OUR APPROACH TO SUSTAINABILITY

ABOUT THIS STATEMENT

Syarikat Takaful Malaysia Keluarga Berhad ("Takaful Malaysia", "Takaful Malaysia Keluarga", "Group", "we" or "our") is pleased to present our Annual Sustainability Statement ("this Statement") for the financial year ended 2025 ("FY2025").

This Statement outlines our approach to identifying, managing and disclosing material Environmental, Social and Governance ("ESG") matters, enabling our stakeholders to understand how these matters are integrated into the Group's strategy, governance and decision-making processes to support our objective of sustainable, long-term value creation.

SCOPE AND BOUNDARY

This Statement covers the Group, comprising Syarikat Takaful Malaysia Keluarga Berhad and Syarikat Takaful Malaysia Am Berhad ("Takaful Malaysia Am"), and excludes any outsourced activities or joint ventures except where stated.

Selected historical data has been included to provide context and highlight key sustainability trends over a period of time. Additionally, this Statement includes both qualitative insights and quantitative data to provide a comprehensive perspective of our sustainability performance and progress.

This Statement also includes our inaugural sustainability-related financial disclosures prepared in accordance with the IFRS Sustainability Disclosure Standards issued by the International Sustainability Standards Board ("ISSB"), namely IFRS S1 (General Requirements for Disclosure of Sustainability-related Financial Information) and IFRS S2 (Climate-related Disclosures). Available on pages 117 to 153 our ISSB Sustainability Statement reflects our commitment to strengthening the transparency, consistency and comparability of our sustainability reporting. In preparing these disclosures, we have applied the transition relief under the National Sustainability Reporting Framework ("NSRF") for IFRS S2 adoption among Group 1[1] entities, as further described in the ISSB Sustainability Statement.

REPORTING FRAMEWORKS

This Statement has been prepared with reference to applicable regulatory requirements, recognised frameworks and guidelines, including those issued by Bank Negara Malaysia ("BNM"), Bursa Malaysia Securities Berhad ("Bursa Malaysia"), the NSRF, the IFRS Sustainability Disclosure Standards ("IFRS S1" and "IFRS S2"), the GRI Universal Standards 2021, and in alignment with the United Nations Sustainable Development Goals ("UN SDGs").

Where applicable, our climate-related disclosures are guided by the recommendations of the Task Force on Climate-Related Financial Disclosures ("TCFD") to strengthen our assessment and management of climate-related risks and opportunities ("CROs").

AVAILABILITY AND FEEDBACK

This Statement, together with our Integrated Annual Report ("IAR") FY2025, is available on our website:

www.takaful-malaysia.com.my

We welcome feedback and constructive engagement from our stakeholders about our sustainability reporting. Comments, views and enquiries may be directed to:

esg@takaful-malaysia.com.my

Note:
[1] *Refers to Bursa Malaysia Main Market listed issuers with market capitalisation (excluding treasury shares) of RM2 billion and above as of 31 December 2024.*

SUSTAINABILITY FRAMEWORK

As a Group, we recognise the growing importance of integrating ESG considerations into our business to support long-term sustainability and resilience. Embedding sustainable thinking across our operations enables responsible growth while taking into account the impact of our activities on stakeholders and the environment.

Our Sustainability Framework sets out a structured approach to managing sustainability-related risks, encompassing governance, strategic priorities, risk management practices and key enablers. Endorsed by the Board of Directors ("the Board" or "BOD"), it is implemented across the Group and aligned with the requirements of BNM, Bursa Malaysia, the TCFD recommendations, the UN SDGs and the Malaysian Takaful Association ("MTA").

This is further reinforced through the adoption of the Value-Based Intermediation for Takaful ("VBIT") framework and the application of *Maqasid al-Shariah* principles, strengthening our ethical foundation while supporting sustainable and responsible outcomes.

