


CORPORATE GOVERNANCE OVERVIEW STATEMENT

PUSHING FORWARD FOR

The Board of Directors (“Board”) of Syarikat Takaful Malaysia Keluarga Berhad (“Takaful Malaysia Keluarga” or “Company”) and its subsidiary companies (“Takaful Malaysia” or “Group”) continues to subscribe and support the Malaysian Code on Corporate Governance 2021 (“MCCG”). The Board is committed to ensure that Principles and Recommended Practices are observed and practised throughout Takaful Malaysia so that the affairs of the Group are conducted with professionalism, accountability and integrity with the objective of safeguarding and enhancing shareholders’ value and financial performance of the Group.

The Board is pleased to report on the application of Recommended Practices of the MCCG as required under MCCG and Main Market Listing Requirements (“Listing Requirements”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) during the financial year under review.

 *The application of each practice set out in MCCG during the financial year under review is disclosed under Takaful Malaysia Keluarga’s Corporate Governance Report published in the Company’s website at www.takaful-malaysia.com.my.*


DIRECTORS

The Board

The Board of Takaful Malaysia Keluarga is responsible to promote and protect the interest of the Company which includes the shareholders and other stakeholders of the Group. The Board shoulders the ultimate responsibility of determining the direction of the Group thereby ensuring long-term success and delivery of sustainable value to the shareholders. The Board provides thought leadership and advice in fine-tuning corporate strategies, championing corporate governance/ethical practices and ensures effective execution of these strategies.

Terms of Reference/Board Charter

The Board is mindful of the need to protect the interests of shareholders and other stakeholders. In discharging their duties effectively, the Board is guided by Terms of Reference/Board Charter (“Board Charter”) which sets out the roles and responsibilities of the Board as well as issues and decisions reserved for the Board. This is accordance with Practice 2.1 of MCCG. The Board Charter is reviewed regularly to keep it up to date with changes in regulations/best practices and ensure its effectiveness/relevance to the Board’s objectives. The last review was carried out on 1 November 2022.

 *The Board Charter is accessible on our website at www.takaful-malaysia.com.my.*


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SUSTAINABLE GROWTH

Roles and Responsibilities of the Board

The Board has the overall responsibility of ensuring that Takaful Malaysia Keluarga operates as intended in the affirmed objectives of the Company. Consequently, it has the power to decide on all matters pertaining to the Company's business as empowered and guided by the Company's Constitution, Companies Act 2016, Islamic Financial Services Act 2013 ("IFSA 2013") and all relevant guidelines of Bank Negara Malaysia ("BNM"), Securities Commission Malaysia and the Listing Requirements, and if required, to delegate these powers accordingly. The following are the main roles and responsibilities of the Board in accordance to the Board Charter:

- i Business Direction/Operations/Finance;
- ii Requirement under Authorities/Statutes;
- iii Management/Human Resource;
- iv Membership of Board/Board Committees and Shariah Advisory Body ("SAB");
- v Administrative;
- vi Principal Responsibilities under Corporate Governance including Risk Management and Compliance;
- vii Internal Audit Function; and
- viii Principal Responsibilities under Shariah Governance.









 Details of the above roles and responsibilities are embedded in the Board Charter of the Company which is published in the Company's website at www.takaful-malaysia.com.my

To operate effectively in a dynamic and challenging environment, the Board's responsibilities are delegated to and executed by Management of the Company headed by Group Chief Executive Officer ("GCEO"). GCEO is responsible for broad aspects of day-to-day operations of the Company including financial stewardship and compliance to laws, regulations, policies and procedures. In this regard, Management is accountable to the Board for the overall functions and activities of the Company. This includes among others, implementation of policies and strategies as approved by the Board which are always in line with Shariah principles and guided by regulatory requirements as well as industry best practices.

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Board Meetings

Board meetings are scheduled in advance at the beginning of a calendar year with additional meetings convened when necessary. All Directors complied with the Listing Requirements on attendance for Board meetings held during the financial year under review. Seven (7) Board meetings were held during the financial year under review with details of meetings' attendance of each Director are as follows:

Name	Attendance	Percentage (%)
Dato' Mohammed Hussein <i>Chairman/Independent Non-Executive Director</i>	 7/7	100
Mohd Azman Sulaiman <i>Independent Non-Executive Director</i>	 7/7	100
Suraya Hassan <i>Independent Non-Executive Director</i>	 7/7	100
Dato' Mustaffa Ahmad <i>Independent Non-Executive Director</i>	 7/7	100
Mohamad Salihuddin Ahmad <i>Non-Independent Non-Executive Director</i>	 7/7	100
Datuk Bazlan Osman <i>Independent Non-Executive Director</i>	 7/7	100
Datin Paduka Kartini Haji Abdul Manaf <i>Non-Independent Non-Executive Director</i>	 6/7	85.7
Ch'ng Sok Heang <i>Independent Non-Executive Director</i>	 7/7	100

Directors who are unable to attend a particular Board/ Board Committee meeting are encouraged to provide his/ her views and comments on matters to be discussed to the Chairman or Company Secretary in advance.

The Board is satisfied with the level of time commitment given by each Director towards fulfilling their roles and responsibilities as Directors of Takaful Malaysia Keluarga as evidenced by their attendance record at Board meetings, as set out in the above table. All Directors complied with the minimum attendance of at least 75% of Board meetings held during the financial year under BNM's Guidelines on Corporate Governance. A Director who is unable to attend any Board or Board Committee's meeting will notify the Chairman and/or Company Secretary immediately prior to the meeting date.

The Board also noted the expectation on time commitment to carry out their duties and responsibilities. In this respect, members of the Board will notify the Chairman prior to or upon their acceptance of any new directorship. Each Board member is expected to commit sufficient time to attend all Board and Board Committees'

meetings, Annual General Meeting ("AGM"), Extraordinary General Meeting ("EGM"), Directors' training, Board's networking events, discussions with Management and meetings with various stakeholders. The schedule for Board meetings was shared with the Directors before the beginning of the year to ensure the Directors' time commitment.

As prescribed in Paragraph 15.06 of the Listing Requirements, Directors must not hold directorships at more than five (5) Public Listed Companies ("PLC"). None of the Directors of the Company exceeded these limits during the financial year under review. Directors are required to declare their directorships and/or interests in other public and private companies on monthly basis. Such information is also used to monitor the number of directorships held by Directors, particularly those on PLC and notify Companies Commission of Malaysia ("CCM") of any changes in other directorships in public companies.

All Directors have the backing of extensive work experience in various fields and therefore are able to exercise independent judgement in order to discharge their duties.

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The Board believes that the existing appointment process for selecting a new member is adequate and it takes into consideration the required skills-set, experience, competency, industry experience, gender and age and how these add to the Board's diversity.

