

**SYARIKAT TAKAFUL MALAYSIA KELUARGA BERHAD**  
198401019089 (131646-K)

**MINUTES OF 39<sup>TH</sup> ANNUAL GENERAL MEETING OF SYARIKAT TAKAFUL MALAYSIA KELUARGA BERHAD (“TAKAFUL MALAYSIA KELUARGA” OR “COMPANY”) HELD VIRTUALLY AT THE BROADCAST VENUE AT DEWAN AHMAD MOHAMED IBRAHIM, 5<sup>TH</sup> FLOOR, ANNEXE BLOCK, MENARA TAKAFUL MALAYSIA, NO. 4, JALAN SULTAN SULAIMAN, 50000 KUALA LUMPUR ON THURSDAY, 23 MAY 2024 AT 9:30 A.M.**

**PRESENT:**

**BOARD OF DIRECTORS**

Dato’ Mohammed Haji Che Hussein (Chairman)  
Encik Mohd Azman Sulaiman  
Puan Suraya Hassan  
Dato’ Mustaffa Ahmad  
Encik Mohamad Salihuddin Ahmad  
Datuk Bazlan Osman  
Datin Paduka Kartini Haji Abdul Manaf  
Puan Sophia Ch’ng Sok Heang

**IN ATTENDANCE: GROUP CHIEF EXECUTIVE OFFICER (“GCEO”)**

Encik Nor Azman Zainal

**GROUP CHIEF FINANCIAL OFFICER (“GCFO”)**

Encik New Kheng Chee

**MEMBERS/CORPORATE REPRESENTATIVES/PROXIES**

A total of 554 shareholders and 65 proxies representing 441,068,535 ordinary shares participated online for Takaful Malaysia Keluarga’s Virtual 39<sup>th</sup> AGM as per the Attendance Record maintained by Share Registrar.

**COMPANY SECRETARY**

Cik Suhla Al Asri

**BY INVITATION: DEPUTY CEO, TAKAFUL MALAYSIA KELUARGA**

Encik Leem Why Chong

**CHIEF EXECUTIVE OFFICER (“CEO”), SYARIKAT TAKAFUL MALAYSIA AM BERHAD (“TAKAFUL MALAYSIA AM”)**

Encik Mohamed Sabri Ramli

**CHIEF RISK OFFICER**

Encik Shizal Fisham Ramli

**CHIEF STRATEGY OFFICER**

Puan Juliana Lo Beng Liew *via video conferencing*

**CHIEF INVESTMENT OFFICER**

Encik Mohammad Fadhlee Awaludin *via video conferencing*

**APPOINTED ACTUARY, TAKAFUL MALAYSIA KELUARGA**

Encik Hung Kian Teong

**APPOINTED ACTUARY, TAKAFUL MALAYSIA AM**

Encik Joshua Koh Kien Weng

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**AUDITORS**

Messrs PricewaterhouseCoopers PLT represented by Encik Liew Chi Min  
*via video conferencing*

**POLL ADMINISTRATOR**

Boardroom Share Registrars Sdn. Bhd.

**SCRUTINEERS**

SKY Corporate Services Sdn. Bhd.

**1. CHAIRMAN'S WELCOMING ADDRESS**

The Chairman welcomed and thanked the members and all present for participating in the live streaming of 39<sup>th</sup> Annual General Meeting ("AGM" or "meeting") of Takaful Malaysia Keluarga remotely from various respective locations.

The Chairman informed that the Company continues to leverage on technology to convene the meeting virtually without physical attendance of shareholders and proxies. He added that the convening of virtual meeting complied with Section 327 of the Companies Act, 2016 ("Act") which stipulates that the Chairman shall be at the main venue of the AGM. The virtual meeting was also convened in accordance with Guidance Note on Conduct of General Meetings issued by Securities Commission of Malaysia on 7 April 2022, including any amendments thereto made from time to time (*which states that the only venue involved in the conduct of a virtual general meeting is the broadcast venue where only the essential individuals including the Chairman of the general meeting, Group Chief Executive Officer, Company Secretary, auditors, scrutineers and working committee are physically present to organise the virtual general meeting.*)

The Chairman reminded that no audio or video recording is allowed for the live streaming meeting as participation at the AGM is highly restricted to shareholders, valid proxies and authorised representative of corporate shareholders and invitees.

The Chairman informed that the shareholders and proxies who attended the AGM remotely may use the "Ask Question" facility appearing on their screen to transmit questions during the AGM. He added that in order to provide the shareholders and proxies with ample of time to raise questions, the "Ask Question" facility would be made open immediately for 15 minutes and the questions will be answered during the Question and Answer ("Q&A") session. For smooth running of the proceedings, the Q&A session would be conducted only after all items in the Agenda have been deliberated.

The Chairman highlighted that the Board may not be able to address all questions received. In the interest of time, the questions received would be grouped and combined to avoid repetition and may be summarised for expediency. The moderator would be assisting on this task.

The Chairman emphasised that whilst all efforts had been taken to ensure a smooth live streaming of the meeting, quality of broadcast may however be affected by participants' own internet bandwidth connection and stability.

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Thereafter, the Chairman proceeded to introduce himself as Dato' Mohammed Hussein, the Chairman of the Board of Directors of Takaful Malaysia Keluarga. He continued to introduce Cik Suhla Al Asri, the Company Secretary, members of Management namely Encik Nor Azman Zainal, GCEO; Encik New Kheng Chee, GCFO and Encik Mohamed Sabri Ramli, CEO of Takaful Malaysia Keluarga's wholly owned subsidiary, Takaful Malaysia Am.

The Chairman introduced the other Board members who attended the meeting namely Encik Mohd Azman Sulaiman, Datuk Bazlan Osman, Dato' Mustaffa Ahmad, Puan Suraya Hassan, Puan Sophia Ch'ng Sok Heang, all of whom are the Company's Independent Directors; Encik Mohamad Salihuddin Ahmad, Non Independent Director and Datin Paduka Kartini Haji Abdul Manaf, representing Takaful Malaysia Keluarga's major shareholder, Lembaga Tabung Haji.

The Chairman also introduced the Board members of Takaful Malaysia Am who were present via live streaming namely Encik Ismail Mahbob, the Chairman and other Directors of Takaful Malaysia Am, namely Dato' Che Pee Samsudin, Datin Dr. Nik Sarina Lugman Hashim and Encik Abdul Rahman Talib.

The Chairman further introduced members of Management who attended this meeting physically namely Encik Leem Why Chong, Deputy CEO; Encik Shizal Fisham Ramli, Chief Risk Officer; Encik Hung Kian Teong and Encik Joshua Koh Kien Weng, Appointed Actuary for Takaful Malaysia Keluarga and Takaful Malaysia Am respectively; and members of Management who were present via live streaming namely Puan Juliana Lo Beng Liew, Chief Strategy Officer and Encik Mohammad Fadhlee Awaludin, Chief Investment Officer.

The Chairman thanked the External Auditor from Messrs. PricewaterhouseCoopers, represented by Encik Liew Chi Min, the Engagement Partner who participated in this AGM via live streaming and representatives from Boardroom Share Registrars Sdn. Bhd., the Company's share registrar/poll administrator as well as the scrutineers, SKY Corporate Services Sdn. Bhd., both were physically present at this AGM.

## **2. QUORUM**

Upon confirmation from the Company Secretary that a quorum was present in accordance with Rule 51 of the Company's Constitution, the Chairman called the meeting to order.

## **3. NOTICE**

Notice of 39<sup>th</sup> AGM of Takaful Malaysia Keluarga was published in Bursa Malaysia's website and New Straits Times on 23 April 2024. As there was no objection from the floor, the Notice convening the 39<sup>th</sup> AGM having been circulated on 23 April 2024, was taken as read.

## **4. PRESENTATION ON THE COMPANY AND GROUPS' PERFORMANCE FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 BY GCEO**

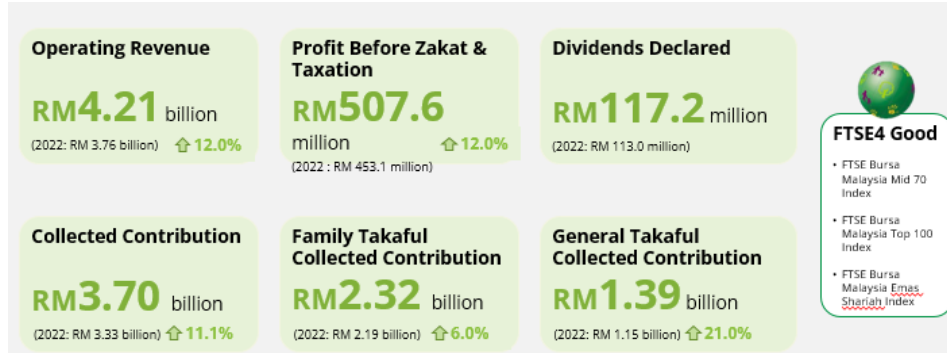
The Chairman then invited GCEO, to present to the Groups' Performance for the year ended 31 December 2023. The Chairman reminded the shareholders and proxies attending the AGM on the use of "Ask Question" facility appearing on their screen to transmit questions in real time during the meeting.