Sustainability Practices

Delivering Positive Sustainable Impact

Sustainability Pillars

Committed to Strong Governance

Sustainability integration demands robust governance that aligns with our sustainability objectives. By implementing strict policies and practices, we strengthen our sustainability strategy and effectively monitor our progress.

Investing Responsibly

We prioritise financial returns to benefit both clients and shareholders while driving positive change to improve society and communities. Our focus includes reducing carbon emissions, empowering individuals and maintaining financial performance, transparency and social impact in our portfolio.

Our Environmental Stewardship

We focus on sustainability strategies aimed at environmental preservation. As a Takaful provider, we leverage our expertise to foster a sustainable ecosystem through ongoing product innovation. Our goal is to support a sustainable future for both current and future generations.

Our Social Commitments

We prioritise nurturing our workforce and communities by focusing on diverse talent and empowerment in response to industry dynamics. This investment enhances experiences and boosts our adaptability and success.

Stakeholder Engagement

Material Matters

1 Committed to Strong Governance	2 Investing Responsibly	3 Our Environmental Stewardship	4 Our Social Commitments
Data Privacy & Security[1]	Sustainable Growth[2]	Climate Change & Environmental Impacts[3]	Employee Well-Being[4]
Ethics & Compliance[1]	Digital Transformation[2]		Community Empowerment[4]
Human Rights[1]			Customer Centricity[4]

Integrated Risk Management

Identification & Assessment | Controls & Monitoring | Data & Methodologies

Performance Sustainable Capital Management

Capital Planning & Scenario Analysis

Disclosure

Benchmarking (CRMSA, CRST, TCFD, NSRF, GRI)

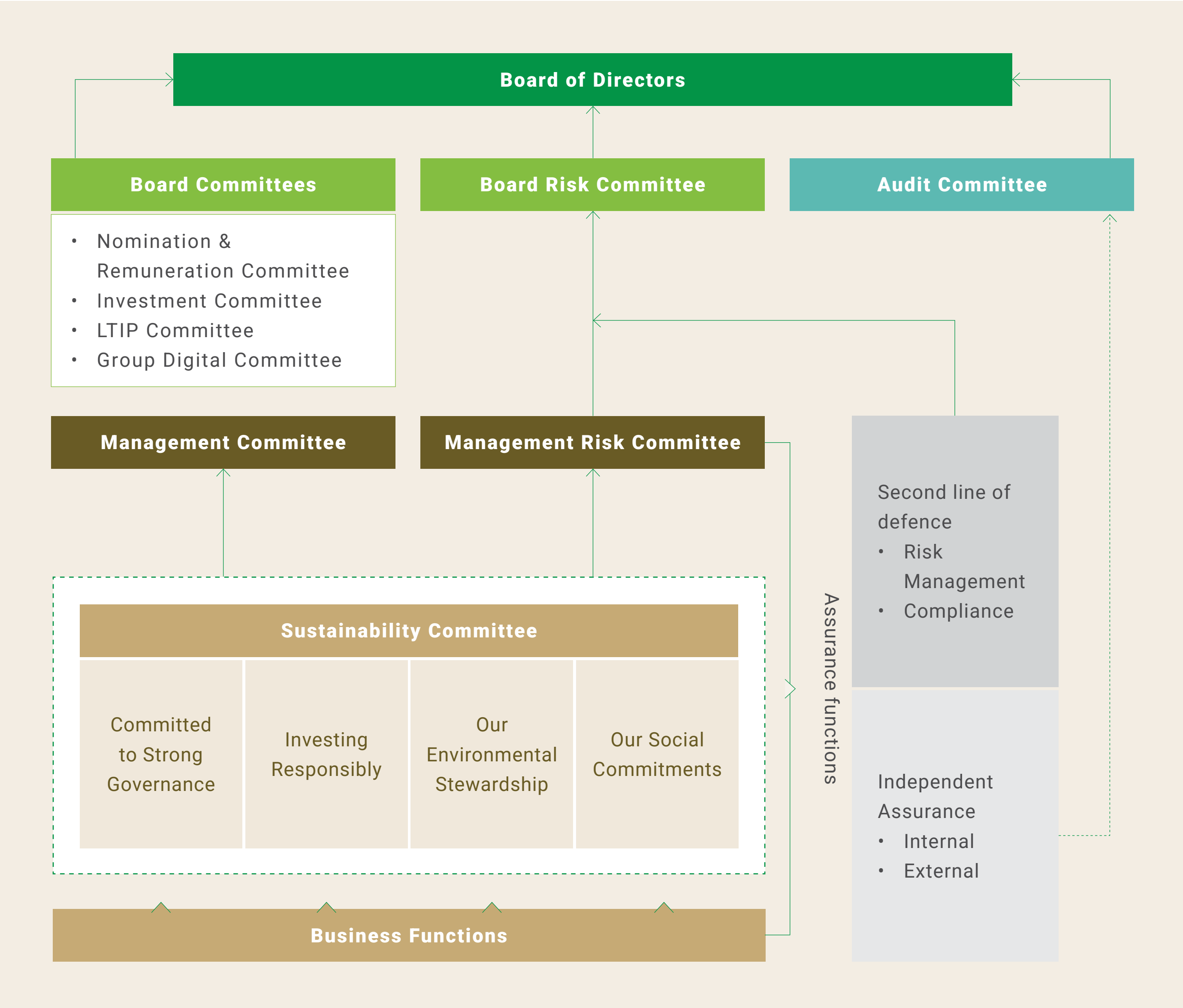
Refer to pages 40 to 44 for more information on Stakeholder Engagement and pages 47 to 55 for Material Matters.

