

OUR APPROACH TO SUSTAINABILITY



Sustainability lies at the core of our business ethos, impacting economic, environmental and social dimensions. This requires a comprehensive understanding of how our actions can influence these areas. By prioritising sustainability, we can address global challenges such as climate change, loss of biodiversity and social inequality, employing strategies like reducing our carbon footprint and fostering inclusivity in the workplace. These endeavours not only help to build vibrant communities but also protect the planet for future generations.

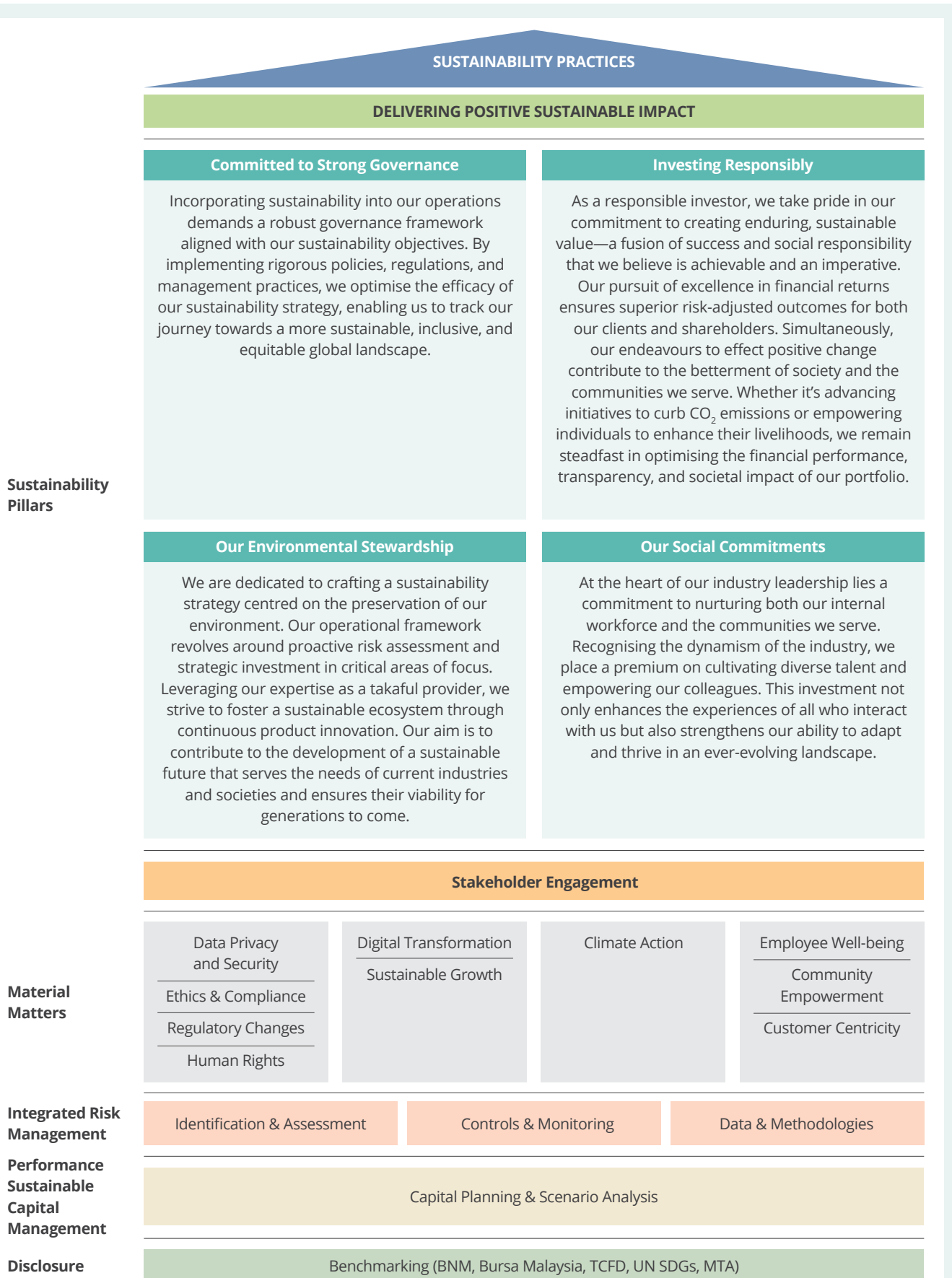
Furthermore, sustainability is a moral obligation, and a strategic imperative essential to our long-term success, competitiveness and resilience. Integrating sustainability into our plans and day-to-day operations yields multiple benefits, including bolstering our reputation, reducing operational costs, mitigating risks and fostering innovation and resilience. As such, we are committed to embedding sustainability into our core practices and decision-making processes to create value for our business and stakeholders and contribute to the greater good of society and the environment.

SUSTAINABILITY FRAMEWORK

A robust sustainability approach is essential in our sustainability journey as it guides us in embedding sustainability in our decision-making and business operations. It enables us to navigate challenges as we seek to respond to evolving stakeholder demands, customer needs, business landscape and regulatory requirements. We review and revise our sustainability strategy periodically to ensure that our approach remains relevant to current changes, expectations and risks.

In FY2023, we reviewed our sustainability approach. We refreshed our sustainability pillars, an overarching framework for our value-creation journey. These pillars are aligned with our sustainability material matters, allowing us to move towards our goal of Delivering Positive Sustainable Impact through embracing sustainability practices. The enhanced sustainability framework will ensure that our sustainability disclosures are benchmarked against the requirements of Bank Negara Malaysia (BNM) and Bursa Malaysia, the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), United Nations Sustainable Development Goals (UN SDGs) and Malaysian Takaful Association (MTA). The refreshed sustainability framework was endorsed by the Board on 23 November 2023 and implemented across the Group.

OUR APPROACH TO SUSTAINABILITY

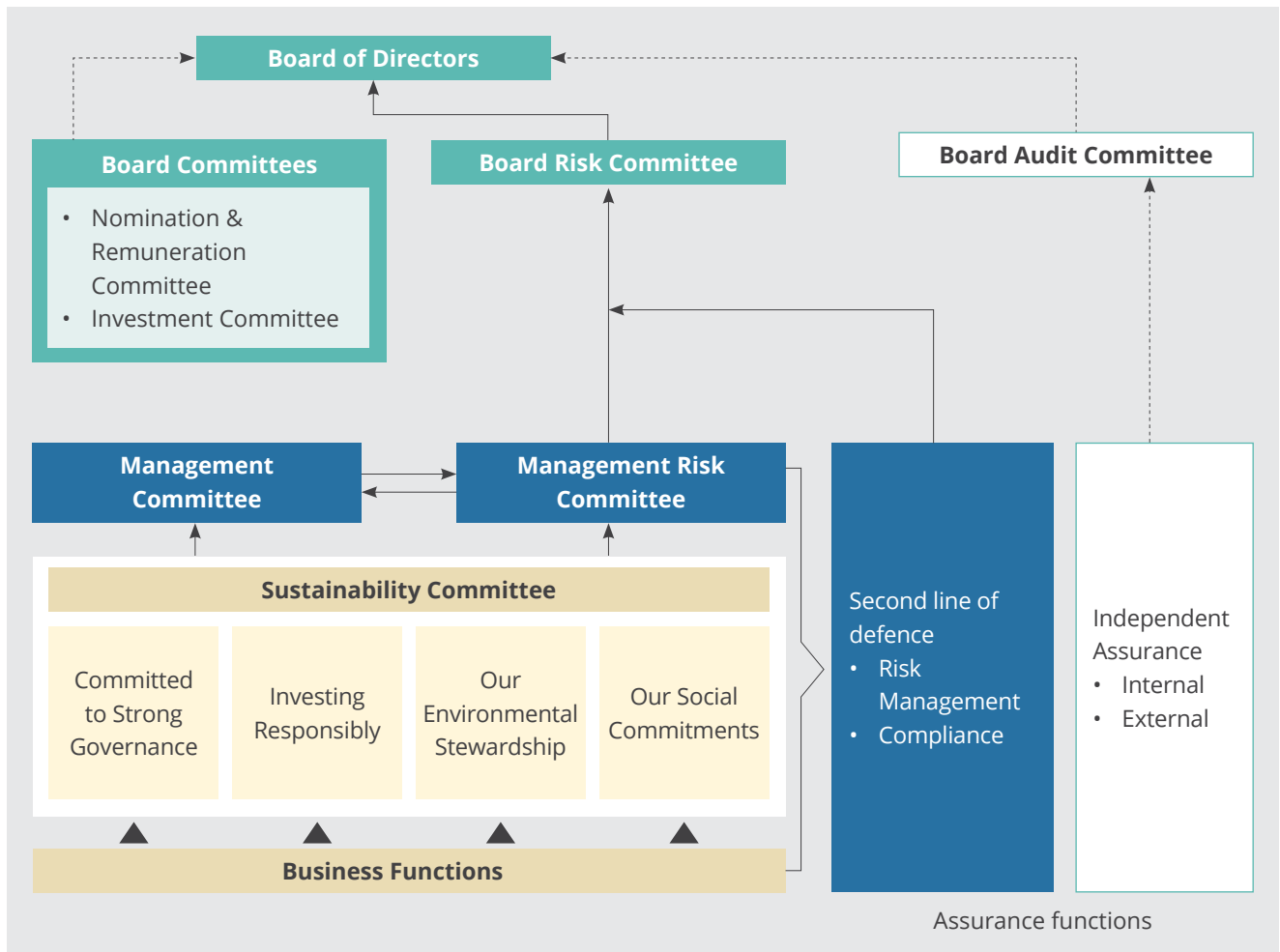


OUR APPROACH TO SUSTAINABILITY

SUSTAINABILITY GOVERNANCE

Sustainability governance is essential for Takaful Malaysia as it integrates sustainability goals into our strategy and operations, ensuring accountability, transparency and oversight for managing environmental, social and governance (“ESG”) risks and opportunities. We can foster stakeholder trust by aligning sustainability with business objectives, thereby reducing reputational and regulatory risks.

