

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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 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 Financial Year 2025 (“CG Report FY2025”) published on 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 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 in accordance with Practice 2.1 of MCCG. The Board Charter is reviewed regularly to keep 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 25 February 2025. The Board Charter is accessible on our website at www.takaful-malaysia.com.my

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 Board’s main roles and responsibilities in accordance with the Board Charter are to review the following matters:-

- 1 — Strategic Planning/Business Direction/Operations/Finance;
- 2 — Requirement under Authorities/Statutes;
- 3 — Management/Human Resource;
- 4 — Membership of Board/Board Committees and Shariah Advisory Body (“SAB”);
- 5 — Administrative;
- 6 — Principal Responsibilities under Corporate Governance including Risk Management and Compliance;
- 7 — Internal Audit Function; and
- 8 — Principal Responsibilities under Shariah Governance.

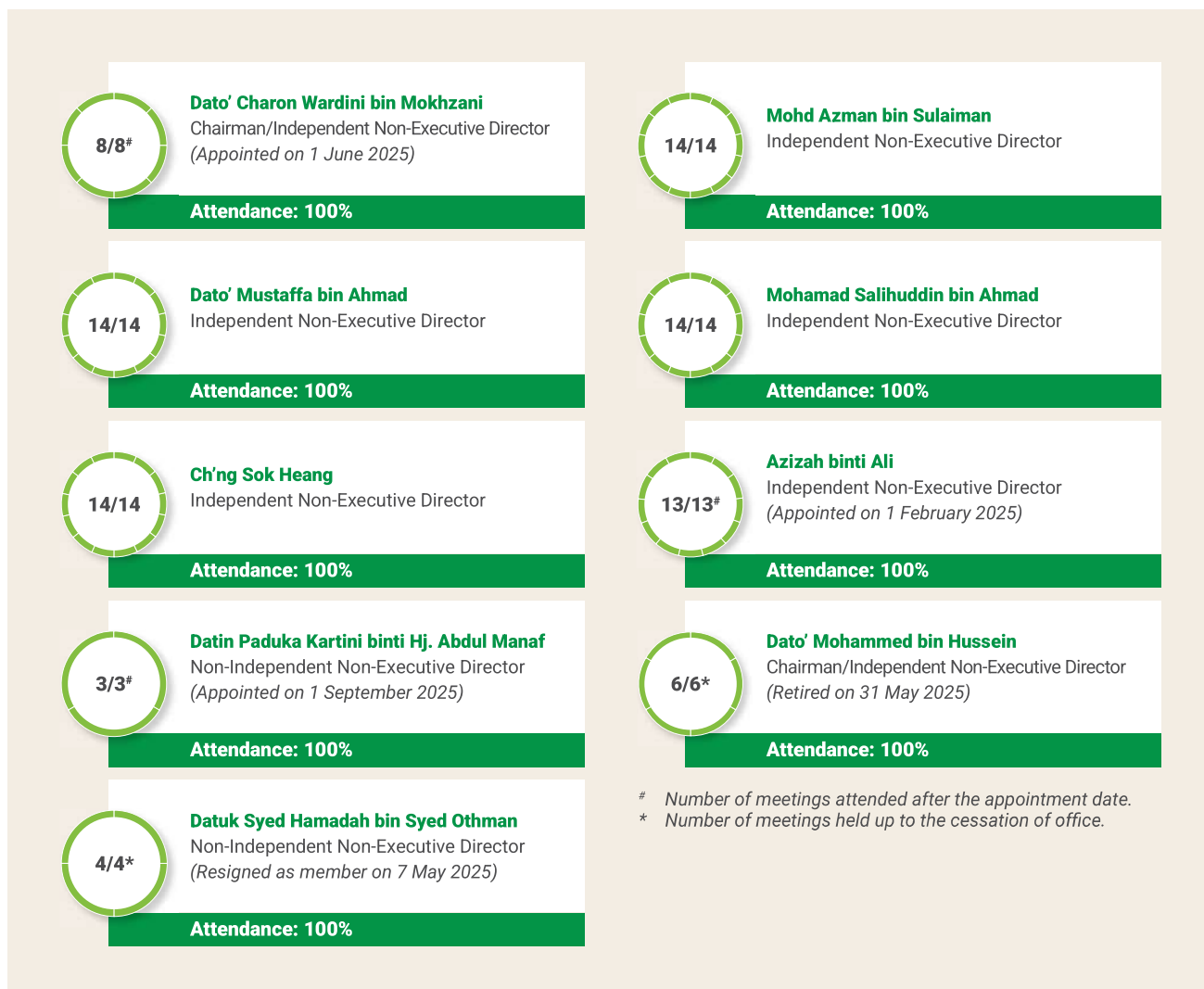
Details of the above roles and responsibilities are embedded in the Board Charter of the Company which is published on the Company’s website at www.takaful-malaysia.com.my

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 the Group Chief Executive Officer (“GCEO”). GCEO is responsible for broad aspects of day-to-day operations of the Company including financial stewardship and compliance with 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 the calendar year with additional meetings convened when necessary. All Directors complied with the Listing Requirements regarding attendance for Board meetings held during the financial year under review. Fourteen (14) Board meetings were held during the financial year under review with details of meeting attendance of each Director as follows: -



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.

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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 of more than five (5) Public Listed Companies ("PLC"). None of the Directors of the Company exceeded this limit 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.

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.

