub-brands, namely Takaful *myJalanan* Kasih and Takaful *myJalanan* Ilmu. Various beneficiaries from different backgrounds including, families and individuals in need, the community as well as students have benefited from our contributions.

#### Corporate Social Responsibility Initiatives

- In support of the Pahang Flood Relief, a program organized by the Yayasan Al-Sultan Abdullah ("YASA") to raise funds in facilitating aid to flood victims, Takaful Malaysia contributed a sum of RM100,000 to supplement the resources needed for the ongoing disaster relief operations in the severely affected districts in Pahang.

## SUSTAINABILITY STATEMENT

- The Group collaborated with Pertubuhan Kesihatan Dan Kebajikan Umum Malaysia ("PKKUM") and donated RM22,000 to organize a food distribution program called the Food for All Project involving the Chow Kit community to help those in need access and consume nutritious food.
- We have stepped up to the plate and initiated a Laptop Assistance Program to distribute laptops to underprivileged students at selected higher education institutions nationwide at a total cost of RM55,000, in line with our brand promise to create and implement solutions to social challenges in response to our stakeholder demands and expectations.
- Recognizing the importance of mobile devices such as tablets as essential learning tools, especially due to the implementation of Teaching and Learning from Home, the Group donated a total of 26 tablets worth RM19,500 to underprivileged students in selected schools in Perak and Kelantan.
- Takaful Malaysia donated intensive care unit ("ICU") equipment worth approximately RM75,000 to Hospital Tengku Ampuan Rahimah ("HTAR") in Klang as part of the Group's corporate social responsibility ("CSR") initiative in fighting against the COVID-19 pandemic.
- In the face of the increasing number of patients seeking treatment at the community dialysis centre of Masjid At-Taqwa, we donated a dialysis machine to Masjid At-Taqwa Haemodialysis Centre ("MAHC") in Kepala Batas, Pulau Pinang, and contributed RM5,000 to Masjid At-Taqwa in providing financial support and helping to supplement the resources needed for the overall operations of the mosque.
- The Group donated intensive care unit ("ICU") equipment worth RM94,000 to the Penang General Hospital ("PGH") to assist PGH in providing medical treatment and ensure patients have timely access to medical treatment and services.
- Takaful Malaysia has taken the initiative to make financial contributions to selected individuals and families affected by the COVID-19 pandemic amounting to RM68,000 in the hope that monetary assistance will ease the burden of the beneficiaries.
- We donated RM50,000 towards the Vivekananda Ashrama Kuala Lumpur in support of its Viveka Academic Program ("VAP") to create better educational opportunities for the four schools under the care of the Vivekananda Ashrama Kuala Lumpur ("VAKL").
- Following the landslide disaster which affected the residents of Taman Gambang Damai, Kuantan, the Ministry of Finance along with LPPSA, and the panel takaful operators, including Takaful Malaysia, have stepped up to the plate by providing financial assistance to the affected residents so that they can recuperate in the wake of the unprecedented disaster.
- In conjunction with the month of Ramadan 1442H, Takaful Malaysia reached out to 150 underprivileged families from various backgrounds nationwide to lend a helping hand and ease their financial burden by donating food supplies and financial assistance amounting to RM85,000.
- Takaful Malaysia contributed a total of RM100,000 to the Musa'adah COVID-19 Fund, an initiative organized by the Department of Islamic Development Malaysia ("JAKIM") to help ease the burden of those severely affected by the outbreak including, Tahfiz schools, orphanages, and non-Muslim shelters nationwide.
- We contributed RM10,000 to Majlis Kanser Nasional ("MAKNA") in support of its ongoing initiatives to raise awareness of breast cancer among the public and reach out to the community through various awareness activities.
- We partnered with the Green Ribbon Group to publish a booklet to foster awareness and mobilize social support for mental health and well-being in the workplace. In this booklet, we have assembled an assortment of topics encompassing a wide range of subject matters related to mental health and well-being in the workplace. This special partnership is our CSR initiative to help our employees and others enjoy the benefits of good mental health and well-being in the workplace.



## SUSTAINABILITY STATEMENT

### Responsible Corporate Citizen

We conducted corporate social responsibility (“CSR”) activities and programs to provide assistance in the form of monetary and in-kind contributions to various recipients, including individuals, education centres, charitable organizations, and communities through our charity fund. Recognizing the importance of fulfilling our responsibilities as a takaful operator by providing assistance to those in need, the Group distributed zakat contributions to the respective zakat offices throughout the country during the year under review.

#### Distribution of Zakat and Charity Fund

2019	2020	2021
<b>RM1,048,189</b>	<b>RM839,253</b>	<b>RM1,450,274</b>

### Knowledge Sharing

- We collaborated with one of our bank partners to organize a sales webinar attended by more than 250 customers to position our products and services in the minds of the bank’s customers and drive leads into our sales pipeline apart from building personal relationships and conducting real-time conversations with the participants.
- Understanding the importance of webinars from a business standpoint, we conducted webinars covering wellness-related topics and business performance matters to create ongoing engagement with our corporate agents and clients.
- As part of our business agenda to encourage corporate agents to outperform their previous achievements and strive to be the best, our general takaful arm, STMAB conducted various online programs to support and provide its corporate agents with the necessary skills and related training to help them excel and achieve business targets.
- The Group conducted a webinar to provide information on Takaful *mySME* Partner, an ideal employee benefits plan with comprehensive coverage specially designed for Small and Medium Enterprises, and also provided an overview of the value propositions of our Third Party Administrators (“TPA”).
- A wellness webinar discussing back pain with a live demo by a physiotherapist on back pain assessment was jointly organized with KPJ Healthcare for our corporate clients to share useful information on back pain, including common issues that cause significant pain and distress, as well as tips for reducing the risk of developing back pain.
- We organized a series of webinars to increase the level of knowledge on Shariah-related topics and raise awareness of the takaful business among employees and corporate clients.
- Focusing on nutrition and sleep that play an important role in our health, which can directly affect sleep quality, we organized a webinar for our corporate clients and invited the Head of Dietetics and Food Service from Columbia Asia Hospital as the guest speaker to discuss the relationship between nutrition and sleep that is often overlooked, and to create opportunities by optimizing both to lead a balanced and healthy lifestyle.