The highlights of business performance for Financial Year 2023 were highlighted by GCEO

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are as follows:-

(a) Key Business Highlights



- (i) Operating revenue of RM4.21 billion was delivered in Financial Year (“FY”) 2023 with 12% growth rate compared to FY2022.
- (ii) Profit Before Zakat and Tax (“PBZT”) recorded an all-time high achievement of RM507.6 million with 12% growth in FY2023 in which PBZT hit more than RM500 million in two (2) consecutive years.
- (iii) In terms of dividend, Takaful Malaysia Keluarga paid a higher dividend of 14 sen per share, translated into RM117.2 million pay out for FY2023 compared to RM113.0 million for FY2022.
- (iv) The overall collected contributions increased by 11.1% to RM3.70 billion, mainly contributed by Family Takaful business which grew moderately by 6% to RM2.32 billion and General Takaful business which recorded remarkable growth of 21% with collection of RM1.39 billion in FY2023.
- (v) Takaful Malaysia maintained its status as a constituent of FTSE4Good Bursa Malaysia Index with recognition as a company with deep commitment towards complying with ESG requirements.

(b) Key Focus Areas

- (i) Maintain Market Leadership Position for Family Takaful Business
  - The Company became #1 leading Family Takaful Operator with market share of 22.3%.
  - Family Takaful’s new business growth was recorded at 7.8%.
  - Family Retail business market share increased substantially to 2.3% from 0.84% in 2022.
  - The Company remains as market leader for Bancatakal, Employee Benefits and Treasury businesses.
  - The Company’s fundamentals remained solid in terms of financial and operational resilience.
- (ii) Sustain Growth of General Takaful responsibly
  - General Takaful’s new business growth was recorded at 21.0%. The

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- performance was commendable as it repeatedly outpaced the market.
- General Takaful ranked #2 largest General Takaful Operator with market share of 25.4%, mainly contributed by Fire and Motor segments which continued to show strong growth momentum in 2023.
  - There was also a balanced mix of portfolio in respect of Motor and Non-Motor.
  - General Takaful will remain as the growth engine for Takaful Malaysia Group, going forward.

(iii) Execute Retail Market Strategy for Family Takaful

- Increase in Family Takaful's new business annualised contribution to RM50.2 million from RM21.7 million for Regular Contribution Family products.
- Takaful Malaysia Keluarga continue to be invested in technology, systems and talent development, together with integrated marketing and branding campaigns.
- There is bigger opportunity for Family Takaful business to grow further in Retail Market especially in Health and Critical Illness, Life protection and Savings although the segment is relatively small.
- At the moment, Takaful business' penetration rate in the market is around 20%. There is a potential growth in Retail Market for Family Takaful since the Company leverages on branches and Bancatakaful Partners as well as synergies with major shareholders to penetrate further into this market.
- Retail Market strategy will be supported by new technology, system and talent, Strategic Digital Marketing campaign and social media to establish greater presence in Retail Market for Family Takaful which could steer further growth, moving forward.

(iv) Future-proof Business through Digitalisation

- Takaful Malaysia Keluarga launched KAOTIM, a pioneering digital platform aimed at enhancing insurance and Takaful mobility while revolutionising the customer experience.
- KAOTIM's objective is not just about delivering the products directly to customers but also to embark on a journey towards a modern workforce through workspace modernisation, going forward. Target markets that could complement entire Retail Market strategy are people who are digital savvy and those between young and middle-aged.
- The Company will ensure better customers' experience when dealing with Takaful Malaysia and continue investing in digitalised internal processes, systems and technologies to achieve operational excellence in order to stay relevant in the market.

(v) Champion Sustainability Mission

- Takaful Malaysia Keluarga achieved recognition as an FTSE4Good constituent company on Bursa Malaysia.
- Since environmental, social, and governance ("ESG") principles are an important agenda, the Company developed Sustainability Risk Management Framework, executed Board-approved ESG strategies and established a governance structure.

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- The Company rolled out and broadened availability of ESG-friendly products and incorporated ESG considerations into upcoming product designs with Bancatakaful partners.
- The Company also implemented a comprehensive climate change transition plan with focus on green initiatives and impact investment.
- Takaful Malaysia's ESG initiatives are wide. For example, General Takaful is looking at products for Electric Vehicle ("EV") business and covering solar panels via Takaful mySolar Protection.

(vi) Enable Talent Powered Organisation

- Takaful Malaysia Keluarga invested in Leadership Development and Mentorship for industry complexities and ensure strategic succession management.
- Rewards and retention programmes were developed to recognise excellence, fostering a culture of accountability and growth.
- The Company is also actively seeking employees' feedback through Employee Experience Survey to evolve and meet their needs.

(c) Awards and Accolades

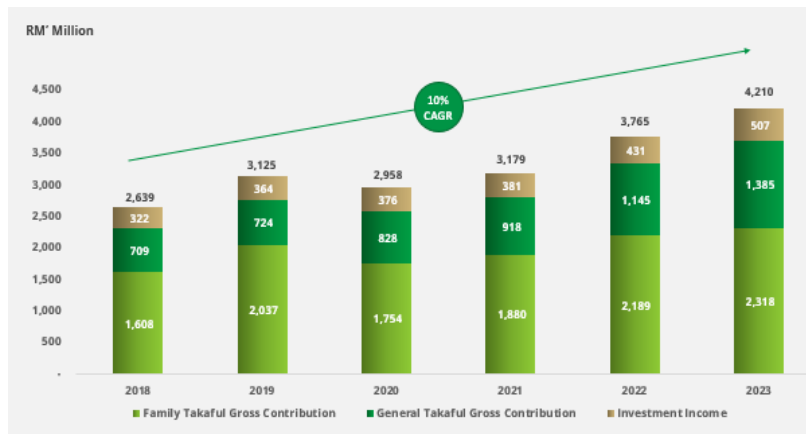
In 2023, Takaful Malaysia Keluarga successfully achieved the following awards:-

- Best Islamic Insurance Company in Malaysia under International Investor Awards 2023.
- Leading Takaful Operators in Malaysia 2023 under World Business Outlook Awards 2023.
- Best Takaful Insurance Provider Malaysia 2023 under International Business Magazine Awards 2023.
- Best Family Takaful Company (Malaysia 2023) under International Finance Awards 2023.
- Bronze Award (Banking, Investment & Insurance Category) under Putra Aria Brand Awards 2023.
- Graduates' Choice of Employers to Work For under Graduates' Choice Award.
- Black Dragon Award (Best Use of Media) - Dragons of Malaysia Awards 2023.

(d) GCFO briefed on Financial Highlights

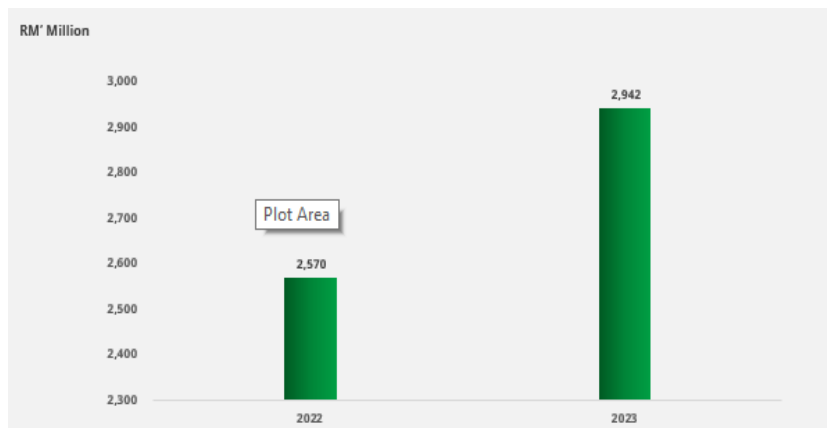
- Operating Revenue

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- (i) Takaful Malaysia Keluarga delivered a credible track record of Operating Revenue growth over the past six (6) years with a Compounded Annual Growth Rate (“CAGR”) of 10% from 2018 to 2023, despite contraction recorded in FY2020, mainly driven by tighter containment measures due to the COVID-19 outbreak.
- (ii) Takaful Malaysia Keluarga delivered Operating Revenue of RM4.21 billion for FY2023, breaching RM4 billion for the first time, which was 11.8% higher than in year FY2022, contributed by growth in sales for Family Takaful by 6.0% and General Takaful by 21.0% and increase in investment income by 17.6%.