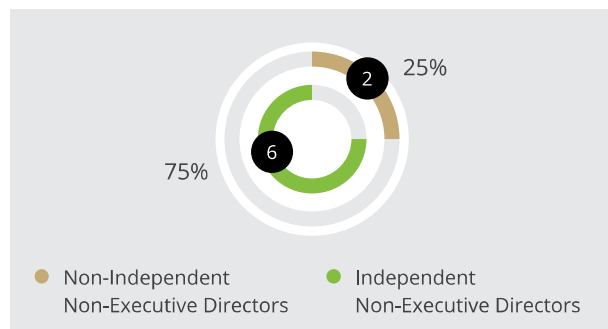
Directors' Code of Ethics

The Directors observe the code of ethics in accordance with the Company Directors' Code of Ethics established by CCM which provides guidance for proper standards of conduct, sound and prudent business practices as well as standard of ethical behaviour for Directors, based on principles of integrity, responsibility, sincerity and corporate social responsibility.

The Directors' Code of Ethics consists five (5) major areas as follows: -

- Corporate Governance;
- Relationship with shareholders, employees, creditors, customers and other stakeholders;
- Sustainability Practices;
- Corporate Liability; and
- Anti-Money Laundering and Counter Financing of Terrorism ("AML/CFT")

Board Balance and Independence of Directors



The Board of Takaful Malaysia Keluarga agreed during their meeting held on 25 August 2021 to have a majority of independent directors at all time, consistent with Practice 5.2 of MCGG.

The tenure of all six (6) Independent Non-Executive Directors does not exceed a cumulative term of nine (9) years as recommended by MCGG and as set out in the Board Charter. They continue to fulfil the definition of independence as set out in the Listing Requirements. Therefore, the Board recommends and supports the proposed re-election of the Independent Non-Executive Directors and Non-Independent Non-Executive Director who are retiring by rotation in accordance with Rule 74 of the Company's Constitution at the forthcoming 39th AGM.

The Board acknowledges gender diversity in the composition and strongly supports the government's target of having 30% women's participation on boards of PLC in Malaysia. For the period under review, the Board comprised five (5) men Directors and three (3) women Directors, resulting into a percentage of 37.5% which is in accordance with Practice 5.9 of MCGG that recommends the board comprises at least 30% women directors. The Board remained cognisant of the importance of boardroom gender diversity and always mindful that any gender representation should be in the best interest of the Company. The Board will continue to encourage and support more women participation on the Board including whenever a vacancy arises.

The Board recognises that diversity is one (1) of the key drivers to enhance Board effectiveness as diversity broadens the debate within the Board, SAB and Senior Management by harnessing different insights and perspectives. The Board will continuously enhance their composition as well as that of SAB and Senior Management to encourage diversity in terms of skills, background, knowledge, industry experience, culture, independence of mind and fairness/opinion and perspectives, ethnicity, age and gender when appointing new Directors, SAB members and Senior Management as outlined in MCGG.

The profiles of the current Senior Management are set out on pages 117 to 123 in this Integrated Annual Report.

With a diversified background and specialisation, the Board collectively brings with them a wide range of experience and expertise in areas such as finance, insurance, takaful, accounting, investment, actuarial, company secretarial, management, leadership/talent development and banking.

The profiles of Directors are provided on pages 104 to 111 in this Integrated Annual Report.

The positions of Chairman and GCEO are held by different individuals in line with the recommendation of MCGG under Practice 1.3 since the inception of the Company. There is a clear division of responsibilities between the Chairman and GCEO to ensure that there is a balance of power and authority. The roles and responsibilities of the Chairman and GCEO are distinct and separate. The Chairman primarily presides over meetings of Directors and is responsible for instilling good corporate governance practices, leadership and the effectiveness of the Board. GCEO is responsible for execution of the Group's strategies in line with the Board's direction, oversees the operations of the Company and drives the Group's businesses and performance towards achieving the Group's vision and goals.

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Board Committees

To enable the Board to discharge their duties effectively whilst enhancing business and operational efficacy, the Board delegates certain responsibilities to five (5) Board Committees, namely:

- Audit Committee;
- Nomination and Remuneration Committee;
- Board Risk Committee;
- Investment Committee; and
- Long Term Incentive Plan Committee (*Disbanded on 20 March 2023 and re-established on 26 February 2024*).

The Chairman of the Board is not Chairman of any of the abovementioned Board Committees in line with the recommendation of MCCG under Practice 1.4.

As recommended by NRC, the Board on 25 May 2023, agreed to review membership of Board Committees of the Company. This strategic exercise was guided by principles with regard to rotation, namely maximum of three (3) members per committee and maximum of two (2) committee per Board member, along with the principle of majority of Independent Non-Executive Director on the Board. It also provided the opportunity to refresh the Board Committees' composition, exposure as well as ideas and approach, taking into account the sufficiency of Board/Board Committee members and their overall improved performance rating in FY2022.

Audit Committee ("AC")

AC currently comprises three (3) members, all of whom are Independent Non-Executive Directors, in accordance with the Step-up under Practice 9.4 of the MCCG. Details of AC members and meetings held during the financial year ended 31 December 2023 are as follows:

Name	Attendance	Percentage (%)
Datuk Bazlan Osman <i>Chairman/Independent Non-Executive Director</i>	4/4	100
Ch'ng Sok Heang <i>Independent Non-Executive Director</i>	4/4	100
Mohd Azman Sulaiman <i>Independent Non-Executive Director</i> <i>(Appointed as AC member on 1 July 2023)</i>	2/2 [#]	100
Suraya Hassan <i>Independent Non-Executive Director</i> <i>(Ceased as AC member on 1 July 2023)</i>	2/2 [*]	100

[#] The number of meetings attended after the appointment date.

^{*} The number of meetings held up to the cessation of office.

The current Chairman of AC, Datuk Bazlan Osman, is an Independent Non-Executive Director who is not the Chairman of the Board in line with the Practice 9.1 of the MCCG. AC Report during the financial year under review is disclosed under pages 147 to 149 in this Integrated Annual Report.

On top of AC's primary objective to provide an independent oversight on the financial reporting process and internal control system and ensuring checks and balances within the Group, AC shall, whenever necessary and reasonable for performance of their duties, in accordance with a procedure to be determined by the Board and at the expense of the Company:

- (i) Have authority to investigate any other matter within its Terms of Reference;

- (ii) Have the resources as well as full and unrestricted access to all information which is required to perform its duties;
- (iii) Have direct communication channels and be able to convene meetings with internal auditors, external auditors or both of Takaful Malaysia Keluarga and Syarikat Takaful Malaysia Am Berhad ("Takaful Malaysia Am") without the attendance of GCEO, Management and staff whenever deemed necessary; and
- (iv) Obtain, if it is deemed necessary, independent professional advice on any matter within its Terms of Reference.