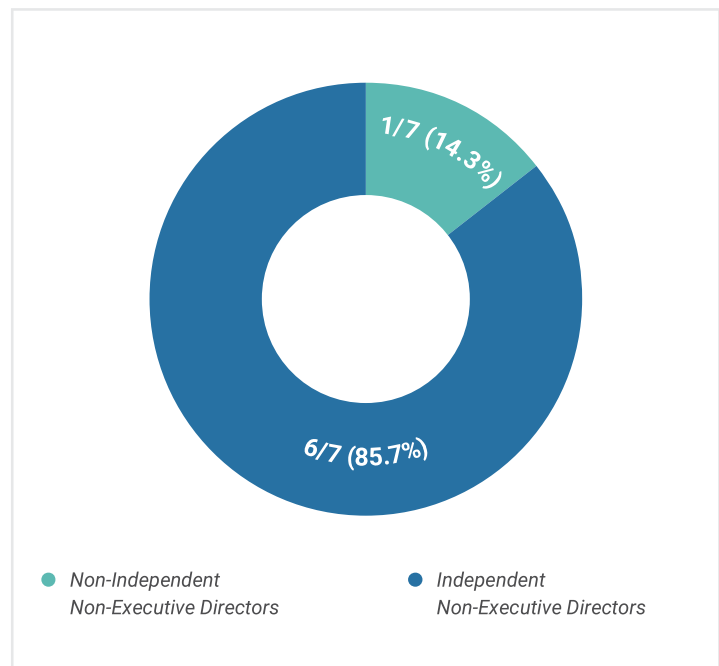
► **Directors' Code Of Ethics**

Directors observe the code of ethics in accordance with the Company's Directors' Code of Ethics established by Companies Commission of Malaysia ("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 of 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**



Pursuant to paragraph 2.3 of the Board's Charter, the Board of Takaful Malaysia Keluarga shall have a majority of independent directors at all time, consistent with Practice 5.2 of MCCG.

Datin Paduka Kartini binti Hj. Abdul Manaf, a representative of Lembaga Tabung Haji is the only Non-Independent Non-Executive Director of the Company.

Tenure of all these six (6) Independent Non-Executive Directors does not exceed cumulative term of nine (9) years as recommended by MCCG 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 Independent Non-Executive Director according to Rule 83 of the Company's Constitution at the forthcoming 41st AGM.



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► Board Gender Diversity


The Board acknowledges gender diversity in its composition and strongly supports the government's target of having 30% women's participation on boards of PLC in Malaysia. Takaful Malaysia Keluarga remained cognizant of the importance of board room gender diversity and is always mindful that any gender representation should be in the best interest of the Company. For the period under review, the Board comprised four (4) male Directors and three (3) female Directors, resulting in a percentage of 42.8%.

The Board recognises that diversity is one (1) of the key drivers to enhance Board effectiveness as diversity broadens the debate within the Board, Shariah Advisory Body ("SAB") and Senior Management by harnessing and leveraging diverse insights and perspectives to enhance deliberations and decision-making.

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.

 Profile of the current Senior Management are set out on pages 167 to 172 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 legal, finance, insurance, Takaful, accounting, investment, actuarial, management, leadership/ talent development, banking and information technology ("IT").

 Board of Directors' Profile are provided on pages 155 to 161 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 business and performance towards achieving the Group's vision and goals.

► Board Committees

To enable the Board to discharge their duties effectively whilst enhancing business and operational efficacy, the Board delegates certain responsibilities to six (6) Board Committees, namely: -

- Audit Committee ("AC");
- Nomination and Remuneration Committee ("NRC");
- Board Risk Committee ("BRC");
- Investment Committee ("IC");
- Group Digital Committee ("GDC")(established on 1 April 2025); and
- Long Term Incentive Plan Committee (dissolved on 26 February 2026).

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

As recommended by NRC, the Board would review the composition/membership of Board Committees of the Company from time to time. This would provide 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.




The Board at their 1/2025 special meeting held on 16 January 2025 and 2/2026 meeting held on 26 February 2026 further reviewed the composition/membership of Board Committees of the Company, as recommended by NRC.

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AC

Audit Committee

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 MCGG. Details of AC members and meetings held during the financial year ended 31 December 2025 are as follows:-

| Name | Attendance | Percentage (%) |
|--|--|----------------|
| Ch'ng Sok Heang Chairperson/Independent Non-Executive Director |  6/6 | 100 |
| Mohd Azman bin Sulaiman Independent Non-Executive Director |  6/6 | 100 |
| Dato' Mustaffa bin Ahmad Independent Non-Executive Director |  6/6 | 100 |

The current Chairperson of AC, Ch'ng Sok Heang, is an Independent Non-Executive Director who is not the Chairman of the Board in line with the Practice 9.1 of the MCGG. AC Report during the financial year under review is disclosed under pages 198 to 201 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 ensure 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 for Takaful Malaysia Keluarga and 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 Terms of Reference of AC was carried out on 25 February 2025. The latest Terms of Reference of AC is published on the Company's website at www.takaful-malaysia.com.my

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NRC

Nomination and Remuneration Committee

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

| Name | Attendance | Percentage (%) |
|--|---|----------------|
| Mohd Azman bin Sulaiman Chairman/Independent Non-Executive Director |  6/6 | 100 |
| Azizah binti Ali Independent Non-Executive Director (Appointed as NRC member on 1 February 2025) |  5/5* | 100 |
| Datin Paduka Kartini binti Hj. Abdul Manaf Non-Independent Non-Executive Director (Appointed as NRC member on 26 February 2026) | - | - |
| Mohamad Salihuddin binti Ahmad Independent Non-Executive Director (Resigned as NRC member on 26 February 2026) |  6/6 | 100 |
| Ch'ng Sok Heang Independent Non-Executive Director (Resigned as NRC member on 1 February 2025) |  1/1* | 100 |

Number of meetings attended after the appointment date.