We have established a robust sustainability governance framework based on our commitment to sustainability. The Board oversees, provides advice and endorses our overarching sustainability strategy, governance framework, priorities and targets. Additionally, the Board implements and integrates sustainability initiatives across the organisation to ensure robust governance and effective oversight.



The Board is supported by the Management Committee, which is responsible for the day-to-day management of sustainability risks and opportunities. The committee is also tasked with developing strategies, identifying priorities and targets, organising initiatives and ensuring they are effectively executed. Supported by the Sustainability Committee, both these committees work together in the adoption and execution of ESG strategies and initiatives.

Sub-committees are established to focus on each of the four sustainability pillars to facilitate effective execution. Heading the sustainability agenda, the Head of Sustainability is vital in managing and coordinating all sustainability-related matters, ensuring alignment with organisational objectives and industry best practices. Additionally, to effectively manage ESG risks, we integrate them into our internal control systems across three lines: business units/ functions, control functions and audits. Each line has its own duties to ensure ESG risks are managed thoroughly and efficiently. Furthermore, to provide a unified approach, we continuously align our strategies and business practices across Takaful Malaysia and its local subsidiaries at every level of governance.

OUR APPROACH TO SUSTAINABILITY

The Board delegates specific sustainability oversight responsibilities to its committees as outlined below:

Contributing Entity	Roles & Responsibilities
Board of Directors	<ul style="list-style-type: none"> Ensures effective oversight and strategic alignment with the sustainability agenda Assesses and endorses sustainability-related risks and opportunities Integrates sustainability practices and clarifies roles for Board Committees and Management Stays informed on sustainability risks, including climate-related concerns Approves policies regarding sustainability disclosures Sets the tone from the top and fosters a culture of sustainability management
Board Committees	<ul style="list-style-type: none"> The Board delegates sustainability oversight of its committees: <ul style="list-style-type: none"> Nomination and Remuneration Committee: Aligns incentive plans to sustainability targets and KPIs and submits a performance review to the Board and senior management Audit Committee: Oversees sustainability-related disclosures Investment Committee: Manages sustainable investment policies Board Risk Committee: Oversees sustainability risk management
Board Risk Committee (BRC)	<ul style="list-style-type: none"> Ensures effective management of sustainability risks that may hinder Takaful Malaysia's strategic objectives Endorses the Sustainability Risk Management Framework, related policies, risk appetite and limits for risk-taking activities Approves risk appetite and limits for BOD Receives sufficient information on sustainability risk exposure and management activities
Management Committee	<ul style="list-style-type: none"> Oversees and integrates sustainability across the Group's three lines of defence Assesses and approves sustainability strategies Coordinates Group-wide sustainability initiatives with support from the Sustainability Committee Adopts and implements frameworks like Value-Based Intermediation for Takaful (VBIT) Provides the Board with updates on sustainability opportunities and risks
Management Risk Committee (MRC)	<ul style="list-style-type: none"> Establishes policies and procedures for managing sustainability risks Oversee risk identification, assessment and action plans established by Business Owners Allocates resources for risk management Ensures effectiveness and relevance of the Sustainability Risk Management Framework (SRMF)
Sustainability Committee	<ul style="list-style-type: none"> Ensure respective departments implement policies for sustainability practices and smooth customer interactions Establish relevant risk appetite and limits Manage sustainability reporting and the Sustainability Report as part of the Annual Integrated reporting Drive continuous ESG capacity building, training and culture Regularly assess organisational effectiveness in supporting sustainability strategies
Head of Sustainability/ Sustainability Department	<ul style="list-style-type: none"> Monitor ESG initiatives with the support of the Sustainability Committee, adapting strategies as needed Provide updates on sustainability initiatives to MRC and/or Board Committees for decision-making Coordinate preparation of Sustainability Reports and engage with external stakeholders Organise capacity building and training plans for the Board, senior management and staff
Business Functions/ Units (First line of defence)	<ul style="list-style-type: none"> Identify, assess and manage sustainability risks in daily operations, including customer or business partner interactions and new product approvals Support and implement internal or external sustainability initiatives
Control Functions	<ul style="list-style-type: none"> Risk Management Division (RMD) <ul style="list-style-type: none"> oversees SRMF maintenance, coordinates risk assessments and reports material risks to MRC and BRC Compliance <ul style="list-style-type: none"> ensures compliance with laws, regulations and internal policies, including those set by BNM or Bursa Malaysia Internal Audit <ul style="list-style-type: none"> interdependently reviews and assures the effectiveness of internal control systems for managing sustainability risks

COMMITTED TO STRONG GOVERNANCE

Incorporating sustainability into our operations demands a robust governance framework aligned with our sustainability objectives. By implementing rigorous policies, regulations, and management practices, we optimise the efficacy of our sustainability strategy, enabling us to track our journey towards a more sustainable, inclusive, and equitable global landscape.

DATA PRIVACY AND SECURITY



WHY IT IS IMPORTANT

The role of data is increasingly important to businesses as it drives operations and empowers better decision making. We rely on stable data management systems to safeguard the privacy of our stakeholders as we recognise that the absence of data security exposes us to risks of data breaches and loss. To this end, we ensure that tight control mechanisms are applied and we continue to upgrade our data management systems to prevent violations and mishandling. As Takaful Malaysia operates within the principles of Shariah, our commitment is vital for maintaining business continuity and upholding our reputation, and facilitate efficient operations and market expansion.

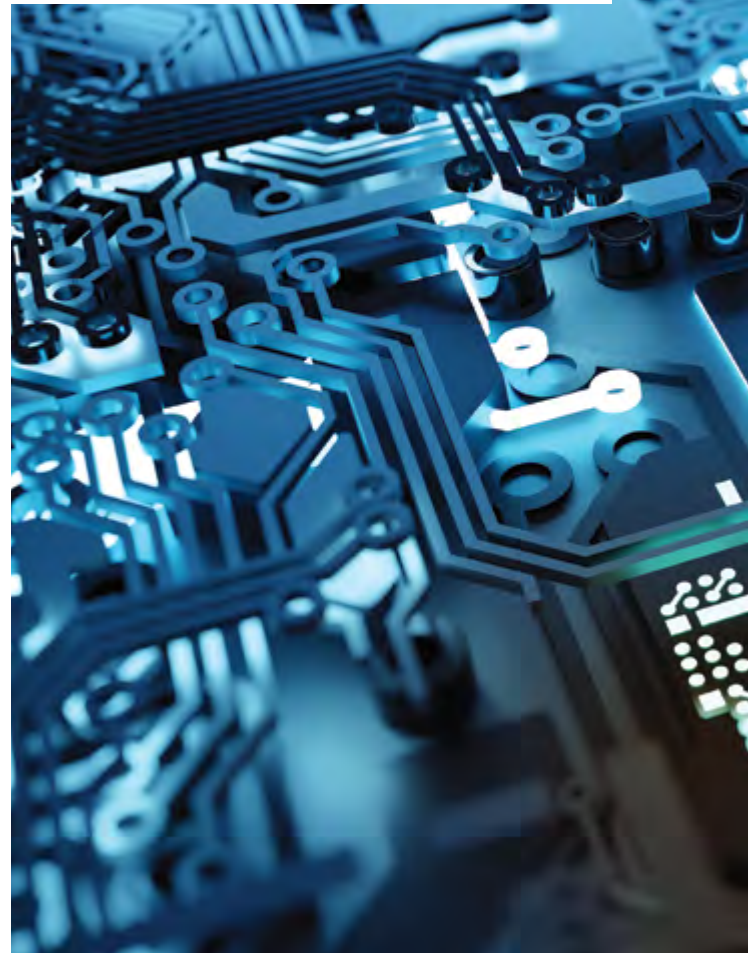
OUR APPROACH

Maintaining a reliable data security and protection system is crucial for us to consistently build trust with our stakeholders and uphold rigorous ethical business standards. Additionally, data security risks remain high for the organisation as cyberattacks can lead to significant business interruption, increased operational costs and regulatory scrutiny.

In enforcing a resilient data security and protection system, we adhere to the following frameworks and policies:

- Enterprise Risk Management Framework
- Operational Risk Management Framework
- Outsourcing Risk Management Framework
- Business Continuity Management Framework
- Fraud Risk Policy
- Incident Management Policy
- Data Governance Framework
- Cyber Resilience Framework

We also ensure that ethical conducts are integrated into our operations by practising transparency through the establishment of communication channels to promptly address concerns, and foster trust and accountability.



PROGRESS AND ACHIEVEMENTS

In FY2023, we improved our risk management framework, system and processes to further stabilise our data privacy and security systems:

- Upgrading and streamlining our IT infrastructure
- Rolling out learning and awareness initiatives to strengthen staff awareness and understanding of risks emanating from our business operations and their responsibilities in managing them
- Continuing review of our data loss prevention framework to prevent risk of data leakages
- Review outsourcing risk management framework, to include elevated expectations on due diligence on capability of third party providers in managing data and information security

COMMITTED TO STRONG GOVERNANCE



In 2023, we conducted two cybersecurity training initiatives: a Governance Week for Cybersecurity and a Computer-Based Cybersecurity Awareness programme, both of which were attended by all employees. Furthermore, we conducted cybersecurity awareness quiz simulation, cybersecurity e-learnings and phishing tests, demonstrating our workforce's strong understanding of the importance of cybersecurity.