The last review of the Terms of Reference of AC was carried out on 24 August 2023. The latest Terms of Reference of AC is published in the Company's website at www.takaful-malaysia.com.my

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Nomination and Remuneration Committee ("NRC")

As at the end of the financial year under review, NRC consisted of three (3) Non-Executive Directors, two (2) of whom are Independent Directors. The current Chairman of NRC is Mohd Azman Sulaiman, an Independent Non-Executive Director, is in line with Practice 5.8 of MCCG. NRC met six (6) times during the financial year under review with details of meetings' attendance of each member as follows:

Name	Attendance	Percentage (%)
Mohd Azman Sulaiman <i>Chairman/ Independent Non-Executive Director</i>	6/6	100
Datin Paduka Kartini Haji Abdul Manaf <i>Non-Independent Non-Executive Director</i>	6/6	100
Suraya Hassan <i>Independent Non-Executive Director</i> <i>(Appointed as NRC member on 1 July 2023)</i>	3/3 [#]	100
Dato' Mustaffa Ahmad <i>Independent Non-Executive Director</i> <i>(Ceased as NRC member on 1 July 2023)</i>	3/3 [*]	100

[#] The number of meetings attended after the appointment date.

^{*} The number of meetings held up to the cessation of office.

NRC is empowered by the Board and the Terms of Reference to bring to the Board's recommendations as to appointment of Directors, SAB members, Senior Management, i.e. General Manager position and above including GCEO, Chief Executive Officer, Deputy Chief Executive Officer, Group Chief Financial Officer, Chief Risk Officer, Chief Compliance Officer, Appointed Actuary, Chief Investment Officer, Chief Strategy Officer, Company Secretary and such other designation as determined by the Board from time to time. NRC also reviews the terms of appointment of Directors, SAB members, Senior Management and Company Secretary.

NRC also discussed the succession plan of Senior Management of Takaful Malaysia Keluarga including appointing and replacing Senior Management to ensure that any appointment made brings a balance of skills, knowledge, experience and diversity to the Company.

NRC reviews eligibility and worthiness of Directors for re-election either when Directors are seeking re-election subject to Rule 74, 76 and 77 of the Company's Constitution or upon expiry of term and seeking re-election under Rule 83. NRC makes the necessary recommendations to the Board for consideration and approval.

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Nomination and Remuneration Committee ("NRC")

Among the key activities undertaken by NRC during the financial year under review were as follows:

- Proposed reappointment of Directors;
- Proposed re-election of Directors;
- Performance assessment and performance bonus quantum for Control Functions, General Managers, Deputy CEO and GCEO of Takaful Malaysia Keluarga for FY2023;
- Proposed annual salary increment and performance bonus pool provision for executives and above for Takaful Malaysia Keluarga and Takaful Malaysia Am;
- Proposed estimation of Directors' fees and benefits to be approved by the shareholders at 38th AGM of the Company;
- Proposed appointment, reappointment, promotion and remuneration package of Senior Management;
- Proposed appointment of SAB's Chairman and member;
- Succession planning and management;
- Proposed employees' retention scheme;
- Proposed annual token of appreciation to Board members of Takaful Malaysia Keluarga, Takaful Malaysia Am and SAB;
- Reorganisation of Senior Management Team as Executive Committee;
- Salary review and proposed salary adjustment for General Managers of Takaful Malaysia Keluarga;
- Proposed review of meeting allowance for SAB's members;
- Key Performance Indicators ("KPI") for GCEO for FY2023;
- Proposed cash-based bonus for eligible staff;
- Review on Non-Executive Directors' Remuneration Policy;
- Review of membership of Board Committees;
- Review of Board/Board Committees' Assessment;
- Framework of Proposed New Long Term Incentive Plan;
- Appointment of ICDM as the Consultant for Board and Directors' Effectiveness Evaluation ("BDEE"); and
- Proposed revision of GCEO's KPI.

 Terms of Reference of NRC is published in the Company's website at www.takaful-malaysia.com.my.

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Board and Directors' Effectiveness Evaluation ("BDEE")

BDEE is a periodic effectiveness assessment intended to provide the Board with necessary insights and support to enhance the effectiveness of the Board's oversight function. For financial year ended 31 December 2023, the Board, as recommended by NRC, appointed Institute of Corporate Directors Malaysia ("ICDM") as the facilitators to conduct BDEE in line with Practice 6.1 of MCCG which requires the need for the Board to engage independent experts at least every three (3) years, to facilitate objective and candid board evaluations.

The BDEE assessment criteria covered the following ten (10) key parameters:

- Board Leadership
- Board Composition, Skills and Development
- Board Committee
- Board Governance and Processes
- Board Agendas, Meeting and Information
- Board Dynamics and Culture
- Board and Management Relationship
- Board and Stakeholder Engagement
- Sustainability Matters
- Board and Crisis Management

The ICDM's BDEE approach is a comprehensive framework that provides a strategic level of Board assessment that can be used to prioritise key strategic issues and implement actionable plans for greater board effectiveness. The three (3) levels of focus are Board, Board Committees and individual Directors. The approach evokes a two-pronged focus:

- Board and Board Committees Effectiveness Evaluation

Evaluate the performance of the Board to understand the current dynamics of the Board and uncover gaps that are usually not prominent when evaluation is conducted internally, as well as the performance of Board Committees.

- Individual Directors Evaluation ("IDE")

Evaluate the performance of the individual Directors through the IDE or ICDM's customised Individual Directors Evaluation, as well as the overall board performance collectively. The IDE is aimed at appraising the performance of individual directors while enhancing positive engagement among them to ensure an effective and agile Board.

ICDM's BDEE assesses the effectiveness of the Board and through a combination of online questionnaires, sighting of governance documents in confidentiality, one-on-one confidential interviews, detailed analysis and review of findings from responses. Five (5) selected individuals from Senior Management joined the online questionnaire and the interview.

The final BDEE's Report outlining the findings and observations from the evaluation and recommendations of action/improvement plans for the financial year ended 31 December 2023 were tabled to the Board at their meeting held on 25 March 2024 for notification and deliberation. The Board noted the identified areas for improvement and would address them in the appropriate manner.

Based on year 2023 assessment, on overall basis, ICDM was satisfied that the Board met expectations of a well-performing organisation and there are no major concerns relating to evaluation of the Board's effectiveness.

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Board Risk Committee ("BRC")

BRC currently consists of three (3) Non-Executive Directors, two (2) of whom are Independent Directors. The current Chairperson of BRC is Ch'ng Sok Heang, an Independent Non-Executive Director. BRC met five (5) times during the financial year under review with details of meetings' attendance of each member as follows:

Name	Attendance	Percentage (%)
Ch'ng Sok Heang <i>Chairperson/ Independent Non-Executive Director</i> <i>(Appointed as BRC's Chairperson on 1 July 2023)</i>	5/5	100
Dato' Mustaffa Ahmad <i>Independent Non-Executive Director</i>	5/5	100
Mohamad Salihuddin Ahmad <i>Non-Independent Non-Executive Director</i>	5/5	100
Suraya Hassan <i>Chairperson/ Independent Non-Executive Director</i> <i>(Ceased as BRC's Chairperson/Member on 1 July 2023)</i>	3/3*	100

* The number of meetings held up to the cessation of office.