* Number of meetings held up to the cessation of office.

During the year under review, Azizah binti Ali was appointed as NRC member in place of Ch'ng Sok Heang on 1 February 2025. Subsequent to that, the Board at their 2/2026 meeting held on 26 February 2026 approved the appointment of Datin Paduka Kartini binti Hj. Abdul Manaf in place of Mohamad Salihuddin bin Ahmad.

NRC is empowered by its Terms of Reference and the Board to bring to the Board recommendations on 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 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 new appointment/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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NRC

Nomination and Remuneration Committee

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

- Proposed appointment and reappointment of Directors of Takaful Malaysia Keluarga and Takaful Malaysia Am;
- Proposed revision to the Board's Terms of Reference/Board Charter;
- Proposed re-election of Directors pursuant to Rule 74 and 83 of the Company's Constitution;
- Performance assessment and performance bonus quantum for GCEO, Senior General Managers and General Managers of Takaful Malaysia Keluarga for FY2024;
- Performance assessment, performance bonus and salary increment for Control Functions of Takaful Malaysia Keluarga FY2024;
- Proposed distribution of FY2024 performance bonus pool for employees of Takaful Malaysia Keluarga;
- Proposed FY2025 annual salary increment 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 the 40th AGM of the Company;
- Performance Evaluation of Board and Board Committees of Takaful Malaysia Keluarga for FYE 31 December 2024;
- Proposed appointment and reappointment of SAB member;
- SAB Members' annual assessment for the financial year ended 31 December 2024;
- Proposed appointment/promotion/reappointment and remuneration package of Senior Management;
- GCEO's FY2024 and FY2025 corporate scorecard;
- Mid-Year Review of 2025 GCEO's Performance Scorecard;
- Updates on Corporate Organisation Structure of Takaful Malaysia Keluarga;
- Review of Composition of Board Committee;
- Proposed Formation of IT Board Advisory Committee (established as "Group Digital Committee" on 1 April 2025);
- Review of Directors' Benefits for overseas travel;
- Succession Planning of SAB;
- Review of Board Competency Matrices of Board of Takaful Malaysia Keluarga, Takaful Malaysia Am and SAB;
- Succession Planning for Members of the Board of Takaful Malaysia Am; and
- Lesson from Other Board Best Practices on (a) Board Training and Development; (b) Board Succession Planning; (c) Enhancing Board Culture and Effectiveness.

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

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BOARD EFFECTIVENESS EVALUATION

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 Board and Directors’ Effectiveness Evaluation (“BDEE”) in line with Practice 6.1 of MCCG which requires the Board to engage independent experts at least every three (3) years, to facilitate objective and candid Board evaluations. For financial year 2024, the Board through NRC conducted the Annual Board Effectiveness Evaluation internally. The same evaluation was accordingly conducted for financial year 2025.

NRC is empowered to assess effectiveness of the Board and Board Committees namely AC, NRC, BRC, IC and GDC, as well as contribution of each individual Director and performance of SAB. Directors’ Performance Evaluation, Assessment of Independence of Independent Directors and Performance Evaluation for Board Committees are carried out annually by way of questionnaires which were issued/distributed to the Board and Board Committee members for completion as required under BNM’s Guidelines, Listing Requirements of Bursa Securities and MCCG. Areas covered are as follows:-

| Annual Evaluation | Directors’ Performance Evaluation | Assessment of Independence of Independent Directors | Performance Evaluation of AC, NRC, BRC IC and GDC |
|----------------------------|---|--|---|
| Assessment Criteria | <p>Section A - Board evaluation criteria which comprises three (3) criteria, i.e. Board structure; Board operations and interaction; and Board roles and responsibilities.</p> <p>Section B - Director Self/Peer Evaluation which comprises four (4) criteria, i.e. contribution to interaction, quality of input, understanding of role and the Chairman’s role.</p> | As prescribed under Paragraph 1.01 and Practice Note 13 of Listing Requirements of Bursa Securities. | <p>Section 1 comprises three (3) sections, i.e. quality and composition, skills and competencies, and meeting administration and conduct.</p> <p>Section 2 comprises peer evaluation.</p> |

Results of evaluation of the Board, AC, NRC, BRC, IC and GDC for the financial year ended 31 December 2025 were tabled to NRC held on 5 February 2026 and 2 March 2026 and thereafter to the Board on 11 March 2026, for NRC’s and the Board’s notification and deliberation. The Board noted the identified areas for improvement and would address them in the appropriate manner.

Based on year 2025 assessment, the Board was satisfied that the Board’s and Board Committees’ composition provides an appropriate balance in terms of their current mix of skills, knowledge and experience, and are able to discharge their duties and responsibility diligently and efficiently in accordance with the Board Charter. Assessment in respect of Directors’ independence in year 2025 was carried out using the criteria prescribed under the Listing Requirements of Bursa Securities. All Independent Directors assessed declared adherence to all relevant regulatory stipulations in accordance with the Listing Requirements of Bursa Securities.