- Engaging with regulators and industry associations to better understand new requirements and assist in developing robust structures
- Enhancing our Operational Risk Management Framework
- Strengthening internal control and governance processes

Our IT Steering Committee has oversight of our data governance framework, which effectively manages and mitigates our cybersecurity risks, leading to the implementation of the following measures and practices:

A Security Operations Centre for 24/7 monitoring of servers and network devices, and detection of potential threats

Continuous assessment and enhancement of our security posture and cyber resilience capability, including evaluating both our internal mechanisms as well as those of our outsourced service providers

Implementation of a data loss prevention solution

Simulation exercises for cyber-attacks, including phishing and ransomware, to assess the effectiveness of incident responses

Perform regular penetration testing to identify potential vulnerabilities

Regular and mandatory employee awareness and training on cybersecurity including talk by industry experts to Board and management on cyber threats and defences

During the year under review, we have received zero complaints and breaches concerning customer privacy and losses of customer data.

GOING FORWARD

We will continue to stay current by strengthening policies, transparency, and proactive risk management while ensuring ethical practices.

COMMITTED TO STRONG GOVERNANCE

ETHICS AND COMPLIANCE



WHY IT IS IMPORTANT

Upholding compliance safeguards our reputation and credibility and strengthens our integrity and fosters accountability across our organisation. By championing responsible conduct, we not only enhance our reputation as a trustworthy and transparent organisation but also reaffirm our commitment to serving our stakeholders with integrity and diligence.

As a leading Malaysian company and a vital contributor to our nation's growth, our commitment to ethical conduct serves as a beacon, attracting top talent and investment to propel our collective success. Through our unwavering commitment to these principles, we not only strengthen our position as a trusted takaful provider but also actively contribute to fostering the country's reputation as a centre for ethical business practices and fostering sustainable progress.

OUR APPROACH

Promoting Compliance at Every Level

We are dedicated to fostering a culture of compliance throughout our organisation through a multifaceted approach. We remain guided by a suite of policies and an internal framework, namely, Compliance Framework, AML/CFT Policy, Whistleblowing Policy, Anti-Corruption Framework and Personal Information Record Management Framework that outline the steps for identifying, monitoring, addressing and reporting instances of non-compliance. We regularly review and update our policies to adapt to evolving requirements and safeguard our reputation. Our commitment to compliance extends to upholding the highest standards of disclosure, transparency, accountability and integrity in accordance with relevant legislation.

Our Whistleblowing Policy ("WP") serves as an avenue for stakeholders to raise concerns anonymously about potential improprieties related to ethics and compliance. This includes areas related to operations, financial reporting, compliance and other malpractices.

The WP aims to enhance the effectiveness of our whistleblowing process, mitigate the risk of retaliation against whistleblowers, and enhance organisational integrity through transparent policies and efficient procedures. It applies to all Takaful Malaysia personnel, and we welcome input from the public through the reporting channel provided in the WP. The reporting could be made through email to the Chairman of the Board or Audit Committee (AC) if it is relating to any Directors or Shariah Advisory Body (SAB) members, to email to the Chairman of AC and Chief Internal Auditor via a designated email address, namely WB-STM@takaful-malaysia.com.my for misconduct of any Chief Officers and via online form to the Chairman of AC and Chief Internal Auditor for misconduct of Senior Management or Employees up to the General Manager's level or in writing to the Chief Internal Auditor.

PROGRESS AND ACHIEVEMENTS

We are committed to continuously refining our policies, practices and organisational culture to champion responsible business conduct. This proactive approach ensures that our takaful operations align seamlessly with industry best practices, further bolstering our adherence to Shariah requirements. In line with this commitment, our initiatives for 2023 encompassed:

Training and Engagements

This includes providing general and role-specific e-learning modules and engagement sessions to educate our employees on the latest laws and regulations pertinent to their roles.

e-Learning Modules

Anti-Money Laundering and Countering Financing of Terrorism ("AML/CFT")

Equipping employees with knowledge and tools to prevent and detect financial crimes, including money laundering and terrorist financing, through adequate due diligence, risk profiling and red flag identification.

Personal Information Record Management Framework ("PIRMF")

Promoting strict adherence to privacy and security standards among employees, including best practices for handling and disclosing customer personal information.

COMMITTED TO STRONG GOVERNANCE

e-Learning Modules

Anti-Corruption Framework (“ACF”)

Providing comprehensive training to employees on compliance coordinators’ roles and covering various compliance topics such as anti-money laundering, personal information management, and anti-corruption measures.

Enterprise-wide risk and Business Continuity Management

Enhancing understanding among employees on risks facing the company, financially and operationally, and governance-wise.

Awareness and Engagement Sessions

Delivering thorough training to employees on the responsibilities of risk and compliance coordinators covering a range of compliance topic.



In line with our training and engagement sessions above, we provide the following statistics regarding our anti-corruption efforts. In line with our training and engagement sessions above, we provide the following statistics regarding our anti-corruption efforts representing a commendable 100% of our workforce:

In 2023, we assessed 100% of our operations, which found nil cases related to corruption. There were zero confirmed incidents of corruption.

No. of employees who received training on anti-corruption

1,071

Percentage (%) of employees who received training on anti-corruption

100%

Number of operations assessed for risks related to corruption

38

Percentage (%) of operations assessed for risks related to corruption

100%

GOING FORWARD

We will focus on advancing our commitment to integrity and ethical excellence. We envision a tomorrow where our organisation sets the standard for transparency, accountability and ethical conduct in our industry. This entails strengthening policies and transparency, engaging in proactive risk management, ensuring adherence to ethical practices and fostering a culture of exemplary behaviour and conduct among our people.

COMMITTED TO STRONG GOVERNANCE

REGULATORY CHANGES



WHY IT IS IMPORTANT

Regulatory changes play a crucial role in ensuring that takaful providers uphold fairness, transparency and Shariah compliance. As a leading takaful provider in the nation, we diligently adhere to strict regulatory standards to safeguard our stakeholders’ interests and uphold the principles of Islamic finance. Failure to comply not only carries the risk of financial penalties but also threatens our access to markets and business opportunities, erodes stakeholders’ trust and undermines our reputation as a reliable organisation.

OUR APPROACH

We are highly dedicated to navigating the dynamic regulatory environments across our operations and our proactive approach ensures compliance at all levels, reflecting our commitment to ethical conduct and sustainability. We manage this through a structured process of communicating any new or revised BNM policy documents, notifications, circulars and exposure draft, and any other regulatory or association bodies notifications or circulars to internal stakeholders and business partners who may be impacted.

Where necessary, we update internal policies and frameworks affected by regulatory changes, ensuring they align with the latest guidelines and regulations. We then engage in internal discussions and communication to ensure that these updates are well understood and integrated into our operational processes.

PROGRESS AND ACHIEVEMENTS

During the year under review, we conducted numerous initiatives aimed at fostering regulatory awareness and ensuring compliance, including:

- Talk by an MACC officer on Anti-Corruption to Compliance Coordinators, Senior Management, Shariah Advisory Body and Board members
- Engagement session with Compliance Coordinator via a Governance Week, a collaboration with other control functions department
- A compulsory training via e-Learning on Compliance-related policies and frameworks to all staff of Takaful Malaysia

There were zero financial and in-kind political contributions made directly and indirectly to our organisation during the reporting period. Furthermore, there were no legal actions pending or completed during the same period regarding anti-competitive behaviour, violations of anti-trust or monopoly legislation in which Takaful Malaysia was identified as a participant.



GOING FORWARD

Looking ahead, our commitment to regulatory awareness and compliance remains steadfast. We will persist in implementing a diverse range of initiatives to enhance understanding and adherence to regulatory standards. These efforts will encompass comprehensive training programmes, regular updates on evolving regulatory frameworks and proactive engagement with regulatory authorities. We aim to fortify our operations, maintain trust among stakeholders and uphold the integrity of our business practices by prioritising regulatory awareness and compliance.

COMMITTED TO STRONG GOVERNANCE

HUMAN RIGHTS



WHY IT IS IMPORTANT

At Takaful Malaysia, our approach to human rights is deeply intertwined with our core values of respect, dignity, and equality. We are committed to embedding these principles in all aspects of our operations, policies, and engagements with our stakeholders. This commitment include proactively identifying, assessing and managing potential human rights risks internally and throughout the organisation.

Considering their needs and concerns, engaging in a meaningful and transparent manner with employees and stakeholders is essential. This approach signifies a commitment to uphold universal human rights standards and contribute to community well-being.

This focus on human rights aligns seamlessly with our ethical values as a company guided by Islamic principles. It enhances our reputation, mitigates potential risks, and fosters a robust engagement among our employees. Furthermore, it underpins our commitment to sustainable development, a key driver in our journey towards being a leading takaful operator.

Incorporating human rights considerations into our social and community initiatives is a matter of compliance or reputation management. It reflects our dedication to upholding Islamic values, strengthening community bonds, ensuring ethical governance, managing risks, fulfilling social responsibility, and enhancing reputation and market position. These efforts are pivotal in strengthening our market position and contributing to Takaful Malaysia's long-term sustainability and success.

OUR APPROACH

We are guided by relevant legislation such as the Employment Act 1955, the Minimum Retirement Age Act 2012, and other applicable laws concerning human and employee rights.

In addition, engaging constructively and transparently with our employees and stakeholders is a pivotal part of our approach. We recognise the importance of considering their needs and concerns, ensuring that our engagements are meaningful and reflective of our dedication to upholding universal human rights standards. This practice is integral not only to our operations but also to our contributions towards community well-being.