BRC regularly meets and obtain information, critically review and constructively challenge Senior Management on adherence to the Company's risk appetite and the implementation of risk management policies, process and internal controls, in managing the key risks to the Company, as well as emerging risks.

The following are some of the main duties and responsibilities of BRC:

- (i) To support the Board in meeting the expectations on risk management as set out in BNM's policy document on Risk Governance.
- (ii) To assist NRC on implementation of a sound remuneration system, to examine whether incentives provided by the remuneration system take into consideration risks, capital, liquidity and the likelihood and timing of earnings.
- (iii) To review and recommend risk management strategies, policies and risk appetite and tolerance levels for the Board's approval.
- (iv) To review and assess adequacy of risk management policies and framework for identifying, measuring, monitoring and controlling risks as well the extent to which these are operating effectively.
- (v) To ensure that adequate infrastructure, resources and systems are in place for effective risk management, e.g. ensuring that the staff responsible for implementing risk management systems perform those duties independently of the Company's risk-taking activities.
- (vi) To support the Board in providing oversight over technology-related matters.

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Investment Committee ("IC")

IC currently consists of four (4) members, three (3) of whom are Non-Executive Directors and one (1) Management member. The current Chairman of IC is Dato' Mustaffa Ahmad, an Independent Non-Executive Director. IC met five (5) times during the financial year under review with details of meetings' attendance of each member as follows:

Name	Attendance	Percentage (%)
Dato' Mustaffa Ahmad <i>Chairman/Independent Non-Executive Director</i>	5/5	100
Datuk Bazlan Osman <i>Independent Non-Executive Director</i>	5/5	100
Datin Paduka Kartini Haji Abdul Manaf <i>Non-Independent Non-Executive Director</i>	4/5	80
Nor Azman Zainal <i>Group Chief Executive Officer</i>	4/5	80

The main duties and responsibilities of IC are as follows:

- (i) To approve the investment strategies, investment risk appetite and assets allocation of all asset classes after having considered proposal and recommendation by Management and all aspects of regulatory requirements as stipulated in various policy documents and guidelines in respect of investment management, governance frameworks as well as risk management;
- (ii) To approve investment risk management framework e.g. investment authority/transaction limits is in place in identifying, monitoring, controlling and mitigating various risks arising from investment activities;
- (iii) To monitor and review investment activities and investment performance of all asset classes under management; and
- (iv) To evaluate, approve and negotiate terms and conditions, on selection and appointment of external fund managers, custodians, banks and other financial intermediaries.

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Long Term Incentive Plan (“LTIP”) Committee *(Disbanded on 20 March 2023 and re-established on 26 February 2024)*

During the financial year under review, LTIP Committee consisted of four (4) Non-Executive Directors, of which three (3) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director, with Datuk Bazlan Osman, an Independent Non-Executive Director, as Chairman. LTIP Committee met once during the financial year under review with details of meetings’ attendance of each member as follows:

Name	Attendance	Percentage (%)
Datuk Bazlan Osman <i>Chairman/Independent Non-Executive Director</i>	1/1	100
Mohd Azman Sulaiman <i>Independent Non-Executive Director</i>	1/1	100
Dato’ Mustaffa Ahmad <i>Independent Non-Executive Director</i>	1/1	100
Mohamad Salihuddin Ahmad <i>Non-Independent Non-Executive Director</i>	1/1	100

The Board resolved that LTIP Committee be disbanded on 20 March 2023, upon conclusion of 8th Performance Share Plan.

All Board Committees have clear written Terms of Reference and the Board receives reports of their proceedings and deliberations periodically during the financial year under review. The Chairman of the various Board Committees will report to the Board the outcome of their meetings and such reports are incorporated in minutes of the Board meeting.

On 26 February 2024, LTIP Committee was re-established following the Board’s approval of the new LTIP Scheme that will run for an initial period of 3 years, from 2024 to 2026. The re-established LTIP Committee consists of four (4) Non-Executive Directors, of which three (3) are Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director. The Chairman of LTIP Committee is Mohamad Salihuddin Ahmad, Non-Independent Non-Executive Director. The other three (3) members are Mohd Azman Sulaiman, Dato’ Mustaffa Ahmad and Puan Suraya Hassan. Plan Provisions and Administrative Guidelines as guide for LTIP Committee for the roll-out of the new LTIP scheme in 2024 was approved on 26 February 2024.

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Shariah Advisory Body ("SAB")

Shariah governance framework of Takaful Malaysia is structured based on the requirements as stipulated under BNM's Shariah Governance Policy Document ("SGPD"). Shariah governance of Takaful Malaysia provides a sound and comprehensive Shariah compliance framework vis-à-vis the Board oversight accountability over Shariah governance, Management's responsibility over day-to-day Takaful Malaysia's business, operations, activities, affairs and activities and an independent SAB supported by a secretariat function to serve SAB and Shariah control functions in managing Shariah non-compliance risk through Shariah risk management, Shariah review and Shariah audit functions.

Following the spirit of SGPD, Takaful Malaysia has taken several initiatives in strengthening the Shariah governance, including among others, launching off the Governance Week 2023 to improve and strengthen the Shariah governance and compliance culture within Takaful Malaysia. Throughout 2023, a series of Shariah trainings were conducted by Takaful Malaysia to ensure that staff are competent and continuously equipped with adequate and comprehensive Shariah knowledge.

Takaful Malaysia established a single SAB to serve both Takaful Malaysia Keluarga and Takaful Malaysia Am. While the Board is ultimately responsible for the overall Shariah governance implementation and Shariah

compliance, SAB as an integral function of Shariah governance is entrusted with delegated authorities by the Board to provide Shariah advisory oversight and ensure compliance of the Group's business, operations and activities with Shariah principles during the reporting period. All matters which require SAB's opinion and decision are deliberated at SAB meetings with attendance of Management and representatives from Shariah Division. Thereafter, matters are brought to the attention of the Board for informed decision-making.

SAB of Takaful Malaysia is appointed in line with Paragraph 12.1 and 12.2 of BNM's SGPD, where composition for 2023 are five (5) members. Majority of members of SAB, i.e. four (4) members are Shariah qualified while a member with legal expertise to complement the robust and vigorous deliberation of SAB meeting. The SAB is currently chaired by Dr. Ahmad Sufian Che Abdullah. The profiles of SAB are provided on pages 112 to 116 in this Integrated Annual Report.