➤ **Takaful Revenue**



- (i) Takaful Malaysia Keluarga implemented MFRS 17, the new Takaful contract accounting standard effective from 1 January 2023
- (ii) Takaful revenue on MFRS17 basis grew by 14% to RM2.9 billion in FY2023 which is largely explained by the following:-
  - (a) Higher contribution income by RM205.7 million mainly from General Takaful business;
  - (b) Higher amount charged for Takaful coverage and Wakalah Fees for both Family Takaful and General Takaful by RM155.0 million; and



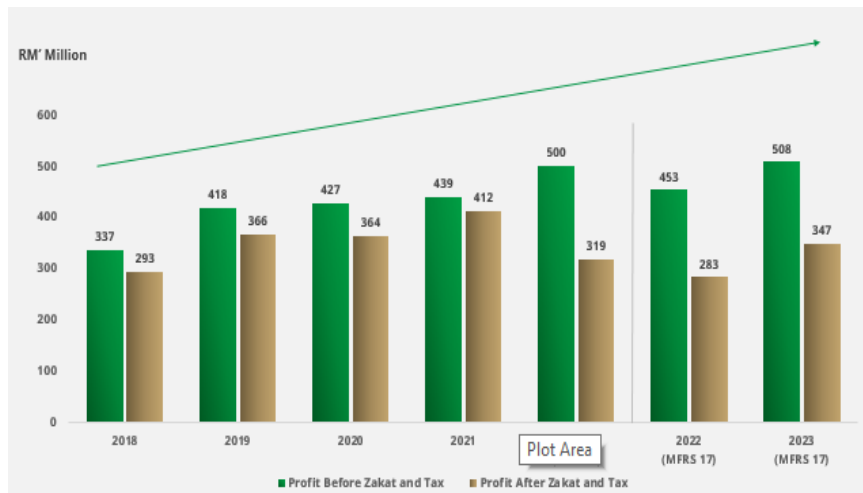
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- (c) Higher release of CSM<sup>1</sup> by RM21.0 million.

Note:

<sup>1</sup>Contractual Service Margin ("CSM") represents the liability established at the outset of a contract to offset new business profits at issue. The CSM liability is gradually amortised over time as services are provided.

➤ Profit Before and After Zakat & Tax ("PBZT")

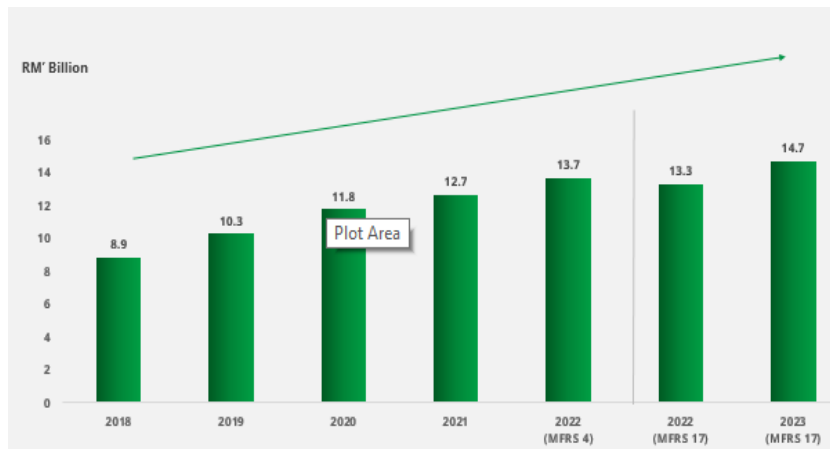


- (i) PBZT for FY2023 based on MFRS17 hit RM508 million, against MFRS17 results in FY2022 of RM453 million, an increase of around 12% or RM55 million. PBZT reported on MFRS4 basis for FY2022 was RM500 million.
- (ii) PBZT of RM507 million recorded for FY2023 was the Group's highest ever PBZT recorded whether on MFRS4 or MFRS17 basis.
- (iii) Higher PBZT based on MFRS17 for FY2023 compared to FY2022 of RM55 million or 12% was mainly due to the following:-
  - (a) Growth in General Takaful business of around RM20 million;
  - (b) Growth in Family Takaful coverage with higher CSM release, largely from Family Takaful business of RM21 million; and
  - (c) Better performance in Takaful Malaysia Keluarga's investment income.
- (iv) Additionally, Cukai Makmur was not applicable in FY2023, improving the effective tax rate for FY2023 to 30% from 34% in 2022.

➤ Total Assets

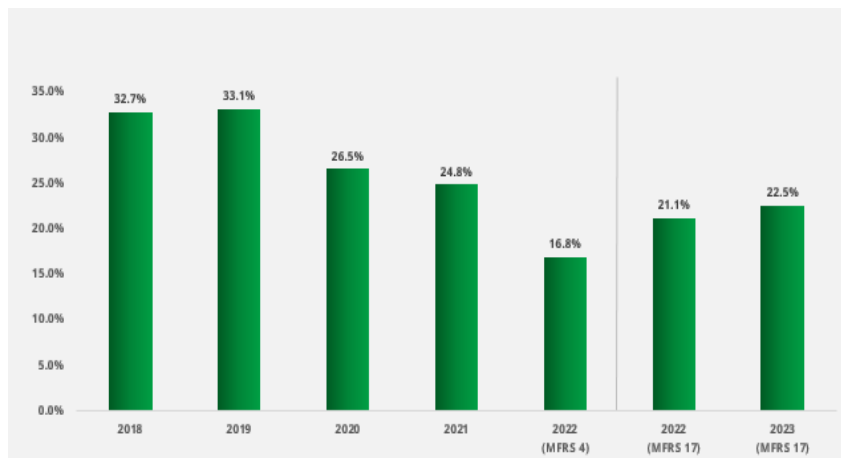


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- (i) Takaful Malaysia Keluarga also restated the Company's Balance Sheet for FY2022 and FY2023 due to implementation of MFRS17.
- (ii) In 2023, total assets grew from 10.3% to RM14.7 billion, on the back of new business growth during the year.

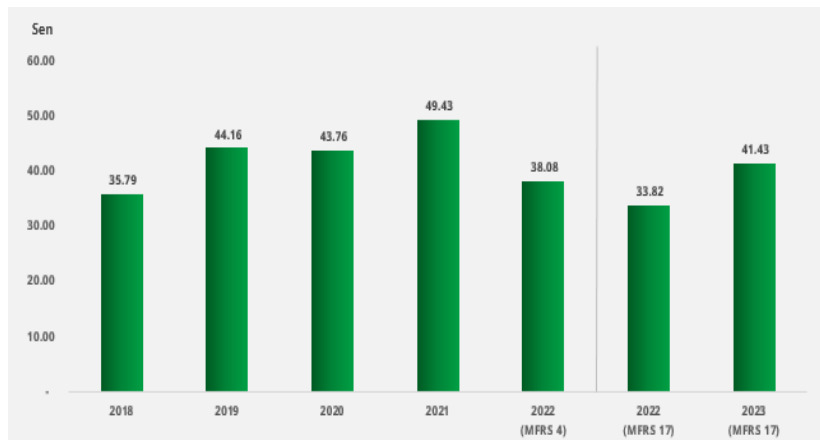
➤ **Return on Equity ("ROE")**



- (i) ROE of 22.5% based on MFRS17 indicated strong set of results and were competitive in the financial industry.
- (ii) Increase in ROE to 22.5% in 2023 based on MFRS17 compared to 16.8% previously reported in 2022 based on MFRS4, mainly due to reclassification of around RM500 million from Retained Profit to CSM at beginning of 2022, which reduced Shareholders' Equity.
- (iii) With the implementation of MFRS17, ROE is expected to be higher under the new accounting standards where ROE under MFRS17 is estimated to be in the range of around 20% to 25%.

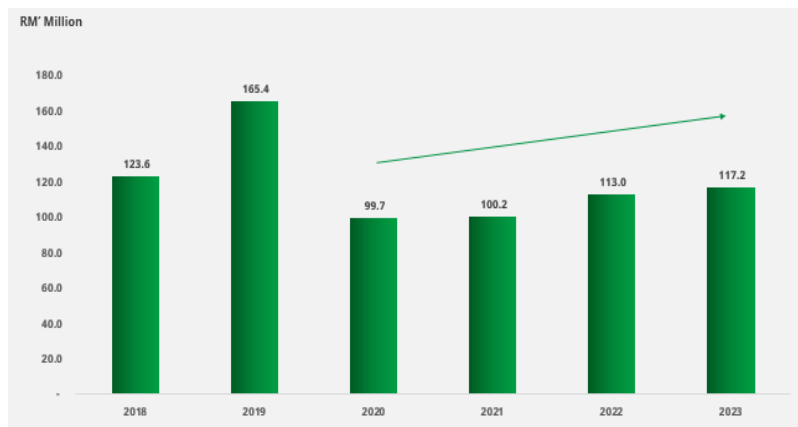
➤ **Earnings Per Share ("EPS")**

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- (i) Takaful Malaysia Keluarga registered an EPS of 41.43 sen for FY2023.
- (ii) EPS for FY2023 based on MFRS17 grew compared to FY2022 at 33.82 sen largely due to growth in PBZT in 2023 compared to 2022, due to the following:-
  - (a) Growth in General Takaful business of around RM20 million;
  - (b) Growth in Family Takaful coverage with higher CSM release, largely from Family Takaful business of RM21 million; and
  - (c) Better performance in Takaful Malaysia Keluarga's investment income.