PROGRESS AND ACHIEVEMENTS

Labour Management Relations

Effective labour management relations are crucial for Takaful Malaysia as it fosters a harmonious workplace environment, enhancing productivity and employee satisfaction. Takaful Malaysia enhances labour management relations through various strategies and initiatives. This involves prioritising open communication channels between Management and employees via town hall meetings, organising employee engagement programmes to foster camaraderie, ensuring fair treatment through clear policies, investing in training and development opportunities, conducting employee experience surveys to gather feedback, and establishing harmonious relation between Union and management via constant engagement with union exco and members. These efforts demonstrate Takaful Malaysia's commitment to foster a positive work culture and driving organisational success.

At Takaful Malaysia, our representatives meet with the respective unions every three years to finalise a collective agreement. Provisions for medical benefits and compensation for medical boards are present in all of our collective agreements. The notice period and provisions for consultation is set at a minimum of three months.

In addition, our Whistleblowing Policy ("WP") allows our stakeholders and employees to report their concerns, complaints or grievances for human rights-related issues. Our employees can use Whistleblower and Grievance Handling & Disciplinary Procedures channels to report their grievances without fear of retaliation.

Minimum Notice on Operational Changes

We constantly endeavour to give our employees advance notification of any changes to their workplace, job functions, or other related aspects of their employment across all operation sites.

For other operational changes that affect our employees, the Management makes decisions on a case-by-case basis. In addition, we set a minimum of 12 weeks' notice for employees and their representatives if the implementation of significant operational changes could substantially affect them.

Non-Discrimination Policy

Takaful Malaysia takes an unwavering zero-tolerance stance on discrimination and harassment in all forms, including gender, sexual orientation, race, religion, political beliefs, and disability, among others. This position is explicitly conveyed to all employees, whether new or current, within our Employee Handbook. In 2023, there were zero incidents of discrimination at Takaful Malaysia.

COMMITTED TO STRONG GOVERNANCE

Freedom of Association and Collective Bargaining

Takaful Malaysia recognises and respects the freedom of every employee to establish and become members of unions of their preference and to engage in collective bargaining. We do not impose any limitations on our employees' rights to association and collective bargaining.

There were no violations of worker's rights to exercise freedom of association or collective bargaining for Takaful Malaysia's operational personnel and suppliers in the year under review. We adhere to the Industrial

Relations Act 1967 and the Trade Unions Act 1959, upholding the rights of employees to freely associate and engage in collective bargaining.

In 2023, 89 employees were covered by our collective bargaining agreements, or 8.5% of our employees. For employees not covered by collective bargaining agreements, especially at the level of executive and above, entitlements and benefits are based on the Contract of Employment and Employee Handbook.

Our Human Rights Training Programmes and Initiatives

Incorporating human rights initiatives into the organisational framework is essential for cultivating a work environment that upholds respect, dignity and equality for all employees. Crucial to these efforts are initiatives such as introducing comprehensive HR training programmes. These are designed to promote awareness and ensure compliance with HR principles and legal standards.

- **Diversity and Inclusion Awareness:** Integrating initiatives into Leadership programmes to promote diversity and inclusion across the organisation. This includes recruitment practices designed to offer equal opportunities to people from various backgrounds, and nurturing an organisational culture that values respect and acceptance.
- **Employee Engagement:** Actively engaging with employees to understand their needs and address concerns, ensuring that the organisation's activities and operations are aligned with and supportive of human rights within the community.
- **Whistleblower Protection:** Developing mechanisms to safeguard individuals who report human rights abuses or unethical practices within the organisation, thus providing a secure environment for employees to voice concerns without fear.
- **Sexual Harassment Awareness:** Promoting awareness among employees about unacceptable verbal or physical conduct, aiming to create a workplace that is fair, respectful, and conducive to the well-being of all staff.

In 2023, there were zero substantiated complaints of human rights violations at Takaful Malaysia.

GOING FORWARD

Takaful Malaysia will continue prioritising human rights initiatives as part of our organisational culture. To achieve this, we will enhance human rights initiatives by refining training programmes to ensure ongoing awareness and compliance with human rights principles and laws. Open communication and feedback channels will sustain an environment where employees feel empowered to voice concerns and contribute to decision-making processes. Organisations must promote diversity and inclusion through policies and concrete actions that foster belonging among employees from diverse backgrounds. Moreover, initiatives supporting employee well-being, such as mental health support and flexible work arrangements, will be reinforced and adapted to meet evolving workforce needs. Through implementing and consistently enhancing these initiatives, Takaful Malaysia emphasises our dedication to human rights principles, nurtures a positive workplace culture, and fosters ongoing success for all stakeholders.

We will continue to conduct thorough assessments to identify negative impacts related to human rights that involve evaluating current practices, policies, and external factors that could pose risks to human rights, social and community issues. We believe that through collaboration with industry peers, government agencies, and other stakeholders, we will be able to share best practices, leverage resources, and collectively address systemic issues related to human rights. We will involve relevant stakeholders, such as employees, customers, suppliers, local communities, and advocacy groups, in discussions to gather insights, concerns, and feedback regarding potential negative impacts. This collaborative approach facilitates the identification of blind spots and the development of effective mitigation strategies. We will provide comprehensive training programmes for employees and relevant stakeholders to raise awareness about potential negative impacts and equip them with the necessary knowledge and skills.

INVESTING RESPONSIBLY

As a responsible investor, we take pride in our commitment to create enduring, sustainable value - a fusion of success and social responsibility that is achievable and imperative. Our pursuit of excellence in financial returns ensures superior risk-adjusted outcomes for our clients and shareholders. Simultaneously, our endeavours to effect positive change contribute to the betterment of society and the communities we serve. Whether it's advancing initiatives to curb CO₂ emissions or empowering individuals to enhance their livelihoods, we remain steadfast in optimising the financial performance, transparency, and societal impact of our portfolio.

SUSTAINABLE GROWTH



WHY IT IS IMPORTANT

Sustainable growth is crucial for an organisation as it ensures long-term viability and builds business resilience. By prioritising sustainability, organisations can foster positive relationships with stakeholders, including customers, business partners, employees, investors, and communities, thereby enhancing trust and reputation. Sustainable growth also minimises risks associated with resource depletion, regulatory changes, and climate impacts while capitalising on emerging opportunities in sustainable markets. Moreover, ESG practices can lead to cost efficiencies, innovation, and operational excellence, aligning with ethical principles, and contributing to people and the planet.

OUR APPROACH

The Malaysian government's regulatory directives urge organisations across sectors to prioritise their ESG practices, such as climate action, according to frameworks such as Bank Negara Malaysia's ("BNM") Climate Change and Principle-based Taxonomy ("CCPT") and Climate Risk Management and Scenario Analysis Exposure ("CRMSA"). For Takaful Malaysia, we have empowered our investment division to lead the Group's sustainability initiatives. The investment division is mandated to focus on responsible investment management and refine its commitment to delivering sustainable returns by aligning with Takaful Malaysia's Sustainability Risk Management Framework (SRMF) and ESG considerations.

We have developed an investment policy based on a number of frameworks and standards including, but not limited to BNM's frameworks and the Securities Commission's Sustainable and Responsible Investment (SRI) frameworks. The policy delineates the responsibilities of our research analysts and fund managers in integrating ESG considerations into investment assessment and decision-making processes. It also defines an exclusion list that serves as a whistleblower mechanism and ESG exposure limits.

We recently incorporated the 10 Principles of the UN Global Compact (UNGC) into our policy to further refine our commitments to responsible investment. Guided by these principles, we have established an "investment exclusion list" whereby we avoid investing in companies found to have violated the principles, such as:

- a) Human Rights and complicit in human rights abuses
- b) Labour involving forced labour, exploitation of child labour and human trafficking
- c) Money laundering and financing terrorism
- d) Good governance
- e) Environmental, where businesses engaged in severe environmental damage without meaningful mitigation action in place

Our approach to sustainable growth enables us to create long-term value for our stakeholders as a reliable takaful operator with well-positioned investments. However, we are cognisant that there may be short-term opportunity costs associated with avoiding high-return investments with high ESG risk.

INVESTING RESPONSIBLY

PROGRESS AND ACHIEVEMENTS

In our effort to enforce sustainable growth, we have achieved the following for FY2023:

Responsible Investment Policy

Our investment selection and screening processes applicable to all asset classes are embedded with ESG criteria. This means that we prioritise constituents of the FTSE4Good Bursa Malaysia Shariah Index (“F4GBMS”) and sukuk issued under the Securities Commission’s SRI Framework or the ASEAN Green, Social, and Sustainability Bond Standards. Additionally, we conduct regular monitoring of the ESG activities of our portfolio companies and strive to implement more proactive investment management processes, including:

Deploying emissions reduction initiatives throughout our portfolio

Engaging in ongoing dialogues with our portfolio companies concerning ESG risks and opportunities

We believe Shariah and ESG practices share numerous common principles. By adopting these practices, we can offer our customers high-quality and Shariah-compliant products and services.

This year, we have also enhanced our investment policy to include responsible investment strategy with regards to carbon-intensive sectors with the long term objective to achieve the investment portfolios that in line with the Government initiatives to achieve the net zero emission by 2050.

Achieving a Strong Financial Performance

	2021	2022	2023
Market Capitalisation (RM billion)	3.09	2.88	3.10
Profit Before Zakat & Taxation (“PBZT”) (RM million)	438.7	453.1	507.6
Return on Equity (%)	24.8	21.1	22.5
Earnings per Share (RM sen)	49.43	33.82	41.43
Market Share – General Takaful Business (%)	24.0	24.7	25.4
Market Share – Family Takaful Business (%)	19.7	20.6	22.3

Supporting Local Suppliers

We also rely on a network of trusted suppliers and vendors to fortify our operations and contribute to the organisation’s sustainable growth. To this end, we ensure that we play a role in the nation’s economic expansion by mandating our procurement team to engage local suppliers where possible, supporting their growth.