OUR APPROACH TO SUSTAINABILITY

SUSTAINABILITY GOVERNANCE

GOVERNANCE HIERARCHY

Sustainability governance at Takaful Malaysia is anchored at the highest level of the organisation, ensuring ESG considerations are embedded into our business strategy, risk management and operations. This integrated governance approach supports effective decision-making, regulatory compliance and long-term value creation.



Oversight of sustainability rests with the Board of Directors ("Board" or "BOD"), which provides strategic direction and approves our sustainability strategy, governance framework, priorities and targets. The Board also oversees the integration of sustainability considerations across the Group.

The Management Committee oversees the day-to-day management of sustainability risks and opportunities ("SROs"), including setting strategies, priorities and targets, coordinating initiatives and ensuring effective implementation.

The Sustainability Committee supports Management in implementing ESG strategies and initiatives, with sub-committees established to execute approved actions across our four sustainability pillars.

The Head of Sustainability oversees and coordinates all sustainability matters, with ESG risk ownership, controls and assurance embedded across our three lines of defense to ensure effective management of material ESG risks.

ROLES AND RESPONSIBILITIES

Board of Directors ("BOD")

Has oversight and accountability for the overall sustainability strategy and safeguards Takaful Malaysia from ESG risk elements:

- Provide effective oversight and strategic positioning relating to the sustainability agenda
- Evaluate risks and opportunities relating to the sustainability agenda and approving Takaful Malaysia's strategies and business plans
- Actively discuss and remain up to date and understand the distinctive elements and transmission channels of sustainability risks, including climate-related risks
- Approve the policy on sustainability-related disclosures
- Set the tone from the top and culture on sustainability management
- Receive quarterly updates on ESG initiatives, including climate-related matters

At least **4x** per year for sustainability and climate-related risk items

Board Committees

The Board delegates sustainability oversight to the following committees:

- Nomination and Remuneration Committee – Alignment of our incentive plan to our sustainability targets and KPIs, including a review of the performance of the Board and senior management
- Audit Committee – Oversight of sustainability-related disclosures
- Investment Committee – Oversight of sustainable investment policies
- Board Risk Committee (BRC) – Oversight on the management of sustainability risks
- Group Digital Committee - Assists the Board in overseeing the Group's information technology and digitalisation strategies, including technology risk and governance in line with Bank Negara Malaysia's expectations; and
- Long-Term Incentive Plan ("LTIP") Committee – Oversight of roll-out of the new LTIP Scheme that will run for an initial period of 3 years from 2024 to 2026