Pursuant to the BDEE, key focus areas that have been identified for FY2026 are as follows:-




- Board structure/composition: Strengthen the Board’s composition and identify new Board members with appropriate mix of skills and expertise to match the Company’s requirements, i.e. consumer market, sustainability, IT systems.
- Board Effectiveness: Enhance lead time of submission of Board paper, robust and balanced agenda on business, financial and compliance, as well as focus on forward-looking, strategic direction/initiatives analysis.
- Board Development: Enhance and widen Board’s skills and expertise in the areas of IT systems/processes, consumer market trends, sustainability and governance.
- Senior Management Performance: Improvement in Management’s performance metrics; succession, training and development of key executives.

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BRC

Board Risk Committee

BRC currently consists of three (3) Non-Executive Directors, all of whom are Independent Directors. BRC is chaired by Mohamad Salihuddin bin Ahmad, an Independent Non-Executive Director. BRC met six (6) times during the financial year under review with details of meeting attendance of each member as follows:-

| Name | Attendance | Percentage (%) |
|---|--|----------------|
| Mohamad Salihuddin bin Ahmad Chairman/Independent Non-Executive Director (Redesignated as Chairman on 1 February 2025) |  | 100 |
| Dato' Mustaffa bin Ahmad Independent Non-Executive Director |  | 100 |
| Ch'ng Sok Heang Independent Non-Executive Director (Redesignated as member on 1 February 2025) |  | 100 |

During the period under review, Mohamad Salihuddin bin Ahmad was redesignated as Chairman of BRC on 1 February 2025, in place of Ch'ng Sok Heang who remains as a member. BRC regularly meet 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 key risks as well as emerging risks to the Company.

The following are, among others, 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 provide oversight over the implementation of sustainability initiatives and review adequacy of sustainability-related risk management;

- (vi) To discharge oversight role in relation to climate-related risks;
- (vii) 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;
- (viii) To review potential risks arising from major strategic business proposals or initiatives.

A revision to BRC's TOR was approved on 14 August 2025, to reflect emerging risks and regulatory expectations, including realignment of responsibilities between the BRC and GDC on technology-related matters.

BRC's role is confined to providing oversight opinions on technology implementation/risks as earlier identified by GDC. Consistent with the establishment of GDC, operational and strategic technology governance responsibilities have been realigned to GDC, with BRC focusing solely on the risk implications of such initiatives and reviewing matters escalated by GDC where material risk concerns arise.

This realignment confirms that GDC is the primary committee responsible for technology governance and operationalisation, while BRC's role is confined to oversight of the risk governance aspects of material technology initiatives and matters escalated due to significant risk considerations.






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IC

Investment Committee

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 bin Ahmad, an Independent Non-Executive Director. IC met five (5) times during the financial year under review with details of meeting attendance of each member as follows:-

| Name | Attendance | Percentage (%) |
|--|--|----------------|
| Dato' Mustaffa bin Ahmad Chairman/Independent Non-Executive Director |  5/5 | 100 |
| Mohd Azman bin Sulaiman Independent Non-Executive Director |  5/5 | 100 |
| Nor Azman bin Zainal Group Chief Executive Officer |  4/5 | 80 |
| Datin Paduka Kartini binti Hj. Abdul Manaf Non-Independent Non-Executive Director (Appointed as member on 1 September 2025) |  2/2* | 100 |
| Datuk Syed Hamadah bin Syed Othman Non-Independent Non-Executive Director (Resigned as member on 7 May 2025) |  0/2 | 0 |

* Number of meetings attended after the appointment date.

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 proposals 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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LTIP




Long Term Incentive Plan Committee

Long Term Incentive Plan Committee ("LTIP") was re-established on 26 February 2024 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 main functions and duties of LTIP are as follows:-

- i. To oversee administration of LTIP in accordance with Plan Provisions and Administrative Guidelines approved by the Board;
- ii. To report activities including how it has discharged the responsibilities to the Board and provide copies of the meeting minutes of LTIP to the Board;
- iii. To undertake any such other duties/functions as may be requested by the Board from time to time pertaining to administration of LTIP;
- iv. To determine all matters pertaining to termination of LTIP and any establishment of an incentive plan or compensation scheme in lieu thereof;
- v. To determine the Group's performance measures and targets correlate with each award; and
- vi. To review the award for all eligible employees before recommending to the Board for approval.

During the financial year under review, LTIP consisted of three (3) Independent Non-Executive Directors with Mohamad Salihuddin bin Ahmad as Chairman with the primary objective to implement and administer the new LTIP Scheme. Plan Provisions and Administrative Guidelines as guide for roll-out of the new Scheme and Terms of Reference of LTIP were approved by the Board at its 2/2024 and 5/2024 meetings held on 26 February 2024 and 27 May 2024, respectively. LTIP met one (1) time during the financial year under review with details of meeting attendance of each member as follows:-

| Name | Attendance | Percentage (%) |
|--|--|----------------|
| Mohamad Salihuddin bin Ahmad Chairman/Independent Non-Executive Director |  | 100 |
| Mohd Azman bin Sulaiman Independent Non-Executive Director |  | 100 |
| Dato' Mustaffa bin Ahmad Independent Non-Executive Director |  | 100 |

Effective from 26 February 2026, the Board approved the dissolution of LTIP with immediate effect, following which the role of LTIP is integrated into NRC and TOR of NRC has been revised, accordingly and approved by the Board on 26 March 2026.