For the year under review, 96.17% of our products and services were purchased from local suppliers. We have spent approximately RM143 million on local procurement.

FY2022 ► 97.90%, approximately RM140 million

FY2021 ► 98.28%, approximately RM96 million

GOING FORWARD

Managing climate risks will be the critical investment emphasis moving forward, particularly concerning investment assessments to facilitate timely actions to implement changes towards building climate resilience by considering complex scenario analyses. We are also looking into greater collaboration across a broader spectrum of stakeholders when managing the systemic impact of climate-related risks, notably through industry-wide platforms, including those facilitated by the Joint Committee on Climate Change (JC3) and the VBI Community of Practitioners.

INVESTING RESPONSIBLY

DIGITAL TRANSFORMATION



WHY IT IS IMPORTANT

Digital technologies foster sustainable growth for businesses as it drives innovation, streamlines processes and enhances services. Embracing digital transformations and platforms enable us to communicate with a wider range of stakeholders, a better understanding of their needs while reducing our environmental impact. This approach positions us as a forward-thinking organisation, equipping us with the adaptability and agility to innovate in tandem with the digital landscape, benefitting the organisation in the long term. Furthermore, the adoption of digital processes within our business framework leads to reduced operating costs, enabling us to sustain affordable and competitive product offerings.

OUR APPROACH

Digital transformation and innovation are part of Takaful Malaysia's core strategy and we are implementing digital technologies and capabilities across internal operations and customer-facing processes. This includes adopting digital distribution platforms and consistently upgrading our IT infrastructure to meet the latest security and quality standards, which enhances our operational efficiency, accelerating product launches, and reducing long-term operational costs through automation. Additionally, personalised products and services contribute to improved risk management while accessing new markets and customers via digital channels expands our market reach.

However, we are cognisant that digital initiatives require substantial upfront investments in areas such as staff upskilling, career progression, system upgrades, and implementing new technologies, potentially impacting the bottom line. Moreover, regulatory uncertainties can hinder innovation and market competitiveness while data breaches and cyber threats pose significant risks to customer privacy and trust, which can potentially result in lost market share and a diminished competitive edge. Resistance to change and delayed technology adoption further challenge the realisation of these benefits.



To this end, we continue to prudently invest in our digital transformation, and we stand guided by Technology Risk Management Framework, Cyber Resilience Framework and BNM's Risk Management in IT policy in steering us towards seamless integration.

PROGRESS AND ACHIEVEMENTS

This year, we have undertaken several initiatives reflecting our commitment towards moving our business forward digitally:

Launch of DTM Banca Advisory Platform

In strengthening our collaboration with our Bancatakaful partners, we introduced the DTM Banca Advisory Platform, to further enhance our advisory service offerings.

This platform marks a step forward in advancing our B2B services by streamlining our Bancatakaful partners' processes to elevate the onboarding experience for customers.

Additionally, we have also improved our analytics initiatives which now offer us better insights of our customers' onboarding and servicing processes via recorded statistics.

INVESTING RESPONSIBLY

Launch of KAOTIM Platform



We unveiled KAOTIM, a new digital platform managed by the organisation, to enhance takaful mobility. The platform reflects Takaful Malaysia’s commitment towards solidifying the organisation’s presence in digital insurance and takaful sphere, meeting evolving customer demands. The platform is expected to reinforce our retail direct business by attracting new customers, particularly through its innovative technology and vibrant brand identity.

KAOTIM also provides a secure and improved customer experience by streamlining administrative processes and allowing customers to subscribe to MediKad, an all-in-one and low-priced medical coverage plan for Malaysians through an online straight-through platform.

The introduction of MediKad offers:

- Cashless admission to panel hospitals
- Unlimited hospital admission days
- Daily income for admission to Government hospitals, catering to Malaysians aged six to 69 with coverage up to eighty-five years old.

With the accessibility and convenience of MediKad, which can be signed up online via KAOTIM, customers are offered a quick and seamless experience. The initiative, which provides affordable medical coverage to Malaysians, also represents Takaful Malaysia’s journey towards strengthening its position as a leading Islamic financial institution in the insurance and takaful industry.

During the year under review, we invested RM22.9 million in reinforcing our IT infrastructure, a 32% increase from FY2022 at RM17.3 million. Our upgrade included:

Embedding sustainability in our technology environment by addressing End of Life (EOL)/End of Sales (EOS) and implementing capacity expansion to support business demand

Enhancing our strategic delivery for our sales platforms

Transforming technology for our new digital platform has enabled Takaful Malaysia to achieve product innovation, catering to dynamic market demands

GOING FORWARD

Takaful Malaysia will continue investing in upgrading our systems and infrastructure to support digitalisation efforts. By progressively adopting automation and robotics across the Group, we can optimise our performance, drive efficiency, enhance security and improve our products and services. We hope to further foster innovation by exploring strategic partnerships with various technology companies and startups. Additionally, we will proactively promote continuous learning through training and development opportunities in order for our workforce stays abreast with developments.

OUR ENVIRONMENTAL STEWARDSHIP

We are dedicated to crafting a sustainability strategy centred on preserving our environment. Our operational framework revolves around proactive risk assessment and strategic investment in critical focus areas. Leveraging our expertise as an insurance provider, we strive to foster a sustainable ecosystem through continuous product innovation. We aim to develop a sustainable future that serves the needs of current industries and societies and ensures their viability for generations to come.

CLIMATE ACTION



WHY IT IS IMPORTANT

Climate action is vital for our organisation due to the potential significant impacts of climate change on our business and stakeholders. As temperatures rise and extreme weather events become more frequent and severe, insurers face more claims for insured properties, third-party liabilities and other climate-related risks that impact life expectancy and human health.

Failing to address climate change could mean paying out more in claims and a reduction in profitability which could impact investments in shares or sukuk portfolios. Increased spending on climate risk activities and mitigations efforts, along with reduced funds for investment and business underwriting may impact our short-term earnings. Additionally, our inaction could lead to higher costs of takaful to customers and lower yield as more financial institutions and investors focus on ESG-related investments.

To this end, we strive to prioritise shareholder interests in the ESG (Environmental, Social and Governance) space to prevent reputational damage, minimise our risks, protect profits and create a more sustainable and resilient future for everyone.

OUR APPROACH

In our commitment to sustainability, climate adaptation and business resilience, we are guided by these policies and frameworks:



PROGRESS AND ACHIEVEMENTS

In the year under review, we enhanced our Internal Capital Adequacy Process, stress testing and valuation of liabilities to include variables that capture the medium and long-term potential impacts of climate change. We maintained discipline in underwriting risks by considering climate risk factors such as flood mitigation and the location or properties involved.

Additionally, we continued to optimise our consumption of natural resources such as energy, water and paper to make our operations green through these initiatives:

Embracing Energy-Efficient Solutions

We have adopted significant measures to incorporate energy-saving technologies to minimise energy usage throughout our facilities. This includes transitioning to energy-efficient lighting and appliances, implementing centralised air-conditioning systems, maintaining our IT equipment regularly, and replacing inefficient parts. We also recognise that energy conservation extends beyond technology and everyday habits. To this end, we actively promote eco-friendly practices among employees, encouraging practices such as turning off lights when not in use. In FY2023, we embraced energy-efficient solutions, resulting in a significant decrease in energy consumption as part of our commitment to improving building sustainability. A key initiative was the transition to LED lighting, with the installation of 2,816 LED lights under our ESG and cost-saving strategies. Looking ahead, we plan to further enhance our energy efficiency by assessing the potential upgrade of building chillers.

4,375,261 kWh
2023

2022 ▶ 5,249,580 kWh
2021 ▶ 5,617,718 kWh

OUR ENVIRONMENTAL STEWARDSHIP



Consuming Water Resources Responsibly

Conserving water is crucial to enhance our environmental sustainability and optimise costs. We can reduce our environmental footprint and contribute to water conservation by implementing water-saving measures. Our initiatives include monitoring our water consumption, regularly checking our premises for leaks, installing water-efficient fixtures and appliances and promoting employees' awareness of the importance of water conservation. In FY2023, we significantly improved our stewardship of water resources, cutting our total water consumption to 29,679 m³ - a reduction of nearly 50% from the previous fiscal year's total of 39,877 m³. This achievement underscores our dedication to consuming water resources responsibly and efficiently.

29,679
m³
2023

2022 ▶ 39,877 m³

2021 ▶ 12,729 m³

Minimising Paper Consumption

Due to the nature of our business, most of the waste we generate from our operations is from paper consumption. We remain committed to reduce our paper use to protect the environment and embrace digitalisation. This included switching to e-certificates and migrating essential tasks like distribution and claims to online platforms. Our employees can access to all our digital documents to encourage paperless measures in their daily tasks. We encourage employees to be mindful of their paper consumption by adopting responsible printing habits, such as printing on both sides and recycling paper. In FY2023, we successfully reduced our paper consumption by 13% compared to the previous year, a significant achievement stemming from our strategic push towards digitalisation and a company-wide commitment to minimising paper use.

2,866
reams
2023

2022 ▶ 3,282 reams

2021 ▶ 3,118 reams

Sustainable Commuting

In January 2023, the Management unveiled new incentives to promote sustainable commuting practices among employees. This initiative reflects our deep commitment to environmental stewardship and successfully encouraged 172 employees to adopt more eco-friendly modes of transportation by December 2023.

GOING FORWARD

We will focus on meeting the sustainability requirements of our shareholders to ensure long-term value creation while complying with regulatory requirements. To enhance our risk management, we aim to incorporate climate-related factors into our risk mitigation strategies and ensure that we invest responsibly and support human rights issues. Our efforts include executing a phased implementation, which involves setting targets for gradually reducing climate-related exposure on both the investment and business mix fronts. We will also continuously monitor action plans and maintain flexibility while keeping to the overall target.