During the reporting period, SAB held seven (7) series of meeting, including one (1) special meeting. All members of SAB complied with the minimum attendance of at least 75% of the meetings held during the financial year, as required under Paragraph 11.4 of BNM's SGPD. The record of attendance of members of SAB for the meetings are as follows:

Name	Attendance	Percentage (%)
Dr. Ahmad Sufian Che Abdullah	7/7	100
Dr. Marhanum Che Mohd Salleh	7/7	100
Megat Hizaini Hassan	7/7	100
Dr. Nik Abdul Rahim Nik Abdul Ghani	7/7	100
Dr. Shafaai Musa	7/7	100

Functionally, SAB reports to the Board and their duties and responsibilities are as prescribed under their Terms of Reference. Among the key roles and responsibilities of SAB are:

- (i) Providing a decision or advice to the Company on the application of any rulings of the Shariah Advisory Council ("SAC") of BNM or standards on Shariah matters that are applicable to the operations, business, affairs and activities of the Company.
- (ii) Providing a decision or advice on matters which require a reference to be made to the SAC.
- (iii) Providing a decision or advice on the operations, business, affairs and activities of the Company which may trigger a Shariah non-compliant event.
- (iv) Endorsing a rectification measure to address a Shariah non-compliant event.
- (v) Accountable for the quality, accuracy and soundness of decision and advice provided by SAB.

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Whistleblowing Policy

The Company has established its Whistleblowing Policy ("Policy") in response to the Whistleblower Protection Act 2010 and is committed to the highest standard of compliance with regard to disclosure, transparency, accountability and integrity, as well as those set by relevant legislations.

The objectives of this Policy are as follows:

- To provide an avenue for whistleblowers to raise concerns and define a way to handle any concerns of integrity and misconduct;
- To ensure the Board is kept informed at an early stage about acts of misconduct or improprieties;
- To reassure whistleblowers that they will be protected from punishment or unfair treatment for reporting concerns in good faith, if such reporting is in accordance with the procedures in the Policy; and
- To help develop a culture of openness, accountability and integrity within Takaful Malaysia.

The Policy should be read together with the Company's Fraud Management Policy and Anti-Corruption Framework. This Policy and Fraud Management Policy collectively govern the reporting and investigation procedures of improper activities or misconducts.

The whistleblower can address concerns via any of the following Whistleblower reporting channel:

- (a) Email to Chairman of the Board or Chairman of AC if it is relating to any Directors or SAB members;
- (b) Email to 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
- (c) Via e-form: <https://www.takaful-malaysia.com.my/en/whistleblowing/> to Chairman of AC and Chief Internal Auditor for misconduct of Senior Management or Employees up to General Manager's level or in writing to Chief Internal Auditor to the mailing address as follows:

Chief Internal Auditor

10th Floor, Main Block, Menara Takaful Malaysia,
No. 4, Jalan Sultan Sulaiman, 50000 Kuala Lumpur.
P.O. Box 11483, 50746 Kuala Lumpur.

Fraud Management Policy

Fraud Management Policy serves as a guidance in managing fraud incidences in Takaful Malaysia Keluarga. It is designed to meet the following objectives:

- Provide guidance and approach to managing fraud risks/handling fraud incidences;
- Define roles and responsibilities of all stakeholders in managing fraud risks;
- Provide the process for managing fraud risks; and
- Provide the process for investigating and reporting fraud incidences.

Corporate Disclosure Policy

The Company is guided by the Listing Requirements regarding Corporate Disclosure Policy.

The Outsourcing Risk Management framework outlines the consideration when engaging and managing external parties for services outsourced by Takaful Malaysia Keluarga. It provides guidance on governance process for selecting outsourcing parties, define the roles and responsibilities of different stakeholders, performance review and reporting

Sustainability Policy

At Takaful Malaysia, we are committed to upholding Shariah principles while strengthening our commitment to sustainability and embedding Environmental, Social and Governance ("ESG") considerations across our business and operations.

The Board takes charge of sustainability as a whole assuming the responsibility for overseeing and endorsing the overall ESG strategies, initiatives and monitoring the execution. This includes strategy, governance structure, priorities and targets, and integration of ESG across the Company. The Board also promotes good corporate governance in the adoption of sustainability practices.

Takaful Malaysia continues to grow its business in a sustainable and environmentally friendly manner through conscious considerations of potential impacts on the stakeholders, communities and the environment by establishing Sustainability Risk Management ("SRM") Framework. SRM Framework sets out Takaful Malaysia's approach in managing sustainability risk and outlines the governance, strategic considerations, risk management practices and supporting enablers for a robust ESG

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implementation management. This approach aligns the Company's products, services, business practices and investment strategies to generate sustainable impacts on the economy, community and environment.

In summary, SRM Framework establishes an accountability framework and action to be taken within Takaful Malaysia on monitoring and implementation guidelines at the appropriate level/committee. It can help identify critical ESG metrics, measure and monitor progress, thereby increasing its ESG performance over time.

 *The Sustainability Statement is set out on pages 72 to 101 in this Integrated Annual Report.*

Conflict of Interest Policy

The Group's Policy on Conflict of Interest ("COI Policy") for Directors and Executive Committee ("EXCO") was established in response to the amendments of the Listing Requirement of Bursa Securities in relation to Conflict of Interest and other areas. AC at their meeting held on 22 August 2023, deliberated and recommended revisions to the existing Terms of Reference of AC and the Board at their 5/2023 meeting held on 24 August 2023, approved the revisions.

COI Policy was drafted and tabled to AC and Board for deliberation and approval at their respective meetings held on 21 and 23 November 2023. EXCO was briefed on the same matter on 11 January 2024. On 17 January 2024, declaration form was circulated to all Directors and EXCO for their execution of which all declaration forms were duly executed and returned to Corporate Affairs Division. Report on Declaration of COI was tabled to AC and Board at their respective meetings held on 23 and 25 February 2024 of which the same was duly noted.

The primary objective of COI Policy is to establish and maintain a robust framework consisting of well-defined processes and procedures that are diligently adhered to within the Group. This COI Policy aims to effectively identify, address and manage a wide range of conflicts of interest or potential conflict of interest, including those that are actual, potential or perceived in nature.

Supply of Information to the Board

The Board has full and timely access to information with Board papers distributed in advance of meetings, normally five (5) days prior to the meeting, to enable Directors to obtain further explanation, where necessary, in order to be properly briefed before meeting. The Board papers include minutes of the previous Board meeting, minutes of meetings of all Board Committees,

minutes of SAB meetings and reports relevant to issues of the meetings covering areas such as strategy, financial, actuarial, risk management, investment, information technology, operational, human resource and regulatory compliance matters. GCEO keeps the Board informed, on timely basis, of all material matters affecting the Group's performance and major developments within the Group.

Senior Management are invited to attend Board meetings to present and brief the Board on matters/reports relating to their areas of responsibility as and when required.

A notification email on meeting dates including deadline for meeting materials to be submitted is sent out to Management a few weeks prior to the meeting date.