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GDC

Group Digital Committee

GDC was established on 1 April 2025 with the primary objective to assist the Board in overseeing the implementation strategies of Information Technology and digitalization of the Company and its subsidiaries. GDC's establishment is to support the Board in meeting the expectations on technology risk and governance as set out by BNM and provide oversight and advisory input to Information Technology Steering Committee ("ITSC").

GDC shall comprise at least three (3) Non-Executive Directors, a majority of whom are Independent to be appointed by the Board of Takaful Malaysia Keluarga and includes representative from the Board of Syarikat Takaful Malaysia Am Berhad ("Takaful Malaysia Am"). Since its establishment, the following Board members of Takaful Malaysia Keluarga/ Takaful Malaysia Am have been appointed as GDC members. GDC met four (4) times during the financial year 2025 with details of meeting attendance of each member as follows:-

| Name | Attendance | Percentage (%) |
|--|--|----------------|
| Azizah binti Ali Chairperson/Independent Non-Executive Director |  4/4 | 100 |
| Mohamad Salihuddin bin Ahmad Independent Non-Executive Director |  4/4 | 100 |
| Abdul Rahman bin Talib Independent Non-Executive Director, Takaful Malaysia Am |  4/4 | 100 |

The main duties and responsibilities of GDC are as follows:-

- (i) To review and recommend to the Board, strategies, policies and framework related to technology and digitalisation;
- (ii) To review and recommend to the Board, IT blueprint inclusive of cybersecurity strategic plan in line with the IT strategies and in compliance with Bank Negara Malaysia ("BNM") guidelines;
- (iii) To oversee the implementation of Technology Risk Management and Cyber Resilience Framework as per BNM requirement as well as ensure periodical review of these framework;
- (iv) To establish technology risk appetite and its associated key performance indicators and undertake to monitor the associated technology risk;
- (v) To review strategic proposals relating to IT and digitalisation initiatives of Takaful Malaysia Keluarga and Takaful Malaysia Am ("the Companies") before recommending to the Board; and
- (vi) To monitor the implementation of IT and digitalisation initiatives undertaken to ensure it is in line with the Companies' strategies and policies.

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 Chairpersons of the respective Board Committees will report to the Board the outcome of their meetings and such reports are incorporated into minutes of the Board meeting.

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SAB

Shariah Advisory Body

Pursuant to BNM's approval letter dated 28 February 2018, Takaful Malaysia established a single Shariah Advisory Body ("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 with the Group's business, operations and activities with Shariah principles. 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.

The appointment of SAB is made in accordance with the requirements stipulated under Shariah Governance Policy Document ("SGPD") issued by BNM. During the financial year under review, composition of the SAB comprised of five (5) members, of whom a majority, i.e. four (4) members, are Shariah-qualified, while one (1) member is from a non-Shariah background to complement the robust and vigorous deliberation of its meeting, in line with Paragraphs 13.2 and 13.3 of the BNM's SGPD. The SAB is under the chairmanship of Associate Professor Dr. Nik Abdul Rahim bin Nik Abdul Ghani.

The SAB met eight (8) times, including two (2) sessions of special meeting during the financial year under review. The record of meeting attendance of each member is as follows:-

| Name | Attendance* | Percentage (%) |
|---|---|----------------|
| Associate Professor Dr. Nik Abdul Rahim bin Nik Abdul Ghani |  8/8 | 100 |
| Dr. Suhaimi bin Mohd Yusof |  8/8 | 100 |
| Professor Datin Dr. Rusni binti Hassan (Appointed as member on 1 February 2025) |  8/8 | 100 |
| Encik Eddy Azly bin Abidin (Appointed as member on 1 April 2025) |  6/6# | 100 |
| Associate Professor Dr. Ahmad Zaki bin Salleh (Appointed on 1 January 2026) |  N/A | N/A |
| Dr. Marhanum binti Che Mohd Salleh (Ceased as member on 31 January 2025) |  N/A | N/A |
| Encik Megat Hizaini bin Hassan (Ceased as member on 31 March 2025) |  2/2# | 100 |
| Dr. Shafaai bin Musa (Ceased as member on 31 December 2025) |  7/8 | 87.5 |

* Reflect the number of meetings attended during the time members held office.

N/A – Not applicable, as the first meeting was held after her tenure expired on 31 January 2025.

The duties and responsibilities of SAB are as prescribed under its 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) Deliberating and affirming a Shariah non-compliance finding by any relevant functions;
- (v) Endorsing a rectification measure to address a Shariah non-compliant event; and
- (vi) Being accountable for the quality, accuracy and soundness of decision and advice provided by SAB.



CORPORATE GOVERNANCE OVERVIEW STATEMENT

Whistleblowing Policy

Takaful Malaysia Keluarga and its group of companies and/or associated companies including foreign branches and subsidiaries (collectively "Takaful Malaysia") are 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 Whistleblowing Policy ("WB 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 of Directors is kept informed 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, as long as such reporting are in accordance with the procedures in this WB Policy; and
- To help develop a culture of openness, accountability and integrity within Takaful Malaysia.

WB 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 channels:-

Email to Chairman of the Board or Chairman of AC if it is relating to any Directors or SAB members;

Email to Chairman of AC and Chief Internal Auditor via a designated email address of Takaful Malaysia namely WB-STM@takaful-malaysia.com.my for misconduct of any Chief Officers; and

Via e-form:
<https://www.takaful-malaysia.com.my/en/whistleblowing/>
 to Takaful Malaysia Keluarga's 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.