➤ **Dividend Declared**



- (i) Takaful Malaysia Keluarga paid a higher dividend of 14.0 sen per share in FY2023 translating into a dividend yield of 3.78% based on the closing market price of RM3.70 as at 30 December 2023.
- (ii) The Company's dividend quantum was driven by regulatory solvency, and dividend payment is subject to regulatory approval.
- (iii) The Company needs to strike a balance between pay out to shareholders and retaining surpluses for business growth and solvency requirements.

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(e) MBRS17 Updates

➤ As a recap:-

- (i) MFRS17 is the new Takaful contract accounting standard effective from 1 January 2023, an accounting regime change and does not impact the Company's business fundamentals, financial strength, claims-paying ability, product profitability or dividend distribution ability.
- (ii) MFRS17 will result in the set-up of CSM as deferred profits, to be released over contractual period of certificates.

➤ The Group implemented MFRS17 in 2023.

- (i) At the transition date of 1 January 2022, the Company established CSM of RM1.03 billion of in-force business representing unearned profits. In tandem with this, establishment of CSM decreased the Retained Earnings by approximately 34.7% or RM535 million from MFRS4 retained profits of RM1.54 billion, thereby resulting in restated retained profits of around RM1.01 billion. Takaful Malaysia Keluarga ended 2023 with a CSM balance of around RM1.22 billion.
- (ii) In 2023, net profit is expected to decline by approximately 15% to 20%, mainly driven by the impact of CSM recognition, which was released over contractual period of the Company's portfolio. Impact as for FY2023 was only around 1% decline from net profit, largely driven by strong growth in General and Family Takaful businesses and improved in investment income.
- (iii) ROE for 2023 was 22.5%, well within the expected range of 22% to 25% as mentioned previously.
- (iv) Impact on Capital Adequacy Ratio and tax treatments remain outstanding at this point in time.

**5. RESPONSES TO QUESTIONS RAISED BY MINORITY SHAREHOLDERS WATCHDOG GROUP ("MSWG") BY GCEO**

The Chairman informed that MSWG raised a list of questions to Takaful Malaysia Keluarga via their letter dated 14 May 2024 to which Takaful Malaysia Keluarga responded to the same via a letter to MSWG dated 20 May 2024.

GCEO, GCFO and CE, Takaful Malaysia Am were invited to present the responses towards the questions raised by MSWG as follows:-

(a) Operational and Financial Matters

- Q1: In FY2023, Takaful Malaysia Keluarga incurred higher allocation for retakaful contribution at RM633.8 million, compared to RM477.62 million in FY2022. Nevertheless, thanks to higher amount recoverable from retakaful operators for incurred claims, Takaful Malaysia Keluarga posted net income of RM71.8 million (FY2022: RM10.55 million) from retakaful contracts held.

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Q1a: Why did Takaful Malaysia Keluarga incur a much higher allocation for retakaful contribution compared to the year before? Is it fair for investors to compare the growth rate of retakaful contribution to takaful revenue as naturally/theoretically higher revenue would result in higher demand for retakaful needs?

A1a: The higher allocation of retakaful contribution was mainly from General Takaful business. In 2023, the higher allocation for retakaful contribution for General Takaful business was primarily contributed by:-

- Higher business volume and more commercial risks.
- Higher retakaful cost.

Generally, higher revenue would result in higher demand for retakaful needs. However, the amount of retakaful protection required and cost may vary by class of business, considering claim volatility and large claim risk exposure of each class of business.

The retakaful program is reviewed annually to ensure that appropriate retakaful protection is secured to mitigate claim volatility and catastrophe risks at optimal cost.

Q1b: Globally, the reinsurance rates have increased persistently since 2022, owing to the increased frequency of insured losses and the hardening of the global reinsurance market.

Has the retakaful market experienced the same situation? If so, what has been the quantum of revision in contribution rates between Takaful Malaysia Keluarga and retakaful providers? By percentage, how has the contribution rate changed year on year ("y-o-y") for each class of business?

A1b: The retakaful cost has increased in recent years, being affected by the hardening of the retakaful and reinsurance market.

This contributed approximately an additional 5% to 10% of the allocation for retakaful contribution in 2023, mainly impacting the Motor and Fire business.

Q2: Takaful Malaysia Keluarga's Indonesian operation recorded deteriorating financial performance in FY2023 with takaful revenue decreased by 20.3% to RM43.7 million compared with RM54.9 million in FY2022. Net profit was lower at RM0.8 million in FY2023, compared to FY2022's RM2.3 million (page 25 of IAR2023).

The Indonesia insurance arm has been on a declining profitability trend since FY2020, with a net profit of RM4.67 million to RM3.5 million in FY2021, RM2.2 million in FY2022, and RM0.8 million in FY2023.

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Q2a: Takaful Malaysia Keluarga has been mum on its plan for the Indonesian operation. What is Takaful Malaysia Keluarga's long-term view on Indonesian operation?

A2a: The Indonesian takaful industry is anticipated to continue experiencing challenges due to various underlying factors, including:-

- financial market volatility;
- challenging economic conditions; and
- escalating competition from various shariah/insurance windows spun off from well-established industry players.

We expect the Indonesian operation to be challenging to grow the business as it requires high capital expenditure on enhancements of IT systems and a costly talent pool due to the small size of Indonesian operations in a competitive environment.

Given this, we adopt a cautious approach to managing our Indonesian operation.

Q2b. Indonesia's Financial Services Authority ("OJK") issued the new regulation in July 2023, replacing previous regulations issued in 2016, which outlined the extension of a deadline and requirements for the spin-off of the Shariah business units ("SBUs") of insurers and reinsurers.

The deadline to spin off takaful windows has been extended to December 2026 from October 2024.

With that, Takaful Malaysia Keluarga told MSWG in 2020 that it would consider having a joint venture partner or divesting its Indonesian operation, held via P.T. Asuransi Takaful Keluarga ("PT ATK") and P.T. Syarikat Takaful Indonesia ("PT STI").

How is the progress of identifying a JV partner or disposing of the operation? What are the alternative options available for Takaful Malaysia Keluarga? Is keeping the business a good commercial decision?

A2b. We have explored various options, such as a joint venture ("JV") partner or disposing of the operation, but we have yet to reach a viable and suitable option.

For now, we will take the right steps to protect our interest in Indonesia and continue exploring the best option.

(b) Sustainability Matters

Q1. In Sustainability Statement 2023, Takaful Malaysia Keluarga deliberated its responsible investment policy, which integrates 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.

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**Q1a:** Of Takaful Malaysia Keluarga's total investments amounting to RM9.26 billion as of FY2023, how many percent of them were invested in sustainability-related instruments? Please provide a breakdown by type of investment and ESG risk levels.

**A1a.** As of FY2023, the total investment in sustainability-related instruments was RM3.69 billion, which is 40% of the total investment.

The breakdown by asset class is RM0.11 billion in equity and RM3.58 billion in Sukuk.

The selection of sustainability-related investment assets is based on assessments from two external ESG scoring agencies: R1ESGo™ by RAM Analytics and FTSE4good.

In addition, we give high ESG scores to sukuk programs that adhere to internationally and domestically recognized sustainability frameworks, such as the SRI sukuk framework.

**Q1b:** Does Takaful Malaysia Keluarga set a target of achieving a certain percentage of sustainability investments in the overall investment portfolio? If so, do share the target and the strategy for achieving it.

**A1b.** Currently, the target is set based on specific asset classes, namely equity and Sukuk. For FY2023:-

- ESG exposure for equity was 81% higher than the minimum target of 50%.
- ESG exposure for Sukuk was 48% higher than the minimum target of 40%.

**Q1c.** Apart from the investing approach, product development, and underwriting are crucial aspects for insurers due to the potential financial risks associated with products or underwriting policies that do not account for ESG considerations.

What are the sustainable takaful products Takaful Malaysia Keluarga developing to support the transition towards a lower carbon economy? In which sectors or industries does Takaful Malaysia Keluarga reduce/withdraw its underwriting exposure? Please explain how the ESG factors are integrated into product development and underwriting processes.

**A1c.** We are committed to integrating ESG elements across its operations.

We have introduced products such as Takaful mySolar Protection which focuses on commercial business protection for solar panels, and we are developing additional products to cater to residential solar panels.