In order for Board meetings to be more effective, the Board meeting agenda are sequenced in a manner that prioritise approval papers. Time allocation is also determined for each agenda item in order for Board meetings to be conducted efficiently.

The deliberations and decisions at Board and Board Committee meetings are well documented in the minutes, including matters where Directors abstained from voting or deliberation. The Company Secretary will communicate to relevant members of Management the Board's decisions for appropriate actions to be taken. The Company Secretary will also follow up with Management on status of actions taken with reference to previous minutes of meetings for updating the Board. Action items would stay as matters arising in minutes of meetings until they are resolved.

Key decisions are always made in a Board meeting while Directors' Circular Resolutions are usually confined to administrative matters and are normally accompanied by Board papers in the prescribed format. All Directors' Circular Resolutions are tabled for confirmation/ratification at the subsequent Board meeting after issuance thereof.

The Board is supported by a suitably qualified and competent Company Secretary to provide sound governance advice, ensure adherence to rules and procedures and advocate adoption of corporate governance best practices in line with Practice 1.5 of MCGG. The Company Secretary of Takaful Malaysia Keluarga is qualified to act pursuant to Section 235(2) of Companies Act, 2016.

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All Directors have unrestricted access to timely and accurate information and access to the advice and services of the Company Secretary, who is responsible for ensuring that Board meetings' procedures are followed and that all applicable rules and regulations are complied with.

She is also responsible for advising Directors of their obligations and duties, disclosure of their interest in securities, disclosure of any conflict of interest in a transaction involving the Company, prohibition on dealing in securities and restrictions on disclosure of price-sensitive information in accordance with Paragraph 14.04 of the Listing Requirements. During the financial year under review, none of the Directors held shares in the Company.

Directors may seek independent professional advice in furtherance of their duties at the Company's expense.

The Board is also regularly updated from time to time by the Company Secretary and/or Management on updates to regulations and guidelines, as well as any amendments thereto issued by BNM, Bursa Securities, Securities Commission Malaysia, CCM and other relevant regulatory authorities.

Appointment to the Board

The appointment of new Board members is considered and evaluated by NRC in a formal and transparent process and NRC would recommend appointments to the Board for approval. In line with IFSA 2013 and BNM's requirements, appointment of Directors is subject to BNM's approval. The Company Secretary will ensure that all appointments are properly made, with all necessary information obtained, as well as all legal and regulatory requirements duly met.

Probity, personal integrity and reputation: the person must have key qualities such as integrity, diligence, independence of mind and fairness;

Competence and capability: the person must have the necessary skills, knowledge, experience, ability and commitment to carry out the role; and

Financial integrity: the person must manage his/her debts or financial affairs prudently.

The Board, with assistance of NRC, also considers the following criterion in selection process:

NRC and the Board will also consider diversity in terms of, among others, skills, background, knowledge, industry experience, culture, independence of opinion and perspectives, ethnicity, age and gender when appointing new Directors.

The process flow for the appointment of new Directors is as follows:

Identification of candidate;

Evaluation of suitability of candidate;

Meeting with candidate;

Deliberation by NRC; and

Recommendation to the Board.

Thereafter, the application for appointment of such candidate would be submitted to BNM for approval.

In identifying candidates for appointment of Directors, NRC does not solely rely on recommendations from the existing Board members, Management or major shareholders. The Board also utilises independent sources such as FIDE FORUM, ICDM and Lead Women to identify suitably qualified candidates.

In compliance with BNM's guidelines on Fit and Proper Criteria, all Directors and SAB members are required to make an annual declaration on the 'Fit and Proper' criteria in addition to declaration prior to initial appointment and reappointment to ensure that each Director and SAB member fulfils the 'Fit and Proper' criteria.

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Directors' Training

The Board is mindful of the need for continuous training to keep abreast of new developments and is encouraged to attend internal training programmes/forums/seminars and external programmes facilitated by external professionals in accordance with their respective needs in discharging their duties as Directors pertaining to the laws and regulations which may affect the Company. The Board will continue to evaluate and determine training needs of Directors to enhance their skills and knowledge. The Company Secretary keeps a complete record of the trainings received or attended by the Directors.

All Directors have attended Mandatory Accreditation Programme ("MAP") Part I as required by Bursa Securities. In June 2023, Bursa Securities introduced a new mandatory onboarding programme on sustainability for the directors of PLC, known as MAP Part II: Leading for Impact (LIP) which is an extension to the existing MAP I that focused on Director's roles, duties and liabilities only. The requirement came into effect on 1 August 2023. First-time directors and directors of listing and transfer applicants must complete MAP II within 18 months from the date of appointment or admission, respectively while the existing directors of PLC must complete MAP II within 24 months from the effective date which is on or before 1 August 2025. Seven (7) Directors of Takaful Malaysia Keluarga have completed MAP Part II and one (1) will attend in due course.

Takaful Malaysia Keluarga continues to provide BNM's Circulars, updated Listing Requirements and new regulations and guidelines from other relevant regulatory authorities to assist Directors in keeping abreast with latest developments.

The training programmes, conferences and seminars attended by Directors during the financial year under review are within the categories of Takaful/Insurance, Digital & Cybersecurity, Risk Management, Leadership, Finance, Sustainability and Governance & Compliance (including Shariah related).

Re-election During AGM

The Company's Constitution provides for all Directors to submit themselves for re-election at least once every three (3) years at AGM in compliance with the Listing Requirements.

To assist shareholders in their decision on the relevant AGM resolutions, sufficient information, such as personal profile, meetings' attendance and shareholding in the Company of each Director standing for re-election are furnished in this Integrated Annual Report.

DIRECTORS' REMUNERATION

Level and Make-up of Remuneration

NRC is responsible in recommending the remuneration framework for Directors as well as remuneration package of SAB members, GCEO and Senior Management to the Board in line with MCCG's recommendation under Practice 7.2 to ensure that Takaful Malaysia Keluarga attracts, motivates and retains the right Directors, SAB members, GCEO and Senior Management.

The remuneration package for GCEO is structured on the basis of linking rewards to financial and individual performance. Performance is measured against KPI as approved by the Board. It is the ultimate responsibility of the Board to approve the remuneration of GCEO. GCEO does not participate in any way in determining his own individual remuneration.

In the case of Non-Executive Directors and SAB members, the remuneration package is determined by the Board as a whole, based on experience, level of expertise and responsibilities undertaken by Non-Executive Directors and SAB members, in line with the Group's overall practice on compensation and benefits. Non-Executive Directors' fees and benefits are approved by shareholders at AGM.