*Note:
 The report must be in a sealed envelope marked "Confidential".*

Fraud Risk Management Policy

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

- 1 Provide guidance and approach to managing fraud risks/handling fraud incidences;
- 2 Define roles and responsibilities of all stakeholders in managing fraud risks;
- 3 Provide the process for managing fraud risks; and
- 4 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, defines the roles and responsibilities of different stakeholders, performance review and reporting.

Sustainability Policy

At Takaful Malaysia, sustainability is anchored in our Shariah principles and embedded within our governance, strategy and risk management practices. We integrate Environmental, Social and Governance ("ESG") considerations across our business operations, underwriting activities and investment decisions to support long-term value creation and responsible growth.

The Board plays a pivotal role, assuming full responsibility for overseeing and endorsing the overall ESG strategy initiatives and execution. This includes strategic direction, governance structure, priority setting, target establishment and integration of ESG principles across the Company. The Board is committed to promoting exemplary corporate governance in the adoption of sustainability practices. Sustainability matters are deliberated at Board and Board Committee levels to ensure appropriate governance, risk oversight and alignment with the Company's long-term objectives.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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. The SRM Framework sets out Takaful Malaysia's approach to managing sustainability risk, encompassing governance, strategic considerations, risk management practices and supporting enablers for effective ESG implementation. This approach aligns the Company's products, services, business practices and investment strategies with sustainable principles to generate sustainable and lasting impact on the economy, community and environment.

Through this structured approach, we align our products, services, operational practices and investment strategies with sustainable principles, while maintaining prudent risk management and regulatory compliance. The framework enables clear accountability across Management and relevant committees, supports the identification of material ESG metrics and strengthens ongoing monitoring and reporting.



The Sustainability Statement is set out on pages 76 to 153 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 adopted by the Board on 23 November 2023 in response to the amendments of the Listing Requirement of Bursa Securities in relation to Conflict of Interest and other areas. The revision to the COI Policy was later approved by the Board on 23 September 2025.

To further strengthen the COI disclosure process, all Directors/EXCO are required to make an annual declaration of COI or potential COI via the Annual Declaration Form of Conflict of Interest by Director/EXCO. On 6 January 2026 and 15 January 2026, declaration forms were circulated to all Directors and EXCO, respectively, 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 24 February 2026 and 26 March 2026 of which the same was duly noted. Report on Declaration of COI by SAB returned to Shariah Division was tabled to AC meeting held on 19 March 2026 and later noted at the Board meeting on 26 March 2026.

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.

Fit and Proper Policy

The Group maintains a dedicated Fit and Proper Policy for Directors, as approved at the Board on 11 May 2022, to ensure its members possess the necessary integrity, competence and commitment. As a financial institution, its policy is designed to comply with both Bursa Malaysia's Listing Requirements and Bank Negara Malaysia's Guidelines on Fit and Proper Criteria, to ensure integrity, competence and financial soundness. All Directors, prior to or upon appointment and reappointment/re-election and as required, undergo assessment covering probity, competence and financial integrity, alongside background checks.

The primary objective of Fit and Proper Policy is to ensure that Directors in Takaful Malaysia Keluarga and its subsidiary, Takaful Malaysia Am, including all other subsidiaries, have the appropriate qualities, competencies and experience that will allow them to carry out their roles and act with integrity, credibility and competency.

The policy mandates that the Board and NRC evaluate Directors based on three primary factors, namely:-

- Character and integrity: Assessing probity, personal integrity, reputation and financial integrity;
- Experience and competence: Evaluating qualifications, training and past performance to ensure the Directors can perform their duties effectively;
- Time and commitment: Ensuring the individual can devote sufficient time for the role.

The policy ensures that directors are competent to perform their duties and maintain high standards of ethical behaviour.



CORPORATE GOVERNANCE OVERVIEW STATEMENT

► 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 is sequenced in a manner that prioritises approval papers. Time allocation is also determined for each agenda item in order for Board meetings to be conducted efficiently.

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 MCCG. The Company Secretary of Takaful Malaysia Keluarga is qualified to act pursuant to Section 235(2) of Companies Act, 2016.

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 COI 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.

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

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

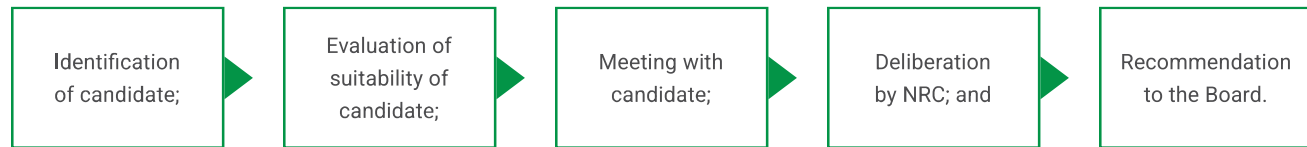
Financial integrity

The person must manage his/her debts or financial affairs prudently

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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.

Process flow for appointment of new Directors are as follows:-



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.