OUR SOCIAL COMMITMENTS

At the heart of our industry leadership lies a commitment to nurturing both our internal workforce and the communities we serve. Recognising the industry’s dynamism, we prioritise cultivating diverse talent and empowering our colleagues. This investment enhances the experiences of all who interact with us. It strengthens our ability to adapt and thrive in an ever-evolving landscape.

EMPLOYEE WELL-BEING



WHY IT IS IMPORTANT

At Takaful Malaysia, we firmly believe that our employees are the cornerstone of our success. The importance of fostering employee well-being cannot be overstated, as it is intrinsically linked to happiness and work-life satisfaction. By maintaining a work environment and culture that not only attracts but also upskills and retains talent, we ensure the safety and well-being of our workforce. This commitment plays a crucial role in incentivising workforce loyalty and bolstering our reputation as a leader in the industry.

In our current operating environment, we are faced with a pronounced shortage of skilled labour, a challenge that is further intensified by the escalating demand for talent in sectors like banking and technology. Being perceived as an attractive workplace is pivotal to attracting and retaining top-tier talent. This perception directly influences our ability to generate both financial and non-financial value.



OUR APPROACH

Our focus on employee well-being encompasses three areas:

Employee Engagement and Well-Being	Diversity and Equal Opportunity	Training and Development
<p>We strive to create an environment where our employees feel connected and valued. This includes initiatives that promote work-life balance, mental health awareness, and a supportive workplace culture.</p>	<p>Embracing diversity and ensuring equal opportunities for all our employees is incredibly important to us. We are committed to creating an inclusive environment where every employee, regardless of their background, can thrive and contribute to our collective success.</p>	<p>Recognising the rapid evolution of the industry, we place a strong emphasis on continuous learning and development. By providing our employees with opportunities to enhance their skills and knowledge, we increase our organisational capability and empower our employees to achieve their full potential.</p>

OUR SOCIAL COMMITMENTS

PROGRESS AND ACHIEVEMENTS

Employee Engagement and Well-Being

In 2023, we carried out several wellness programmes to promote a healthy work-life balance.

Employee Engagement Activities



List of employee engagement activities conducted in 2023 as below:

- Half-yearly townhall with GCEO and all employees
- Engagement Series with CHRO
- Quarterly Leadership Huddle with GCEO and Management team (Q-Lead)
- Appreciation Sessions with newly promoted employees
- Festive Employee Gatherings
- Sports and Wellness activities
- Spiritual enrichment programmes

In addition, our benefits package for our employees is all-encompassing, ensuring that our people feel safe and well-cared for when they work for Takaful Malaysia. Their benefits include:

- Life Insurance
- Health Care
- Disability and Invalidity Coverage
- Parental Leave
- Retirement Provision
- Child Care Leave
- Family Takaful Coverage
- Health Screening
- Flexible Working Arrangement

OUR SOCIAL COMMITMENTS

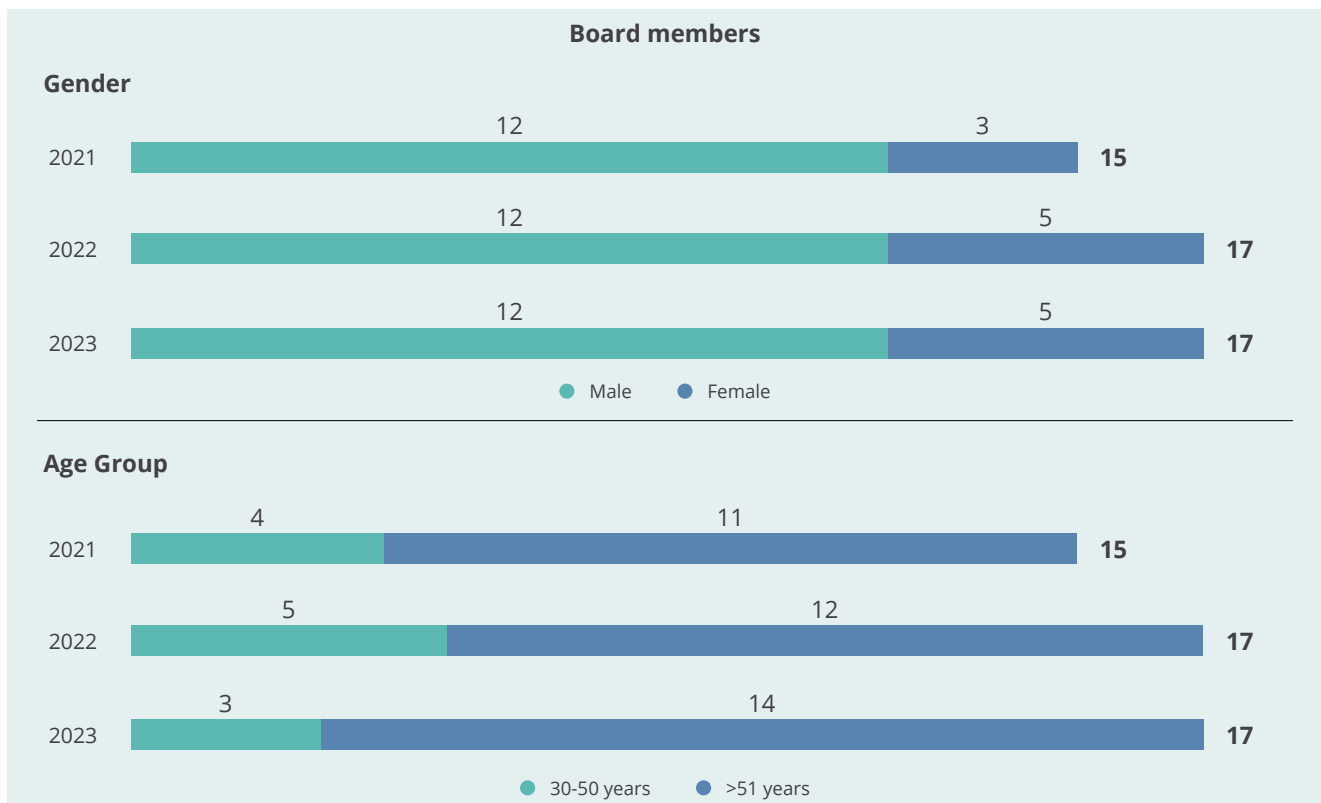
	Men	Women	Total
Number of employees entitled to parental leave	289	359	648
Number of employees who took parental leave	17	18	35
Number of employees who returned to work after parental leave ended	17	14	31
Number of employees who returned to work after parental leave ended and were still employees 12 months after their return to work	15	12	27
Return to work rate	100.0%	77.8%	88.6%
Retention rate	88.2%	66.7%	77.1%

Diversity and Equal Opportunity

In today’s global business environment, diversity and equal opportunity are critical to the success of any forward-thinking organisation. Takaful Malaysia recognises this and is committed to promoting a workplace culture that values diversity in all its forms, be it gender, ethnicity, age, religion or disability.

Equal opportunity is also about allowing all employees to grow and develop their careers within the company. Takaful Malaysia actively works to identify and remove any barriers to advancement, ensuring that promotions and career development opportunities are based on merit and capability, irrespective of an employee’s background.

Diversity of Governance Bodies and Employees



OUR SOCIAL COMMITMENTS

Employees

Employee Category	Gender		Age Group			Ethnicity			
	Male	Female	<30 years	30-50 years	>51 years	Chinese	Malay	Indian	Others
2021									
Senior Management	67%	33%	0%	64%	36%	39%	58%	3%	0%
Middle Management	49%	51%	1%	80%	19%	33%	60%	4%	3%
Junior Management	39%	61%	14%	80%	6%	9%	88%	3%	1%
Clerical	41%	59%	1%	89%	10%	0%	100%	0%	0%
Non-Clerical	57%	43%	0%	57%	43%	0%	100%	0%	0%
2022									
Senior Management	77%	23%	0%	72%	28%	26%	69%	5%	0%
Middle Management	50%	50%	0%	79%	21%	30%	63%	4%	3%
Junior Management	40%	60%	17%	76%	7%	8%	89%	2%	1%
Clerical	41%	59%	1%	88%	11%	0%	100%	0%	0%
Non-Clerical	67%	33%	0%	44%	56%	0%	100%	0%	0%
2023									
Senior Management	74%	26%	0%	54%	46%	28%	63%	7%	2%
Middle Management	52%	48%	1%	73%	26%	27%	67%	3%	2%
Junior Management	40%	60%	19%	74%	7%	6%	91%	2%	1%
Clerical	44%	56%	0%	85%	15%	0%	100%	0%	0%
Non-Clerical	67%	33%	0%	44%	56%	0%	100%	0%	0%

Average Total Remuneration with Ratio of Remuneration between Men and Women by Employee Category

	Average Total Remuneration (Men)	Average Total Remuneration (Women)	Ratio of Remuneration (Men : Women)
Senior Management	RM 683,073.90	RM 512,780.19	1:0.8
Middle Management	RM 185,424.29	RM 182,227.90	1:1
Junior Management	RM 75,407.92	RM 71,742.89	1:1
Clerical/ Non-Clerical	RM 64,869.76	RM 63,306.72	1:1
Overall	RM 152,214.24	RM 107,130.45	1:0.7

Note: The ratio shown as men's average total remuneration : women's average total remuneration, with men's average total remuneration indexed to 1.