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Disclosure

The disclosure of each Director's remuneration, comprising the amount received from the Company and its subsidiaries, are as follows:

Name	Company/Group*						Total (RM'000)
	Fee (RM'000)	Allowance (RM'000)	Salary (RM'000)	Bonus (RM'000)	Benefits- in-kind (RM'000)	Other emoluments (RM'000)	
Dato' Mohammed Hussein <i>Chairman/ Independent Non-Executive Director</i>	216/217	120/120	-	-	54/64	108/146	498/547
Mohd Azman Sulaiman <i>Independent Non-Executive Director</i>	138	-	-	-	50	110	298
Suraya Hassan <i>Independent Non-Executive Director</i>	132	-	-	-	53	94	279
Dato' Mustaffa Ahmad <i>Independent Non-Executive Director</i>	150/155	-	-	-	1/22	122/202	273/379
Mohamad Salihuddin Ahmad <i>Non-Independent Non-Executive Director</i>	108	-	-	-	53	88	249
Datuk Bazlan Osman <i>Independent Non-Executive Director</i>	138	-	-	-	24	104	266
Datin Paduka Kartini Haji Abdul Manaf <i>Non-Independent Non-Executive Director</i>	126	-	-	-	9	81	216
Ch'ng Sok Heang <i>Independent Non-Executive Director</i>	150	-	-	-	42	83	275

* Group includes Takaful Malaysia Keluarga's subsidiary companies in Malaysia and Indonesia.

Similar details are also provided in Note 24 of the Annual Audited Financial Statements of this Integrated Annual Report.

The total remuneration made on a named basis for the key senior management is set out as follows:

Name	Company					Total (RM'000)
	Salary (RM'000)	Allowance (RM'000)	Bonus (RM'000)	Benefits (RM'000)	Other emoluments (RM'000)	
Nor Azman Zainal <i>Group Chief Executive Officer</i>	1,320	120	1,650	86	494	3,670
Mohamed Sabri Ramli <i>Chief Executive Officer, Takaful Malaysia Am</i>	960	45	668	32	260	1,965
Leem Why Chong <i>Deputy Chief Executive Officer</i>	901	45	826	26	276	2,074
Firozdin Abdul Wahab <i>Chief Bancatakaful Officer</i>	539	45	689	12	197	1,482
New Kheng Chee <i>Group Chief Financial Officer (Appointed on 1 August 2023)</i>	325	15	-	11	52	403

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REMUNERATION POLICY STATEMENT

Takaful Malaysia Keluarga’s Remuneration Policy (“Policy”) serves to reflect the Group’s objectives in promoting good corporate governance to sustain a long-term value creation for our shareholders. The Board approved the remuneration policy at the recommendation of NRC. Other entities within the Group may have remuneration policies that differ from the Group policy in order to meet the relevant local requirements and practices.

The Policy is designed to align the personal objectives of staff with the long term interests of Takaful Malaysia Keluarga and the funds under management. Strategic measures are implemented in order to ensure they are aligned to the interests of the Group and its stakeholders. The policy and the general incentive structure are designed to meet the following objectives:

- To be in line with the business strategy, objectives, values, long-term goals and interests of Takaful Malaysia Keluarga;
- To be aligned with the principle of protection of customers and investors as well as prevention of conflict of interests;
- To enable the Group to attract, develop and retain high-performing and motivated staff;
- To offer a competitive remuneration package which is aligned with the industry; and
- To encourage staff to continue to perform and create sustainable results and ensure that there is an alignment of interest among the stakeholders, i.e. shareholders, customers and staff.

The Policy and general incentive structure is consistent with the Group’s long term strategy. It is also implemented to ensure transparency in respect of the Group’s reward strategy where the staff will have clear and predetermined KPI that are set in accordance with the Group’s overall strategy and applicable regulations. Correspondingly, transparency is justified through the Group’s disclosure of remuneration and information on paid remuneration disclosed in the Group’s Integrated Annual Report.

Philosophy or methodology imposed by Takaful Malaysia Keluarga to determine an employee’s remuneration is guided as per the following:

- Pay for performance with the notion that there is a direct link between employee’s remuneration and individual or company’s performance;
- Set the remuneration level to Takaful Malaysia Keluarga’s comparative group by performing a market benchmarking exercise on an annual basis; and
- Set a market benchmark of the remuneration against the standard approved by the Board.

Takaful Malaysia Keluarga’s performance management aligns the employees’ actions and behaviours with the Company’s strategies and goals which consist of the following:

<p>Key Result Area (“KRA”)</p> <p>Key deliverables that create the greatest impact of the job and reflect the core responsibilities;</p>
<p>KPI</p> <p>A specific measure of performance that is quantifiable/measurable; and</p>
<p>Competencies</p> <p>Key behaviours expected to be demonstrated towards achievement of targets or goals.</p>

The performance management process covers the following:

- A business plan and strategy presentation by division heads to the Board on an annual basis for approval;
- Circulation of approved business plans and strategies to all employees;
- KRA and KPI of the employees to tie back to business plans and strategies; and
- Performance of employees to be reviewed during mid-year and a final assessment will be conducted at financial year end.

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Remuneration and rewards are granted to an employee based on the achievement of KPI and subject to the Company's overall annual financial performance and guided by the following factors:

- The Company's overall performance and affordability (Profit After Tax & Zakat);
- The performance of the distribution divisions;
- The employee's individual performance;
- Moderated performance rating distribution to align with the Company's performance;
- Benchmarking with the current market practice;
- The approved remuneration and reward matrix (governed by a specific business rule and requirement); and
- The approval matrix for remuneration is determined as per table below:

No	Item	Approving Authorities			Periodic Review
		Shareholder	Board	GCEO	
1	Remuneration for Board of Directors	✓			Annually
2	Remuneration for SAB		✓		Annually
3	Remuneration for GCEO		✓		Annually
4	Remuneration for members of Senior Management & other Material Risk Takers		✓		Annually
5	Staff Annual Salary Increment/Salary Adjustment/Promotion Budget		✓		Annually
6	Staff Annual Performance Bonus Budget		✓		Annually
7	Remuneration for clerical and non-clerical employees under the Collective Agreement (CA)		✓		Annually
8	Remuneration for new hires (excluding General Managers and GCEO)			✓	N/A

SHAREHOLDERS

Dialogue between the Company and Investors

Takaful Malaysia Keluarga recognises the importance to keep shareholders well-informed of all major developments of Takaful Malaysia Keluarga on a timely basis. The Chairman and GCEO hold discussions with shareholders at least once a year during AGM. Additionally, various disclosures and announcements made to Bursa Securities including quarterly and annual results facilitate the dissemination of information to shareholders. All these announcements and other information about the Company is available in the Company's website, www.takaful-malaysia.com.my which shareholders, investors and public may access.

AGM

AGM is the principal forum for dialogues with shareholders. General meetings are important platforms for Directors and Senior Management to engage with shareholders to facilitate greater understanding of the Company's business, governance and performance. Shareholders are able to participate and engage with the Board and Senior Management and make informed voting decisions at general meetings.