Solar plants are also our target segment at the construction and operational stages. Additionally, we have expanded our motor coverage to include EVs and hybrid vehicles.

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Implementation of the underwriting process will be staggered as we recognise upcoming changes that will require underwriters to incorporate ESG elements when assessing certain risks.

This new approach enables us to provide recommendations that enhance ESG practices in our clients' businesses, especially during the transitional period.

Q2. Takaful Malaysia Keluarga's disclosure of average total remuneration with a ratio of remuneration between men and women pointed out a significant pay gap of 25% between male and female senior managers, with males earning an average total remuneration of RM683,073.90 compared to RM512,780.19 for females (page 21 of Sustainability Statement 2023). The disparities are especially evident at the Senior Management level.

- a) How is Takaful Malaysia Keluarga's gender pay gap compared to its peers, financial institutions, and national level?
- b) Please explain the key factors that contributed to the significant disparities between the total remuneration of male and female senior managers.
- c) What measures taken by Takaful Malaysia Keluarga to close the pay gap between male and female senior managers?

A2. The reported figures represent the average total remuneration.

The actual salaries of female employees in the Senior Management category are competitive and not at the lower end of the scale. Hence, this does not imply any form of discrimination against women in Takaful Malaysia Keluarga's employment.

Q3. Takaful Malaysia Keluarga's sustainability reporting is guided by a few standards and frameworks, including the Global Reporting Initiative ("GRI") Universal Standards 2021. However, Takaful Malaysia Keluarga did not include a GRI Content Index to summarise the list of reported disclosures and material topics reported in IAR2023.

Please consider including the index to improve the credibility, transparency and traceability of reported information.

A3. We acknowledge the importance of including a GRI Content Index in the IAR.

While the Global Reporting Initiative Universal Standards 2021 has guided our reporting, we recognise that the absence of a GRI Content Index in IAR2023 may limit accessibility and traceability of reported information.

Moving forward, we will consider incorporating a GRI Content Index in our future reports. This addition will enhance credibility, transparency, and ease of navigation of our sustainability disclosures, ensuring stakeholders can easily locate and verify the information relevant to our material topics.



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We value your suggestion and are committed to continuously improving our sustainability reporting practices.

(b) Corporate Governance Matters

Q1: Referring to Practice 6.1 of Malaysian Code on Corporate Governance (MCCG), the Board shall engage an independent expert every three years to facilitate objective and candid board evaluation.

For FY2023, the Board, as recommended by the Nomination and Remuneration Committee (“NRC”), appointed the Institute of Corporate Directors Malaysia (“ICDM”) as the facilitator to conduct the Board and Directors’ Effectiveness Evaluation (“BDEE”) (page 133 of IAR2023).

Q1a: Takaful Malaysia Keluarga’s Independent Non-Executive Director (“INED”) and NRC Chairman (page 131 of IAR2023), Encik Mohd Azman Sulaiman, is also a Fellow and Faculty Member of ICDM.

(i) What were the processes and procedures undertaken before the NRC decided the appointment of ICDM as the consultant for BDEE? How many bids/proposals were received by Takaful Malaysia Keluarga under the Request for Proposal for the BDEE? How did ICDM stand out compared to other bidders regarding the criteria set?

(ii) In view of Encik Mohd Azman’s association with ICDM, please comment on the objectivity and impartiality of ICDM in conducting the BDEE on Mohd Azman.

A1a: (i) Three (3) consultants were invited for the RFP: ICDM, FIDE FORUM and KPMG.

Of the three (3), only ICDM and FIDE FORUM submitted proposals. After evaluating these proposals, ICDM was selected mainly due to their track record and responsiveness to clarifications requested during the evaluation. Both proposals were comparable in terms quotation.

(ii) As per the independence and objectivity of Encik Mohd Azman, from our viewpoint, Encik Mohd Azman underwent the same process as the other directors. Encik Mohd Azman’s responses were equally candid and objective as the other directors. He made an effort to remind ICDM that, whilst he may be more familiar with the process, he should be treated no differently from the other directors.

Administratively, the Company Secretary managed the process with ICDM so effectively that Encik Mohd Azman had no engagement with ICDM outside the interviews and briefing sessions.

On a final note, it is essential to highlight that as a Faculty Member of ICDM, Encik Mohd Azman is only an independent facilitator engaged

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in assignments. Mohd Azman is not involved with selecting clients, commercial arrangements, or even engaging clients outside the interview assessments. Such is the independence and objectivity practised by ICDM.

Q1b: What are the key findings and observations of ICDM's BDEE assessment?

A1b: Below are the BDEE's overall findings and recommendations.

Takaful Malaysia Keluarga's Board of Directors is led by a very capable, experienced and well-respected Chairman and supported by five (5) Board Committees.

- The Board is an engaged and consensual board working in harmony and has forged a relationship among members and management built on trust, openness and respect. There are open discussions and consensus-driven decision making.
- Overall, the Board is well run, maintain strong governance and adhering to processes.
- The Board is confident that it can continue to rely on Takaful Malaysia Keluarga's Management to manage business and operations effectively.

ICDM was pleased to report that, overall, Takaful Malaysia Keluarga's Board meets the expectations of a high-performing organisation, and there are no significant concerns related to evaluating Takaful Malaysia Keluarga's Board effectiveness.

There are areas of improvement that the Board could make to further enhance its performance and raise the bar.

Q1c: How did the Board score in relation to the 10 parameters as well as its performance compared to other comparators?

A1c: Over the 10 parameters, nine (9) competencies were rated within 4.00 to 5.00, described as "Board is effective and performs well within the parameter. Could be an area of strength or possibly a benchmark to others".

The only parameter rated slightly lower within 3.00 to 3.99 was in the "Area of Board Sustainability Matters".

Q1d: Following the assessment, what are ICDM's recommendations for action/improvement? Which aspect requires further attention and focus from the Board? What steps have the Board taken to address these concerns?

A1d: Essentially, ICDM proposed improvements to be made in the areas of:-

- Board Leadership.
- Board Composition/Skills and Development.

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- Board Committees.
- Board Governance, Oversight & Processes.
- Agenda, Meeting & Information.
- Dynamics & Culture.
- Relationship with Management / Stakeholder Engagement.
- Sustainability and Board Crisis Management.

The tasks are currently spearheaded by NRC who initiated the following initiatives:-

- Formalisation of a competency-based Board composition framework.
- Review of Board tenure.
- Formation of an Advisory Board.

Q1e: We note that Takaful Malaysia Keluarga has incorporated sustainability-related matters in assessing Senior Management (page 23 of Corporate Governance Report 2023).

- (i) What sustainability-related Key Result Area (“KRA”) and Key Performance Indicators (KPIs”) are included in the Senior Management evaluation in FY2023? How did the senior management perform in relation to these KPIs?
- (ii) What was the weightage of the sustainability-related KRA & KPIs (by percentage) vis-à-vis operational and financial metrics in the overall performance evaluation of senior management?

A1e: (i) In the 2023 Group CEO’s scorecard, a specific KPI with a weightage of 10% of the overall scorecard was assigned.

This KPI covered specific ESG/Value-based Intermediation for Takaful (“VBIT”) initiatives to be achieved within the specific period set. At the end of the year, the performance against this KPI was assessed and rated as “Meeting Expectations”.

(ii) 10%.

Q2: The Long Term Incentive Plan (“LTIP”) committee was disbanded on 20 March 2023 following the conclusion of an LTIP dated the same.

However, Takaful Malaysia Keluarga re-established the LTIP Committee on 26 February 2024 (page 136 of IAR2023), notwithstanding without a new LTIP scheme.

Why did the Company re-establish the LTIP committee?

A2: LTIP Committee was re-established following the Board’s approval of the new LTIP Scheme, which will run for an initial period of three years from 2024 to 2026.

The Board approved the Plan Provisions and Administrative Guidelines on 26 February 2024 as a guide for LTIP Committee to roll out the new LTIP

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Scheme in 2024.

- Q3 Takaful Malaysia Keluarga's in-house internal audit ("IA") function incurred a significantly higher IA fee in FY2023, amounting to RM4.3 million compared to RM3.4 million in FY2022 (page 149 of IAR2023).

Why did the Group incur substantially higher IA costs in FY2023 despite a smaller headcount of 16 compared to 18 in FY2022? Which expenses recorded the greatest increase y-o-y? How different was the scope of IA works performed y-o-y?

- A3: The y-o-y increase in IA cost is 24.5%, amounting to a rise of RM841,000.

The cost increase is mainly from:

- (a) RM368,000 from personnel costs, with an 11% increase, partly due to full-year personnel costs, i.e. salary and bonus of new headcount hired in 2021 and 2022 not fully reflected in 2022.
- (b) Around RM400,000 depreciation and system maintenance from the internal audit management system implemented beginning January 2023.