During the financial year, the Board reviewed a talent pool, a database of potential candidates collated from talent resourcing, the existing Board members, Management and major shareholders as a tool to facilitate new appointments and recruitments. NRC/Board will screen through the talent pool during selection process in identifying best suited candidate for a particular position. The Board entrusted NRC to compile a list of prospective candidates as potential Board members, recognising the need to succeed members of the Board. NRC compiled a list of names and profiles of potential candidates recommended by members of the Board as well as engaged FIDE Forum and ICDM to help expand the search. NRC then assessed and interviewed potential candidates before recommending a suitable candidate for a particular position to be considered by the Board. The Chairman and other Board members then interviewed the candidate before arriving at a final decision.

In compliance with BNM's Guidelines on Fit and Proper Criteria and Fit and Proper Policy and Procedures for Directors of the Group, all Directors and SAB members are required to make an annual declaration on 'Fit and Proper' criteria in addition to declaration prior to initial appointment and reappointment/re-election to ensure that each Director and SAB member fulfils the 'Fit and Proper' criteria.

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") as required by Bursa Securities. As for MAP Part II: Leading for Impact (LIP), Dato' Charon Wardini bin Mokhzani will attend the session in due course.

Following the appointment of Azizah binti Ali as a Board member, onboarding session for her was conducted on 4 February 2025. Similarly, onboarding sessions were held for Dato' Charon Wardini bin Mokhzani and Datin Paduka Kartini binti Hj. Abdul Manaf on 16 June 2025 and 22 September 2025 respectively, following their appointments during the year under review. Senior Management presented the Company's business overview and operations at the onboarding sessions for the newly appointed Directors.

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.

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, Governance & Compliance including Shariah related and Economics. Details of trainings, conferences and seminars attended by Directors can be found in the CG Report FY2025.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Re-election During AGM

The Company's Constitution provides the provisions on retirement and re-election of Directors under Rule 74 and Rule 83.

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.

Evaluation by NRC and the Board on the proposed retirement and re-election of Directors encompass assessment of their performance and contribution, independence and decision-making, in line with the Group's Fit and Proper Policy.

The Independent Non-Executive Directors who are due to retire at the 41st AGM pursuant to Rule 74 of the Company's Constitution are Encik Mohamad Salihuddin bin Ahmad and

Encik Mohd Azman bin Sulaiman. As reflected in the Notice of 41st AGM, Encik Mohd Azman bin Sulaiman has indicated that he is not seeking for re-election as Director and will retire at the conclusion of the AGM, while Encik Mohamad Salihuddin bin Ahmad has notified and submitted in writing to the Board of his intention to step down from the Board, effective 17 May 2026.

Besides them, Dato' Charon Wardini bin Mokhzani, an Independent Non-Executive Director, together with Datin Paduka Kartini binti Hj. Abdul Manaf, a Non-Independent Non-Executive Director, have offered themselves for re-election at the 41st AGM pursuant to Rule 83 of the Company's Constitution.

The Board reviewed the performance of Dato' Charon Wardini bin Mokhzani and Datin Paduka Kartini binti Hj. Abdul Manaf and is satisfied that both have met the criteria required for re-election pursuant to Rule 83 of the Company's Constitution, in accordance with the Fit and Proper Policy and Procedures for Directors of the Group.

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.

► Disclosure

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

| Name | Group*/Company | | | | | | |
|--|-----------------|-----------------------|--------------------|-------------------|----------------------------------|---------------------------------|-------------------|
| | Fee (RM'000) | Allowance (RM'000) | Salary (RM'000) | Bonus (RM'000) | Benefits- in-kind (RM'000) | Other emoluments (RM'000) | Total (RM'000) |
| Dato' Charon Wardini bin Mokhzani Chairman/Independent Non-Executive Director (Appointed on 1 June 2025) | 112 | 63 | - | - | 8 | 40 | 223 |
| Mohd Azman bin Sulaiman Independent Non-Executive Director | 257 | - | - | - | 38 | 105 | 400 |
| Dato' Mustaffa bin Ahmad Independent Non-Executive Director | 351/257 | - | - | - | 48/24 | 107/103 | 506/384 |
| Mohamad Salihuddin bin Ahmad Independent Non-Executive Director | 247 | - | - | - | 22 | 105 | 374 |
| Ch'ng Sok Heang Independent Non-Executive Director | 228 | - | - | - | 21 | 90 | 339 |
| Azizah binti Ali Independent Non-Executive Director (Appointed on 1 February 2025) | 160 | - | - | - | 2 | 74 | 236 |
| Datin Paduka Kartini binti Hj. Abdul Manaf Non-Independent Non-Executive Director (Appointed on 1 September 2025) | 67 | - | - | - | - | 15 | 82 |
| Datuk Syed Hamadah bin Syed Othman Non-Independent Non-Executive Director (Ceased on 7 May 2025) | 61 | - | - | - | - | 12 | 73 |
| Dato' Mohammed bin Hussein Chairman/Independent Non-Executive Director (Ceased on 31 May 2025) | 187/160 | 13/13 | - | - | 7/0 | 31/30 | 238/203 |

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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* |
|--|--------------------|-----------------------|-------------------|----------------------|---------------------------------|--------|
| | Salary (RM'000) | Allowance (RM'000) | Bonus (RM'000) | Benefits (RM'000) | Other emoluments (RM'000) | |
| Nor Azman bin Zainal Group Chief Executive Officer | 1,440 | 150 | 1,100 | 94 | 737 | 3,521 |
| Mohamed Sabri bin Ramli Chief Executive Officer, Takaful Malaysia Am | 1,010 | 45 | 640 | 32 | 431 | 2,158 |
| Leem Why Chong Deputy Chief Executive Officer | 450 | 23 | 676 | 38 | 195 | 1,382 |
| Firozdin bin Abdul Wahab Chief Bancatakaful Officer | 600 | 43 | 400 | 28 | 264 | 1,335 |
| New Kheng Chee Group Chief Financial Officer | 780 | 36 | 780 | - | 385 | 1,981 |

* All figures do not include Sales and Service Tax (SST)

The remuneration components in respect of the Board and Senior Management are pursuant to Takaful Malaysia Keluarga's Remuneration Policy and Procedures for Directors and Senior Management accessible on the Company's website.