All Directors attended the Company's 38th AGM which was held virtually on 31 May 2023 via Remote Participation and Electronic Voting (RPEV). The AGM was held in accordance with the Practice 13.4 and 13.5 of MCCG and the 'Guidance Note on the Conduct of General Meetings for Listed Issuers' by Securities Commission Malaysia. Apart from Directors, Senior Management and the external auditors of the Company also attended the said AGM.

Besides the normal agenda for AGM, GCEO presented the progress and performance of the business as contained in this Integrated Annual Report and provides opportunities for shareholders to raise questions pertaining to business activities of the Group. Board members, Senior Management as well as the Company's external auditors attended the AGM to respond to shareholders' enquiries during AGM. GCEO also shared with shareholders, the Company's responses to questions submitted in advance of the AGM by the Minority Shareholders Watch Group ("MSWG").

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During the AGM, all members were invited to raise questions and seek clarifications on all proposals tabled. Members encouragingly raised questions on AGM's agenda which were appropriately answered and/or clarified by Board members and Senior Management to allow members to make informed decisions when casting their votes at the said AGM.

Notice of 38th AGM was dispatched to shareholders within 28 days prior to the meeting pursuant to Practice 13.1 of the MCGG to enable shareholders to make the necessary arrangement to attend and participate in person or through corporate representatives or proxies. It also enables shareholders to read the Integrated Annual Report, consider the resolutions and make an informed decision in exercising their voting rights at the General Meeting. Takaful Malaysia Keluarga will continue to adopt Practice 13.1 of the MCGG and the Notice of the 39th AGM will also be dispatched at least 28 days prior to the meeting. The notice is also published in a nationally circulated newspaper as required under the Listing Requirements of Bursa Securities and is made available on the Company's website. As for re-election of Directors, the Board will ensure that full information is disclosed through the notice of meeting regarding Directors who are retiring and who are willing to serve if re-elected.

Each item of special business included in the notice of the meeting will be accompanied by an explanatory statement for the proposed resolution to facilitate full understanding and evaluation of issues involved.

In line with the Listing Requirements of Bursa Securities under Paragraph 8.29A(1), the Company has adopted poll voting for all resolutions set out in the notice of general meeting at 38th AGM of the Company held on 31 May 2023. Poll voting reflects more accurately and fairly shareholders' views by ensuring that every vote is recognised, in accordance with the principle of "one share one vote". Polling processes were explained during general meetings and was conducted through electronic voting. Poll Administrator and Independent Scrutineers were appointed to conduct the polling process and verify the results of the poll respectively. The poll results were also announced to Bursa Securities via Bursa LINK on the same day for the benefit of all shareholders. The Minutes of the AGM including the questions raised at the meeting and the answers given were also published in the Company's website at www.takaful-malaysia.com.my, within 30 days of the AGM in line with Practice 13.6 of MCGG.

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board ensures that the annual financial statements and quarterly announcements to shareholders are prepared in accordance with the approved accounting standards and present a balanced and understandable assessment of the Group's position and prospects. AC assists the Board in ensuring the accuracy and adequacy of information by reviewing and recommending for adoption information for disclosure.

Takaful Malaysia Keluarga has adopted the integrated reporting for the financial year ended 31 December 2023 as recommended under Practice 12.2 of MCGG.

Statement of Directors' Responsibilities in Relation to Financial Statements

Directors are required under the Companies Act 2016 and the Listing Requirements of Bursa Securities, to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and the Group as at the end of the financial year and of the income statement and cash flows for the Company and the Group for the financial year.

Directors consider that, in preparing the financial statements for the year ended 31 December 2023, the Group has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates. Directors have also considered that all applicable accounting standards have been followed and confirm that the financial statements have been prepared on going concern basis.

Directors are responsible for ensuring that the Company maintains adequate accounting records which disclose with reasonable accuracy the financial position of the Company to enable them to ensure that the financial statements comply with the requirements of the Companies Act 2016.

Directors generally have the duty to take such steps as are reasonably available to them to safeguard the assets of the Company and the Group and to prevent and detect fraud and other irregularities.

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Internal Control and Risk Management

The Board acknowledges their responsibility and is committed in maintaining a sound system of internal control and risk management practice. However, such system can only provide reasonable but not absolute assurance against material misstatements or losses.

AC regularly evaluates the adequacy and effectiveness of the Group's internal control systems by reviewing the actions taken on lapses/deficiencies identified in reports provided by Group Audit. AC also reviews Group Audit's recommendation and Management responses to these recommendations to ensure that they are working adequately and promptly.

The Group adopts an enterprise-wide Risk Management Framework which embraces the three (3) lines of defence model. BRC support the Board and oversees management activities in managing the key risk areas of the Group and to ensure appropriate risk management process and control is in place and functioning effectively.

As required by Paragraph 15.23 of the Listing Requirements of Bursa Securities, the external auditors reviewed the Statement on Risk Management and Internal Control furnished on pages 150 to 154 in this Integrated Annual Report of the Group for the year ended 31 December 2023, pursuant to the scope set out in Recommended Practice Guide (RPG) 5 (Revised 2015), Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control issued by the Malaysian Institute of Accountants. In their limited assurance review, they have reported to the Board that nothing has come to their attention that causes them to believe that the statement intended to be included in the Integrated Annual Report of the Group, in all material respects:

- a. Has not been prepared in accordance with the disclosures required by Paragraphs 41 and 42 of the Statement on Risk Management and Internal Control - Guidelines for Directors of Listed Issuers; or
- b. Is factually inaccurate.

RPG 5 (Revised 2015) does not require the external auditors to consider whether the Statement covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and

internal control system including the assessment and opinion made by the Board and Management thereon. The external auditors are also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the Integrated Annual Report will, in fact, remedy the problems.

Relationships with Auditors

The role of AC is as stated on pages 148 to 149 in this Integrated Annual Report. Through AC of the Board, the Company has established transparent and appropriate relationship with the Company's auditors, both internal and external.

Internal Auditors

Internal auditors reports functionally to AC and has unrestricted access to AC and all the Company's records. Its function is independent of activities or operations of other operating units. Internal Auditors periodically evaluates effectiveness of risk management process, reviews operating effectiveness of internal controls system and compliance control within the Group. The Chief Internal Auditor is invited to attend AC's meetings to facilitate deliberation of audit reports. The minutes of AC meetings are tabled to the Board for information and serves as a reference especially when there are pertinent points should any of the Board members wish to highlight or seek clarification.

External Auditors

AC and the Board place great emphasis on the objectivity and independence of the Company's auditors, Messrs. PricewaterhouseCoopers PLT, in providing relevant and transparent reports to the shareholders. AC undertakes the independent assessment on the external auditors annually.

To ensure full disclosure of matters, the Company's auditors are invited to attend AC meetings as and when necessary as well as during AGM. During the financial year under review, AC held two (2) private sessions with the auditors without the presence of Management to discuss among other things the scope and adequacy of the audit process and audit findings.

This statement is made in accordance with the resolution of the Board of Directors dated 25 March 2024.