- Q4: Referring to Practice 13.5 of Malaysian Code on Corporate Governance on the conduct of a virtual general meeting (fully virtual or hybrid) to support interactive participation and meaningful engagement between the board, senior management, and shareholders, will the Board consider holding a hybrid AGM to promote better Board and Shareholders' interaction, as what we have seen in some Banks and Public Limited Companies ("PLSs") recently?

- A4: MSWG's suggestion was duly noted. The Board and Management will seriously consider this suggestion for future AGM, taking into account pertinent considerations and circumstances accordingly.

The Chairman proceeded with the first Agenda of the Meeting as follows:-

**AGENDA 1**

**To receive the Audited Financial Statements for the Financial Year Ended 31 December 2023, together with the Reports of the Directors and Auditors thereon**

The Chairman presented to the members, the Audited Financial Statements for the financial year ended 31 December 2023, together with the reports of the Directors and Auditors thereon (collectively referred to as "Audited Financial Statements"), which were issued to the shareholders on 23 April 2024.

It was highlighted to the members that as stated in Note 3(i) of Notice of 39<sup>th</sup> AGM, Audited Financial Statements in Agenda 1 laid in accordance with Section 340(1)(a) of the Companies Act 2016 are meant for the members' information and discussion only. The Audited Financial Statements do not require Shareholders' approval and as such, were not

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put forward for voting.

The members were informed that the Audited Financial Statements were duly approved by the Board of the Company and had been made available to the members throughout the statutory period. The Chairman informed that on behalf of the Board, he was pleased to present herewith the Audited Financial Statements for the financial year ended 31 December 2023 accompanied by a statutory declaration by the officer primarily responsible for the financial management of the Company, as contained in 2023 Integrated Annual Report ("IAR") from page 157 to page 387.

The Chairman reiterated that any questions from the members would be attended to after the meeting deliberate on all the items on the Agenda. The Chairman then proceeded to the next Agenda.

The meeting noted:

***"THAT the Audited Financial Statements for the Financial Year Ended 31 December 2023, together with the Reports of the Directors and Auditors thereon, be and are hereby received".***

**AGENDA 2**

**To re-elect the following Directors, who are retiring in accordance with Rule 74 of the Company's Constitution and being eligible, have offered themselves for re-election:-**

- |   |                       |
|---|-----------------------|
| <b>(i) Encik Mohd Azman Sulaiman</b>              | <b>(Resolution 1)</b> |
| <b>(ii) Datin Paduka Kartini Haji Abdul Manaf</b> | <b>(Resolution 2)</b> |

The Chairman informed that as stated under Agenda 2, two (2) resolutions were required to be passed on matters relating to re-election of Directors.

**1. Resolution 1 on Re-election of Encik Mohd Azman Sulaiman**

In accordance with Rule 74 of the Company's Constitution, Encik Mohd Azman Sulaiman who was retiring by rotation and being eligible, offered himself for re-election as a Director.

**1. Resolution 2 on Re-election of Datin Paduka Kartini Haji Abdul Manaf**

In accordance with Rule 74 of the Company's Constitution, Datin Paduka Kartini Haji Abdul Manaf who was retiring by rotation and being eligible, offered herself for re-election as a Director.

In accordance with Rule 74 of the Company's Constitution, Datuk Bazlan Osman who was retiring by rotation and being eligible, has informed the Board of Directors that he will not be seeking re-election at this AGM. However, based on Paragraph 10.13 of BNM's Corporate Governance Policy Document, BNM's prior approval is required before an Independent Non-Executive Director could vacate office while his term subsists.

In this regard, application to this effect was made with BNM and until such approval, Datuk

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Bazlan will remain on the Board.

**AGENDA 3**

**To approve the payment of Non-Executive Directors' fees of up to RM3,260,000 for Takaful Malaysia Keluarga and its subsidiary companies from this AGM of the Company until the next AGM of the Company. (Resolution 3)**

**AGENDA 4**

**To approve the payment of Non-Executive Directors' benefits of up to RM635,000 for Takaful Malaysia Group from this AGM of the Company until the next AGM of the Company. (Resolution 4)**

**AGENDA 5**

**To reappoint Messrs. PricewaterhouseCoopers PLT as the Auditors of the Company for the financial year ending 31 December 2024 and authorise the Directors to fix their remuneration. (Resolution 5)**

The meeting noted that the retiring auditors, Messrs. PricewaterhouseCoopers PLT expressed their willingness to continue serving as the Auditors of the Company.

**AGENDA 6**

**Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature with Lembaga Tabung Haji, its subsidiaries and associates ("LTH Group") as per Circular to Shareholders dated 23 April 2024. ("Proposed Shareholders' Mandate") (Resolution 7)**

The Chairman highlighted that Lembaga Tabung Haji, being the interested Major Shareholder of Takaful Malaysia Keluarga would abstain from voting on the resolution on Proposed Shareholders' Mandate.

The meeting further noted that Datuk Bazlan Osman and Datin Paduka Kartini Haji Abdul Manaf, being the interested Directors of Takaful Malaysia Keluarga ("Interested Directors") had accordingly abstained from all deliberations and voting on the Proposed Shareholders' Mandate at the relevant Board meetings. The Interested Directors would further abstain from voting in respect of their direct and indirect shareholdings, if any, in Takaful Malaysia Keluarga on this resolution approving the Proposed Shareholders' Mandate.

The rationale and benefits of Proposed Shareholders' Mandate to the Takaful Malaysia Group were as set out in Section 3, on page 7 of Circular to Shareholders.

**AGENDA 7**

**Proposed Authority to Issue and Allot Shares. (Resolution 7)**

The Chairman highlighted that the proposed Resolution 7, if passed, would give a new mandate to the Directors of Takaful Malaysia Keluarga, from the date of this AGM, to issue



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and allot shares in Takaful Malaysia Keluarga from time to time at the aggregate not exceeding ten per centum (10%) of the total number of issued shares (excluding treasury shares) of Takaful Malaysia Keluarga pursuant to Section 75 of the Companies Act 2016. This authority, unless revoked or verified at a general meeting will expire at the next AGM of Takaful Malaysia Keluarga.

The Chairman informed that the Board continues to explore and consider expanding Takaful Malaysia Keluarga's business. In the event of new allotment of shares pursuant to such opportunity, the proceeds shall be utilised as working capital of the Company. The passing of this resolution would avoid any delay and cost involved in convening a general meeting to specifically approve the issuance of the shares.

The Chairman further highlighted that as at the date of Notice of 39<sup>th</sup> AGM, there were no new shares issued pursuant to the mandate granted to the Directors at 38<sup>th</sup> AGM held on 31 May 2023 which will lapse at the conclusion of 39<sup>th</sup> AGM. Should there be a decision to issue new shares after the general mandate is obtained, the Company will make an announcement thereof.

#### **AGENDA 8**

**To transact any other business for which due notice shall have been given in accordance with the Companies Act, 2016 and the Company's Constitution.**

The Chairman informed that as informed by the Secretary, there was no notice of any other business for transacting at this meeting was received. The Chairman then proceeded with the Q&A session and informed the meeting that GCEO would address questions from the members, accordingly.

#### **6. QUESTION AND ANSWER ("Q&A") SESSION**

The following were questions received/raised by the members before/during the meeting and the corresponding responses provided were as follows:-

The Company received pre-AGM questions relating to the following:-

Q1: *In what ways that the Group may benefit from the civil servant salary increment?*

A1: GCEO replied as follows:-

Civil servant salary increment may support high demand in loan financing provided by Lembaga Pembiayaan Perumahan Sektor Awam (LPPSA), which shall benefit Takaful Malaysia for Mortgage and Fire takaful businesses.

Q2: *Congratulation on the success in growing retail market share.*

- (a) *Based on last year AGM Q&A and other explanations, is it right to say that retail/direct-to-customer business refer to regular contribution products, for example, medical under Family Takaful?*
- (b) *Does it cover General Takaful products, for example, auto?*
- (c) *What are the proportion of retail products sold through bank partners vs. online platform vs. branches?*



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A2: GCEO responded as follows:-

Yes, the retail/direct-to-customer business refers to the regular contribution products under Family Takaful. This is part of our strategy to establish greater presence in the Retail Market for Family Takaful. For the Direct Distribution, we mainly market protection products, for example, term and medical through our online platform (KAOTIM) and branches. The other key segment of retail business is bancataful advisory business, where our bank partners market protection and saving products. On the other hand, the General Takaful products, i.e. Motor, Fire for Retail customers is part of the Company's another strategy to grow the overall General Takaful business. However, we do see greater opportunity (e.g. cross selling) to manage and grow both Family and General Retail market together to maximise business potential.