OUR SOCIAL COMMITMENTS

Training and Development

Takaful Malaysia recognises that the cornerstone of its sustained success and growth lies in the continuous training and development of its workforce. In an industry that is rapidly evolving, staying current with the latest trends, regulations, and technologies is paramount. By investing in comprehensive training programmes, Takaful Malaysia enhances the skill set of its employees and ensures that it remains competitive and agile in a dynamic market. In 2023, Takaful Malaysia organised an average of 34 training hours per employee per year.

Training and Development Programmes 2023

Name of Programme	Objective	No. of Participants
Leadership Programme	To prepare and furnish our employees for leadership roles	30

Training Hours/ Gender	2021		2022		2023	
	Male	Female	Male	Female	Male	Female
Total No. of Employees	357	460	388	524	459	555
Total No. of Training Hours	7,176	7,123	13,159	15,457	15,453	19,047
Average Training Hours Per Employee	20.10	15.48	33.91	29.50	33.67	34.32

Employee Category	2021		2022		2023	
	Total No. of Training Hours	Average Training Hours Per Employee	Total No. of Training Hours	Average Training Hours Per Employee	Total No. of Training Hours	Average Training Hours Per Employee
Senior Management	807	23.06	3,452	84.2	2,312	48.17
Management	11,368	17.09	21,648	29.33	26,696	31.71
Non-Management	2,124	18.15	3,516	26.44	5,492	44.29

GOING FORWARD

As Takaful Malaysia looks to the future, we remain dedicated in our commitment to foster a nurturing work environment. Continuity will be key in our approach to wellness programmes and related initiatives, all aimed at promoting a harmonious work-life balance.

OUR SOCIAL COMMITMENTS

EMPLOYEE PERFORMANCE DATA

Health and Safety

	2021	2022	2023
Number of work-related fatalities	0	0	0
Lost Time Incident Rate ("LTIR")	0	0	0
Number of employees trained in health and safety standards	0	0	23

Employees by Gender

	2021			2022			2023		
	Female	Male	Total	Female	Male	Total	Female	Male	Total
Number of employees (headcount/FTE)	529	402	931	537	430	967	563	472	1,035
Number of permanent employees (headcount/FTE)	521	388	909	527	412	939	549	447	996
Number of temporary employees (headcount/FTE)	8	14	22	10	18	28	14	25	39
Number of non-guaranteed hours employees (headcount/FTE)	0	0	0	0	0	0	0	0	0
Number of full-time employees (headcount/FTE)	529	402	931	537	430	967	563	472	1,035
Number of part-time employees (headcount/FTE)	0	0	0	0	0	0	0	0	0

Percentage of employees that are contractors or temporary staff

3.8%
FY2023

FY2022 ▶ 2.9%
FY2021 ▶ 2.4%

Total number of workers who are not employees and whose work is controlled by Takaful Malaysia

61

Type of worker	No. of Headcount	Type of worker	No. of Headcount
Agency workers	61	Interns	30
Apprentices	0	Self-employed persons	0
Contractors	0	Sub-contractors	0
Home workers	0	Volunteers	0

OUR SOCIAL COMMITMENTS

New Employee Hires and Employee Turnover

New employee hires	2021		2022		2023	
	Number	Rate	Number	Rate	Number	Rate
Gender						
Male	25	2.7%	71	7.5%	70	7.2%
Female	53	5.7%	58	6.1%	74	7.7%
Age Group						
<30 years	31	3.4%	28	3.0%	54	5.6%
30-50 years	41	4.4%	93	9.8%	83	8.6%
>51 years	6	0.7%	8	0.8%	7	0.7%
Region						
Malaysia	78	8.5%	129	13.6%	144	14.9%
Employee turnover						
Gender						
Male	30	3.3%	43	4.5%	33	3.4%
Female	37	4.0%	52	5.5%	42	4.3%
Age Group						
<30 years	10	1.1%	17	1.8%	18	1.9%
30-50 years	45	4.9%	63	6.7%	45	4.7%
>51 years	12	1.3%	15	1.6%	12	1.2%
Region						
Malaysia	67	7.3%	95	10.0%	75	7.8%

Total Number of Employee Turnover by Employee Category

Employee Category	2021	2022	2023
Senior Management	6	8	3
Middle Management	25	30	25
Junior Management	32	51	44
Clerical	2	4	3
Non-Clerical	2	2	0

OUR SOCIAL COMMITMENTS

COMMUNITY EMPOWERMENT



WHY IT IS IMPORTANT

Takaful Malaysia prioritises community empowerment, leveraging financial and human resources to uplift marginalised and underserved communities throughout Malaysia. We strive to provide equal opportunities for all, ensuring that everyone has a chance to fully realise their potential. To this end, we extend our support to these communities by investing in their needs during challenging times and supporting livelihoods. Our ultimate goal is to empower the people around us, and drive sustainable development across the nation.

OUR APPROACH

In our commitment to building a better Malaysia, we aspire to pursue strategic CSR initiatives to create positive value for communities and engage with them on sustainability issues. Our efforts include offering employment opportunities, upskilling programmes and spearheading impactful community initiatives to enrich communities while mitigating negative social and environmental impacts.

PROGRESS AND ACHIEVEMENTS

In the year under review, we intensified our efforts to empower communities, benefitting various stakeholder groups including NGOs, underprivileged students and orphans. Our initiatives were focused on empowering youths, improving health and supporting the Asnaf community.

As of December 2023, we contributed a total of RM8,760,458 in zakat contributions and charitable donations, benefitting more than 6,000 recipients.

2022 - RM2.9 million
2021 - RM1.45 million

The following initiatives were executed to support local communities in FY2023:

Enabling Opportunities for Youth



Raudhatus Sakinah Bakery Project

We established a bakery station and provided baking facilities to Raudhatus Sakinah, a shelter and rehabilitation centre for Muslim teenage girls in Selangor. The project aimed to cultivate new skills among youth, foster entrepreneurship and enable the centre to generate income.

OUR SOCIAL COMMITMENTS

Enhancing Health

**Di Hatiku Student Food Aid Programme**

In collaboration with the Ministry of Education (MOE), we provided daily nutritious meals to 1,000 Asnaf students across 10 selected primary schools in Selangor and Kuala Lumpur. The food aid initiative commenced on 24 July 2023 and is scheduled to continue until 9 February 2024, covering the 2023/2024 academic year. This initiative aligns with the Ministry of Education's goal of supporting Asnaf students from low-income B40 families, enhancing the health, physical well-being and nutrition of underprivileged students. A total of RM500,000 was contributed to this initiative.

**Di Hatiku Medi Aid Programme**

We contributed financial support to help 100 students suffering from critical illnesses and accidental injuries in Selangor, Perak, Pahang, Kedah, Melaka, Negeri Sembilan and Terengganu. A total of RM500,000 was disbursed through this programme.

OUR SOCIAL COMMITMENTS

Enhancing Health



Di Hatiku IIUM Food Aid Programme

Takaful Malaysia provided financial aid through food coupons redeemable at selected food providers on International Islamic University Malaysia's (IIUM) campus for eligible IIUM students under the Asnaf fakir category. We contributed RM171,750 towards this programme, benefitting 229 students.

Supporting Asnaf



Electrical Appliances for Asnaf Students & Families

Takaful Malaysia donated household appliances to support 64 Asnaf students and their families from Sekolah Kebangsaan Saujana Utama in Sungai Buloh. The programme aims to assist underprivileged Asnaf students and their families in receiving Zakat aid, easing their financial burdens and enhancing their quality of life.

GOING FORWARD

We will undertake additional initiatives to enhance our connection with local communities and address their immediate needs to cultivate a vibrant and thriving society.

OUR SOCIAL COMMITMENTS

CUSTOMER CENTRICITY



WHY IT IS IMPORTANT

Customer centricity is a value that places the needs and preferences of customers at the forefront of business strategies. In creating positive customer experiences, we prioritise operational efficiency as it drives cost savings, improves risk management, ensures regulatory compliance, supports scalability and adaptability, and optimises resource utilisation. These factors increase productivity and ensure seamless operations, benefiting our customers and contributing to the organisation’s long-term success and sustainability.

Additionally, customer-centric approaches enable our business to better understand and anticipate customer needs, leading to the development of more relevant and innovative products and services. The focus on the customers builds enduring relationships, enhances our brand reputation, and differentiates us in competitive markets.

OUR APPROACH

We aim to develop products that fulfil our customers’ requirements and strengthen our operations to deliver customer satisfaction seamlessly. We continuously adopt innovative approaches and embed digitalisation in our development process to ensure that our products and services are relevant to our customers. We also closely interact and engage with our customers to gain feedback and address their concerns.

Our approach to customer centricity is guided by various frameworks such as, but not limited to:

Guidelines on Product Transparency and Disclosure

Bank Negara Malaysia’s Islamic Financial Services Act 2013 Sustainability Guidelines

Fair Customer Treatment Guide

Code of Good Practice

We also adhere to Takaful Malaysia’s Risk Management Framework and Compliance Framework and complement our compliance with training and awareness programmes to ensure that our workforce and stakeholders are aligned.

PROGRESS AND ACHIEVEMENTS

In FY2023, our initiatives focused on improving our current systems to better serve our customers:

Elevating Processes and Systems

Enhancing the e-submission system – the system underwent improvements with an intelligent underwriting engine to streamline instant underwriting approvals. Our customers can now conveniently complete the online underwriting questionnaire at any time and any place. This efficient system has also elevated our relationship with our bank partners as well.

Digitising physical printings – we continue implementing measures to eliminate hard copy print outs, which involves shifting all notices, statements, certificate documents to an electronic platform. With this initiative, our customers can access their information faster and more conveniently.

Promoting sustainability – by increasingly incorporating ESG considerations into our decision-making processes and operations, we can better align our offerings with the values and preferences of our customers, ensuring that we meet their expectations for environmentally and socially responsible products and services.