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 alignment of interest among the stakeholders, i.e. shareholders, customers and staff.



CORPORATE GOVERNANCE OVERVIEW STATEMENT

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;
- Set a market benchmark of the remuneration against the standard approved by the Board; and
- Newly established LTIP granted to eligible employees based on performance matrix that will drive the growth of the business while simultaneously helping to retain the talent.

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

| | | |
|---|---|---|
| <p>Key Result Area ("KRA") Key deliverables that create the greatest impact of the job and reflect the core responsibilities</p> | <p>KPI A specific measure of performance that is quantifiable/measurable</p> | <p>Competencies 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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 40th AGM which was held at Dewan Ahmad Mohamed Ibrahim, 5th Floor, Annexe Block, Menara Takaful Malaysia, No. 4, Jalan Sultan Sulaiman, 50000 Kuala Lumpur on 21 May 2025. The AGM was held in accordance with the media release issued for public listed companies by Securities Commission Malaysia and Bursa Securities. Apart from Directors and Senior Management, 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").

During 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.



CORPORATE GOVERNANCE OVERVIEW STATEMENT

Notice of 40th 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 enabled 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. Notice of 41st AGM will also be dispatched at least 28 days prior to the meeting and will be 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 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 40th AGM of the Company held on 21 May 2025. 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. Minutes of AGM including the questions raised at the meeting and answers given were also published on the Company's website at www.takaful-malaysia.com.my, within 30 days of AGM which was on 17 June 2025 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 adopted the integrated reporting for the financial year ended 31 December 2025 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 2025, 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 confirmed 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.

► Internal Control and Risk Management

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

AC provides an independent oversight on 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 Internal Audit. AC also reviews Group Internal Audit's recommendation and Management's responses to these recommendations to ensure that they are working adequately and promptly.

The Group adopts an Enterprise Risk Management Framework which embraces the three (3) lines of defense model. BRC supports the Board and oversees management activities in managing the key risk areas of the Group and to ensure appropriate risk management processes and controls are 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 202 to 206 in this Integrated Annual Report of the Group for the year ended 31 December 2025, 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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 page 179 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 report functionally to AC and have 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 evaluate effectiveness of governance and 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 serve 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 an independent assessment on the external auditors annually.

To ensure comprehensive 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.

► Statement by the Board

The Board acknowledges the importance of striving to achieve high standards of Corporate Governance principles and practices, enabling improved oversight and risk mitigation, which contribute towards enhancing and sustaining shareholder value, business conduct as well as performance level across Takaful Malaysia Group.

The Board acknowledged that for the year ended 31 December 2025, the principles of good corporate governance pursuant to MCCG 2021 have been consistently applied, with explanation for departure from Practice 13.3 and Practice 13.5 provided below.

Practice 13.3 - Listed companies should leverage technology to facilitate-

- *voting including voting in absentia; and*
- *remote shareholders' participation at general meetings.*

Listed companies should also take the necessary steps to ensure good cyber hygiene practices are in place including data privacy and security to prevent cyber threats.

Summary Explanation on Practice 13.3:-

Takaful Malaysia Keluarga's 40th AGM held on 21 May 2025 was conducted on full physical mode only, compared to the virtual (online platform) mode for the Company's 39th AGM held on 23 May 2024, in line with the media release by Securities Commission Malaysia and Bursa Malaysia Berhad dated 30 August 2024 that all public listed companies on Bursa Malaysia must hold hybrid or physical general meetings from 1 March 2025. The Company opted for a full physical meeting mode in 2025 with a view to accommodating enhanced participation of and engagement with the Company's shareholders and/or proxy holders at its 40th AGM. Going forward, the Company may review and consider the necessity to leverage technology in order to facilitate remote shareholders' participation as well as physical attendance at future Takaful Malaysia Keluarga's general meetings.

Practice 13.5

The board must ensure that the conduct of a virtual general meeting (fully virtual or hybrid) support meaningful engagement between the board, senior management and shareholders. This includes having in place the required infrastructure and tools to support among others, a smooth broadcast of the general meeting and interactive participation by shareholders. Questions posed by shareholders should be made visible to all meeting participants during the meeting itself.

Summary Explanation on Practice 13.5:-

The Company opted for a full physical meeting mode in 2025 with a view to accommodating enhanced participation of and engagement with the Company's shareholders and/or proxy holders at its 40th AGM. Going forward, the Company may review and consider the necessity to leverage technology in order to facilitate remote shareholders' participation as well as physical attendance at future Takaful Malaysia Keluarga's general meetings.

The Board has reviewed and approved this statement and is satisfied that the Company has considered all obligations under requirements of Bursa Securities Listing Requirements, Companies Act 2016, MCCG 2021 and other applicable regulations, throughout the financial year ended 31 December 2025. This statement is made in accordance with the resolution of the Board of Directors dated 26 March 2026.