For 2023, Family Takaful Retail new business of about 68% is from the Bank partners, 16% from branches and the balance from Online/Digital Channels. With the launching of KAOTIM platform, we are confident to generate higher contribution from Online Platform in 2024.

Q3: *What is the impact of rising medical claim? How do customers respond to rising premium of medical products?*

A3: GCEO replied as follows:-

With rising medical claim, insurance and takaful providers will have to undertake regular reviews of their medical portfolios to adjust pricing to ensure their medical portfolio remains healthy in the long run for the benefit of all their customers.

For consumers, this means an increase in the cost of maintaining medical insurance coverage. For those with medical insurance, it can make it more challenging to afford the medical coverage. For uninsured individuals, or those with minimal coverage, may find themselves facing even greater barriers to accessing necessary medical services, as the cost of care continues to rise. To better manage the impact of rising premium/contribution of medical products, customers may consider:-

- (a) Exploring for more affordable medical cover and appropriate & necessary medical coverage options to suit their budget and coverage needs.
- (b) Adopting a healthy lifestyle can reduce the risk of chronic diseases and the need for extensive medical care, potentially mitigating healthcare costs over the long term.

Q4: *What percentage of Family Takaful gross contribution comes from regular contribution products in FY2023?*

A4: GCEO responded as follows:-

Our business strategy to establish greater presence in the Retail market has demonstrated its effectiveness with a notable increase in our Retail business market share to 2.3% in 2023, a substantial rise from the 0.84% recorded in 2022.

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The total new and renewal contribution for regular contribution business is around 5% of total Family takaful gross contribution.

Q5: *What are the main reasons for the Family Takaful industry to contract from RM10.06 billion in 2022 to RM9.59 billion in 2023? (page 17 of Integrated Annual Report).*

*What is the FY2024 industry outlook based on year-to-date ("YTD") data?*

A5: GCEO replied that performance-wise, the three-year numbers indicate a normalisation in the Family Takaful industry in 2023 after a year of strong post-pandemic growth in 2022. The regular contribution business registered slight contraction in 2023. Although the single contribution business registered moderate contraction, the banca channel single contribution business registered high single-digit growth in 2023. Malaysian Takaful Association ("MTA") expects the takaful industry to maintain a steady momentum in 2024, reflecting the forecast for Malaysia's overall economic expansion.

The contracting part of Family Takaful is partly due to external factors however, we are optimistic that Family Takaful will continue to grow. As for General Takaful, we outpaced the market where despite market contracting, General Takaful business still grow at 21%.

Teh Peng Tin, a shareholder enquired on the following:-

Q6: *How much does the company spend on this virtual AGM? Would the Board of Directors kindly give e-wallet as a token of appreciation for attending today's RPV I would like to request a printed hard copy of the company annual report.*

A6: GCEO responded that for 39<sup>th</sup> AGM, the estimated total cost is approximately RM95,000. The Board currently has no plans to provide any gifts/e-wallet to shareholders for attendance at the Company's AGM.

Boardroom Share Registrars will make arrangement to deliver a hard copy of annual report. In case of our shareholders would like to request for hard copy annual report, kindly contact Boardroom Share Registrars Sdn Bhd via email to the e-mail address [bsrhelpdesk@boardroomlimited.com](mailto:bsrhelpdesk@boardroomlimited.com)

Teh Kian Lang, a shareholder enquired on the following:-

Q7: *Will 2024 be better than 2023 or be worse due to new challenges?*

A7: GCEO replied as follows:-

Whilst 2023 Gross Domestic Product ("GDP") moderated to 3.7%, GDP growth in 2024 is expected to be in the range of 4% to 5%. We anticipate that Malaysia's moderate economic growth will support the growth of Takaful industry, and we believe that there are significant opportunities in Takaful market.

With regard to under penetration of Family Takaful market of 20% at the moment, as mentioned earlier, and by looking solely at the Muslim's population, there is

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a lot of room to explore for Family Takaful business. On the other hand, growth for General Takaful business has also doubled.

We remain cautiously optimistic on business growth, against the backdrop of inflationary pressure, affecting consumer sentiments and stiff competition. Takaful Malaysia will stay focused and continue capitalising on growth potential and opportunities. Our established core businesses in Bancatakaful, Treasury, Employee Benefits and General Takaful business segments provide us a firm platform to sustain our business. We will continue diversifying our business portfolio into the Retail market with more products and services, as well as investing in digitalisation.

Lew Tuck Wai, a shareholder enquired on the following:-

Q8: *The Dividend payout ratio has reduced from 40% in FY2022 to 34% in FY2023.*

(a) *What is the current dividend policy of the Company?*

(b) *The reason for not maintaining the payout ratio at 40% despite a very good performance in FY2023.*

A8: GCFO responded that the future dividend payout will depend on the Company's business growth, investment performance and profitability of Takaful products. The ability of the Company to sustain the dividend rate would be subject to the Group's ability to continue the business growth momentum and maintain strong expense management. Takaful Malaysia's dividend payment is also subject to regulatory approval. For 2023 dividend, the Company would need to strike a balance between payout to shareholders and retaining surpluses for business growth and to meet its solvency requirements.

Tan Sek Keng, a shareholder enquired on the following:-

Q9: *Any means to conduct next AGM in a physical or hybrid form? If not, why?*

A9: GCEO replied that we have addressed this question in the MSWG Q&A session. The Company will consider this suggestion for future AGM, taking into account pertinent considerations and circumstances accordingly.

Tan Sek Keng, a shareholder further enquired on the following:-

Q10: *Do the non-executive directors drawing/entitle for any allowances for attending this meeting (on top of their fees)? If yes, why?*

A10: GCEO replied for AGM, only Directors of Takaful Malaysia Keluarga receive allowances, in accordance to Group Remuneration Policy.

Law Kung Hoo, a shareholder enquired on the following:-

Q11: *According to the statistics, fire insurance claims ratio has been the lowest among different segment (car, medical and others)*

(a) *Why do fire insurances have a significantly lower claim ratio?*

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- (b) *Does this suggest that fire insurances are a more profitable business?*  
(c) *If that is the case, why is our company not focusing on underwriting fire insurance business?*

A11: CEO of Takaful Malaysia Am responded as follows:-

The Fire Insurance/Takaful claims ratio has historically been significantly lower than other business lines due to Fire Tariff which is the minimum rate charged to consumers. Fire Tariff is maintained at certain percentage and the loss ratio is lower than the other anticipated line of business.

Fire business is a more profitable business and has been one of the key business lines we focus on growing our General Takaful business. Thus, our Fire business mix is higher than the industry average.

Hui Chee Keong, a shareholder enquired on the following:-

Q12: *Any plan to use Artificial Intelligence ("AI") and automation to reduce workforce cost?*

A12: GCEO replied that the Group is undergoing technology transformation, as we move towards a more digitalisation working environment. This entails going into Artificial Intelligence ("AI") space and process automation in making the workforce more efficient and at the same time increase productivity. This is also referring to one of Takaful Malaysia Group's key focus agenda, going forward which is to move towards digitalization.

Tan Sek Keng, a shareholder enquired on the following:-

Q13: *Please provide the breakdown on the benefits to non-executive directors.*

A13 GCEO responded that this may be referred to page 142 of the Integrated Annual Report, which details out the breakdown of the remuneration to Non-Executive directors.

Law Kung Hoo, a shareholder enquired on the following:-

Q14: *How many percent of the group's Family Takaful Business are derived from:-*

- (i) *Bancatakaful*
- (ii) *Credit Related business*
- (iii) *Civil service market?*

A14: GCEO replied that within Family Takaful new business:-

- (i) Bancatakaful formed 69% of the business.
- (ii) Credit Related business of about 85% (mainly from Bancatakaful and LPPSA).
- (iii) Civil service market is about 15% of the business.

The Company also received further pre-AGM questions relating to the following:-

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Q15: *What are the strategic objectives of KAOTIM platform? How is the performance of KAOTIM platform? How do you ensure this will become a key distribution channel?*

A15: GCEO responded as follows:-

KAOTIM is part of our business expansion strategy and ambition to strengthen our presence in the retail market and build strong technology and digital capabilities in preparing for greater competition of new Digital Insurers and Takaful operators.

KAOTIM, as a new digital distribution platform with vibrant branding, has been very well received by the market since its launching in November 2023. Price and market strategy is very much relevant in driving better customers' experience. We will continue developing more products and exploring new technology partners for better collaboration/investment to bring better value propositions in developing the digital channel.

Khern Tuan Chee, a shareholder enquired on the following:-

Q16: *Why use the term "Kaotim" for the Medikad or digital users? Kaotim is a Hokkien dialect meaning "settle". Is Takaful targeting Hokkien spoken customers instead of the key Muslim market?*

A16: GCEO replied that KAOTIM is becoming a universal word in Malaysia. It does not refer to any specific race and is widely understood by almost everyone. KAOTIM brand and spirit is about reaching out to a wider audience by making sure the word used is universal and well understood by Malaysians entirely.