OUR SOCIAL COMMITMENTS

Takaful Malaysia has taken significant strides in integrating Environmental, Social and Governance (ESG) considerations across its product lines and operations, marking its commitment to sustainable development and responsible business practices.

Product Synergy

The company has fostered product synergy by incorporating ESG factors into product development through collaborations with NGOs, business partners and government agencies. A notable innovation is the introduction of products with a Waqaf/Infaq optional feature in partnership with Lembaga Tabung Haji. This initiative allows a portion of the payout to be directed towards charitable causes, seamlessly integrating financial products with philanthropic objectives and highlighting Takaful Malaysia's commitment to socially conscious financial solutions.

Green Services

Takaful Malaysia introduced environmentally friendly services, such as the windscreen repair option, to minimise wasteful practices and contribute to environmental sustainability. This service reduces the negative impact of windshield glass dumping, aligning with the company's dedication to sustainable and responsible business practices.

ESG Performance Enhancement

The company is actively working to upgrade its ESG Performance Rating to better manage financially relevant ESG risks and opportunities. This effort demonstrates Takaful Malaysia's commitment to aligning with global standards of responsible and sustainable business practices, recognising the importance of ESG in financial decision-making and risk management.

Green Initiative

An ESG-focused initiative undertaken by Takaful Malaysia involves processing End-of-Life Vehicles (ELVs). By focusing on the responsible disposal and recycling of ELVs, the company aims to minimise environmental harm and promote sustainable practices. As of December 2023, 21 ELVs were sold via Pickles Auction, indicating progress in establishing a circular economy for ELVs that prioritises waste minimisation, resource conservation and reduced environmental impacts.

Through these efforts, Takaful Malaysia is contributing to Malaysia's economic transformation, enhancing financial well-being, facilitating a transition to a greener economy, and establishing itself as a leader in sustainable business practices.

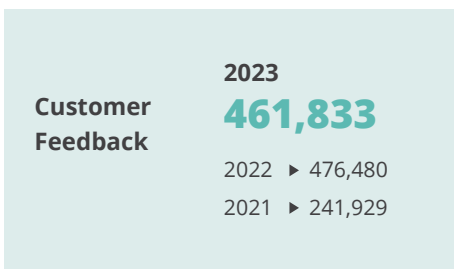
OUR SOCIAL COMMITMENTS

Engaging Customers Sustainably

Our customers can conveniently interact with us via various touchpoints:

Service Centres	24
Hotline	1300 88 252 385
Fax	03 2274 0237
Email	csu@takaful-malaysia.com.my
Corporate Website	www.takaful-malaysia.com.my
Click For Cover – Online Sales Portal	online.takaful-malaysia.com.my
Customer Service Portal	myTakaful Customer portal
Facebook/YouTube/TikTok	Takaful Malaysia
Instagram	takafulmalaysia.official

During the year under review, 461,800 enquiries and 33 complaints from customers were recorded, reflecting a decrease in feedback as compared to the previous year (FY2022: 476,421 enquiries and 59 complaints). The decline is attributed to the implementation of marketing activities aimed on educating customers, promoting digital channels and enhancing customer engagement.



The complaints received primarily pertained to matters related to claims.

GOING FORWARD

Moving forward, we have mapped several areas to elevate our practices in achieving customer centricity:

Consistent Monitoring

We will be establishing a monitoring system to track the progress and impact of our initiatives developed for our customers. This will not only provide better experiences but also enable us to stay informed of changes, reassess risks and adjust our strategies accordingly.

Cybersecurity Measures

The implementation of robust cybersecurity is essential, mainly to protect the organisation, our customers and other stakeholders against potential risks associated with the electronic platforms. Therefore, we are working towards developing up-to-date and more robust security measures which will ensure the integrity of sensitive data and systems.

Communication and Transparency

We are committed to forming better communication channels to keep our customers informed of the progress and potential impacts of our initiatives. The establishment of various platforms will empower us to foster transparency, building trust with our customers by sharing relevant information.

Legal and Ethical Compliance

It is crucial to uphold legal and ethical standards to avoid any actions that could lead to legal and reputational consequences, we will ensure that our initiatives comply with relevant laws and regulations.

STATEMENT OF ASSURANCE

In strengthening the credibility of the Sustainability Statement, this Sustainability Statement for Financial Year Ended 2023 has been subjected to an internal review by the company's internal auditors and has been approved by the company's Audit Committee.

SUBJECT MATTER

The subject matter covered by the internal review included the following common indicators:

Matters	Indicators
Anti-corruption	% of employees who have received training on anti-corruption by employee category % of operations assessed for corruption-related risks Confirmed incidents of corruption and action taken
Community/ Society	Total amount invested in the community where the target beneficiaries are external to the listed issuer Total number of beneficiaries of the investment in communities
Diversity	% of employees by gender and age group, for each employee category % of directors by gender and age group
Energy management	Total energy consumption
Health & Safety	Number of work-related fatalities Lost time incident rate Number of employees trained on health and safety standards
Labour practices & standards	Total hours of training by employee category % of employees that are contractors or temporary staff Total number of employee turnover by employee category Number of substantiated complaints concerning human rights violations
Supply chain management	Proportion of spending on local suppliers
Data Privacy & Security	Number of substantiated complaints concerning breaches of customer privacy and losses of customer data
Water	Total volume of water used

SCOPE

The boundary of the internal audit review includes Syarikat Takaful Malaysia Keluarga Berhad (STMKB) and Syarikat Takaful Malaysia Am Berhad (STMAB) operations in Malaysia.

9 BURSA COMMON INDICATORS TABLE

Indicator	Measurement Unit	2021	2022	2023
Bursa (Anti-corruption)				
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category				
Employees	Percentage	100.00	100.00	100.00
Bursa C1(b) Percentage of operations assessed for corruption-related risks				
	Percentage	100.00	100.00	100.00
Bursa C1(c) Confirmed incidents of corruption and action taken				
	Number	0	0	0
Bursa (Diversity)				
Bursa C3(a) Percentage of employees by gender and age group, for each employee category				
Age Group by Employee Category				
Senior Management Under 30	Percentage	0.00	0.00	0.00
Senior Management Between 30-50	Percentage	64.00	72.00	54.00
Senior Management Above 51	Percentage	36.00	28.00	46.00
Middle Management Under 30	Percentage	1.00	0.00	1.00
Middle Management Between 30-50	Percentage	80.00	79.00	73.00
Middle Management Above 51	Percentage	19.00	21.00	26.00
Junior Management Under 30	Percentage	14.00	17.00	19.00
Junior Management Between 30-50	Percentage	80.00	76.00	74.00
Junior Management Above 51	Percentage	6.00	7.00	7.00
Clerical Under 30	Percentage	1.00	1.00	0.00
Clerical Between 30-50	Percentage	89.00	88.00	85.00
Clerical Above 51	Percentage	10.00	11.00	15.00
Non-Clerical Under 30	Percentage	0.00	0.00	0.00
Non-Clerical Between 30-50	Percentage	57.00	44.00	44.00
Non-Clerical Above 51	Percentage	43.00	56.00	56.00
Gender Group by Employee Category				
Senior Management Male	Percentage	67.00	77.00	74.00
Senior Management Female	Percentage	33.00	23.00	26.00
Middle Management Male	Percentage	49.00	50.00	52.00
Middle Management Female	Percentage	51.00	50.00	48.00
Junior Management Male	Percentage	39.00	40.00	40.00
Junior Management Female	Percentage	61.00	60.00	60.00
Clerical Male	Percentage	41.00	41.00	44.00
Clerical Female	Percentage	59.00	59.00	56.00
Non-Clerical Male	Percentage	57.00	67.00	67.00
Non-Clerical Female	Percentage	43.00	33.00	33.00
Bursa C3(b) Percentage of directors by gender and age group				
Male	Percentage	71.40	62.50	62.50
Female	Percentage	28.60	37.50	37.50
Above 50	Percentage	57.00	50.00	25.00
Above 60	Percentage	43.00	50.00	75.00
Bursa (Energy management)				
Bursa C4(a) Total energy consumption				
	Megawatt	5,617,718.00	5,249,580.00	4,375,261.00
Bursa (Community/Society)				
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer				
	MYR	1,450,000.00	2,900,000.00	8,760,458.00
Bursa C2(b) Total number of beneficiaries of the investment in communities				
	Number	750	1,500	6,000
Bursa (Health and safety)				
Bursa C5(a) Number of work-related fatalities				
	Number	0	0	0
Bursa C5(b) Lost time incident rate ("LTIR")				
	Rate	0.00	0.00	0.00
Bursa C5(c) Number of employees trained on health and safety standards				
	Number	0	0	23

Internal assurance

External assurance

No assurance

(*)Restated

9 BURSA COMMON INDICATORS TABLE

Indicator	Measurement Unit	2021	2022	2023
Bursa (Labour practices and standards)				
Bursa C6(a) Total hours of training by employee category				
Senior Management	Hours	807	3,452	2,312
Management	Hours	11,368	21,648	26,696
Non-Management	Hours	2,124	3,516	5,492
Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	2.40	2.90	3.80
Bursa C6(c) Total number of employee turnover by employee category				
Senior Management	Number	6	8	3
Middle Management	Number	25	30	25
Junior Management	Number	32	51	44
Clerical	Number	2	4	3
Non-Clerical	Number	2	2	0
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	0	0	0
Bursa (Supply chain management)				
Bursa C7(a) Proportion of spending on local suppliers	Percentage	98.28	97.90	96.17
Bursa (Data privacy and security)				
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0	0	0
Bursa (Water)				
Bursa C9(a) Total volume of water used	Megalitres	12,729.000000	39,877.000000	29,679.000000

Internal assurance

External assurance

No assurance

(*)Restated