After addressing questions from the members, GCEO handed the meeting back to the Chairman.

The Chairman highlighted that Takaful Malaysia Keluarga's dividend pay out will depend on the Company's business growth is derived from whereby business expansion will require investment/spending on technology, which has to be a certain level before it could realistically penetrate the Retail Market. For this purpose, the Company needs to conserve capital and strike a balance between distributing to shareholders and retaining surpluses for reinvestment into expanding/new business for growth, as well as meet solvency requirements. The Chairman emphasised on the importance to secure resources to explore inorganic growth, hence the Company's capital needs to be strengthened and preserved while still maintaining an attractive level of dividend yield and distribution to stakeholders including staff and policyholders.

The Chairman reiterated on the other rationale for investment in IT/Technology in that as the Company grows bigger, it must ensure that the ship is in a sound and very seaworthy condition in terms of internal organisational readiness. As a Financial Institution, the Company must have a strong compliance culture where cost will be higher if Technology is not utilised and the required systems not put in place, e.g. in complying with Anti-Money Laundering related requirements. In light thereof, there will be higher capital reserves required for investment in IT/Technology over the next few years, while at the same time ensuring a decent level of returns to shareholders as well.

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The Chairman further informed that the response to shareholders' questions which were not addressed at this meeting will be uploaded onto the Company's website as soon as practicable. The Chairman ended the Q&A session and proceeded with voting of the resolutions.

The Chairman also informed that with remote participation and voting facilities, the shareholders may exercise their rights as shareholder to participate and vote remotely at the AGM, from the comfort of their homes or location. He then declared the registration for attendance of the meeting closed.

## **7. POLLING PROCESS**

A short video presentation on the electronic/remote polling procedure was presented by Boardroom Share Registrars Sdn. Bhd.

The Chairman then invited all the members to proceed with casting their votes on all the above resolutions.

The Chairman informed that the whole counting and verification process was expected to complete within 20 minutes. The e-voting would take five (5) minutes while verification was expected to finish within 15 minutes.

The Chairman adjourned the meeting at 10:45 a.m. for the electronic/remote poll voting system to commence.

## **8. ANNOUNCEMENT OF POLL RESULTS**

After an intermission video during poll counting and verification process, the Chairman resumed the meeting at 11.05 a.m. for declaration of the poll results.

It was noted that the poll results received from the Poll Administrator was duly verified by the Scrutineers, SKY Corporate Services Sdn. Bhd. The following poll results were announced to the members:-

RESOLUTION	VOTE FOR		VOTE AGAINST	
	Number of Units	Percentage	Number of Units	Percentage
Resolution 1	631,392,716	99.8808	753,377	0.1192
Resolution 2	626,664,545	99.1319	5,487,498	0.8681
Resolution 3	627,129,068	99.2054	5,022,768	0.7946
Resolution 4	627,106,892	99.2020	5,044,422	0.7980
Resolution 5	631,942,583	99.9656	217,487	0.0344
Resolution 6	395,505,188	99.8674	525,319	0.1326
Resolution 7	513,501,931	81.2252	118,693,139	18.7748

Based on the poll results, the Chairman declared the following resolutions carried:-



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**RESOLUTION 1 ON RE-ELECTION OF ENCIK MOHD AZMAN SULAIMAN**

*“THAT Encik Mohd Azman Sulaiman who retired by rotation in accordance with Rule 74 of the Company’s Constitution, be re-elected as Director of Syarikat Takaful Malaysia Keluarga Berhad.”*

**RESOLUTION 2: RE-ELECTION OF DATIN PADUKA KARTINI HAJI ABDUL MANAF**

*“THAT Datin Paduka Kartini Haji Abdul Manaf who retired by rotation in accordance with Rule 74 of the Company’s Constitution, be re-elected as Director of Syarikat Takaful Malaysia Keluarga Berhad.”*

**RESOLUTION 3: TO APPROVE THE PAYMENT OF NON-EXECUTIVE DIRECTORS’ FEES OF UP TO RM3,260,000.00 FOR TAKAFUL MALAYSIA GROUP FROM THIS ANNUAL GENERAL MEETING UNTIL THE NEXT ANNUAL GENERAL MEETING OF THE COMPANY**

*“THAT the payment of Non-Executive Directors’ fees of up to RM3,260,0000.00 for Takaful Malaysia Group from this Annual General Meeting until the next Annual General Meeting of the Company be and is hereby approved.”*

**RESOLUTION 4: TO APPROVE THE PAYMENT OF NON-EXECUTIVE DIRECTORS’ BENEFITS OF UP TO RM635,000 FOR TAKAFUL MALAYSIA GROUP FROM THIS ANNUAL GENERAL MEETING OF THE COMPANY UNTIL THE NEXT ANNUAL GENERAL MEETING OF THE COMPANY**

*“THAT the payment of Non-Executive Directors’ benefits of up to RM635,000.00 for Takaful Malaysia Group from this Annual General Meeting until the next Annual General Meeting of the Company be and is hereby approved.”*

**RESOLUTION 5: TO REAPPOINT MESSRS. PRICEWATERHOUSECOOPERS PLT AS THE AUDITORS OF THE COMPANY FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2024 AND TO AUTHORISE THE DIRECTORS TO FIX THEIR REMUNERATION**

*“THAT Messrs. PricewaterhouseCoopers PLT be and are hereby reappointed as the Auditors of Syarikat Takaful Malaysia Keluarga Berhad for the financial year ending 31 December 2024 and the Directors are hereby authorised to fix their remuneration.”*

**RESOLUTION 6: PROPOSED SHAREHOLDERS MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS**

*“THAT, subject to compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, Companies Act 2016, the Constitution of the Company and all other applicable laws, rules, regulations and guidelines, approval be and is hereby given to the Company and its subsidiaries (“Takaful Malaysia Group”) to enter into the Recurrent Related Party Transactions of a revenue or trading nature with Lembaga Tabung Haji, its subsidiaries and associates (“LTH Group”) which are necessary for the day-to-day operations of the Takaful Malaysia Group as set out in Section 2.3 of the Circular to Shareholders dated 23 April 2024, provided that:*



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- (a) *the transactions are in the ordinary course of business and are on terms which are not more favourable to the related parties than those generally available to the public and on terms not to the detriment of the minority shareholders of the Company;*
- (b) *the transactions are made at arm's length and on normal commercial terms; and*
- (c) *the disclosure will be made in the Integrated Report with the breakdown of the aggregate value of the transactions conducted pursuant to the mandate during the financial year.*

*AND THAT such authority shall commence immediately upon the passing of this resolution and shall continue to be in force until:*

- (a) *the conclusion of the next AGM of the Company, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;*
- (b) *the expiration of the period within which the next AGM after the date that it is required to be held pursuant to Section 340(2) of the Companies Act 2016 (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Companies Act 2016); or*

(c) *revoked or varied by resolution passed by the shareholders in a general meeting, whichever is earlier"*

**RESOLUTION 7: PROPOSED AUTHORITY TO ISSUE AND ALLOT SHARES**

*"THAT pursuant to Sections 75 and 76 of the Companies Act 2016 ("Act") and subject to the Constitution of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and the approvals of the relevant governmental/regulatory authorities, where such approval is required, the Directors be and are hereby empowered to issue and allot shares in the Company from time to time, at such price, upon such terms and conditions, to such persons and for such purposes as the Directors may in their absolute discretion deem fit PROVIDED THAT the aggregate number of shares to be issued does not exceed ten per centum (10%) of the total number of issued shares (excluding treasury shares) of the Company for the time being and that such authority shall continue to be in force until the conclusion of the next annual general meeting of the Company.*

*AND THAT the Directors be authorised to do all such things as they deem fit and expedient in the best interest of the Company to give effect to the issuance of new shares under this resolution including making such applications to Bursa Securities for the listing of and quotation for the additional shares so issued on Bursa Securities pursuant to this resolution."*

**9. CLOSURE OF MEETING**

The Chairman took the opportunity to express his utmost appreciation to two (2) Directors namely Puan Suraya Hassan who will be retiring upon expiry of her term of appointment by 31 July 2024 while Datuk Bazlan Osman did not seek re-election as Director at this AGM and will be leaving the Board upon approval obtained from BNM. On behalf of the Board, the Chairman recorded his gratitude to both Datuk Bazlan and Puan Suraya for their

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commitment and invaluable contributions during their tenure of Directorship with Takaful Malaysia Keluarga.

The Chairman further thanked the shareholders for their strong support in order for the Board and Management to perform even better in realising Takaful Malaysia's growth agenda as mentioned earlier in the meeting.

The Chairman then declared the meeting closed at 11:17 a.m.

**SIGNED AS A CORRECT RECORD**

**-SIGNED-**

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**CHAIRMAN**