Board Risk Committee ("BRC")

Assists the BOD in discharging its duties to provide oversights on the management of sustainability risks. The BRC is responsible for:

- Ensuring sound management of sustainability risks which could impede Takaful Malaysia's abilities to meet its strategic objectives
- Reviewing the Sustainability Framework and related policies
- Approving the risk appetite and limiting the level of risk-taking activities
- Ensuring that the risk appetite remains appropriate and relevant to the risk-taking activities through periodic reviews and updates
- Ensuring that it receives adequate information on sustainability risk exposure and composition and risk management activities

Management Committee

The Management Committee is responsible for:

- Overseeing and integrating sustainability within the Group's existing Three Lines of Defence and appropriately define the roles and responsibilities of key business and control functions in supporting the Company's strategies towards climate resilience and sustainable business
- Evaluating and approving sustainability strategies
- Coordinating sustainability initiatives within the Group with the support of the Sustainability Committee
- Incorporating VBIT and other sustainability-related frameworks and standards for adoption and implementation
- Providing regular and timely updates to the Board with material information on Sustainability Risks and Opportunities ("SROs") to facilitate the Board in carrying out its oversight responsibilities

Management Risk Committee ("MRC")

The MRC is responsible for:

- Ensuring that policies and procedures for the management of sustainability risks are established and consistent with the BOD-approved risk appetite
- Ensuring the Business Owners ("BOs") performs risk identification and assessment, and establishes relevant action plans for effective sustainability risk management
- Ensuring adequate resources are allocated for managing risk in the Business Units as well as control functions
- Ensuring the Sustainability Framework remains effective, updated and relevant

OUR APPROACH TO SUSTAINABILITY

Sustainability Committee

The Sustainability Committee is responsible for:

- Ensuring respective departments have and implement policies and procedures to build and support sustainability practices, and actively promote a just and orderly transition of customers' and counterparties' interactions and engagements
- Establishing and recommending relevant risk appetite and limits
- Acting as the reference point for handling reporting relating to sustainability, including but not limited to the Sustainability Report as part of the annual integrated reporting
- Driving continuous implementation of ESG capacity building, training and culture in the entire Group
- Regularly assessing the effectiveness of the respective organisational structure, adequacy of capacity and knowledge and culture to appropriately support the Company's strategies and operations on sustainability matters

Head of Sustainability/Sustainability Department

- With the support of the Sustainability Committee, monitors and tracks implementation of ESG initiatives, including facilitating any needs for changes to the strategy or initiatives undertaken, where necessary
- Provides updates and reports on sustainability initiatives to the MRC and/or Board Committees. The report shall contain, where necessary, information that will enable informed decision-making by the Management and/or Board Committees regarding SROs
- Coordinates preparation of disclosure materials for Sustainability Reports and engagement with external stakeholders, including shareholders, Bursa Malaysia, regulatory bodies and investors
- Arranges appropriate capacity-building and training plans for the Board, Senior Management and all relevant staff
- Owner of the Sustainability Framework and responsible for the maintenance of the framework

Business Functions/Units (First Line of Defence)

- Identify, assess and manage sustainability risks in their day-to-day operations. Risk assessments may be undertaken during the customer/business partners, ongoing monitoring and engagement with customers/business partners, as well as in new product or business approval processes
- Support and implement sustainability-supporting initiatives internally or externally

Control Functions

Consistent with the approach to manage enterprise-wide risk management, the roles of the control functions are:

(i) Risk Management Division ("RMD")
- Identify the risks and potential impact and prioritises risks according to their severity
- Work with risk owners to develop mitigation plans for identified risks
- Monitoring the risk environment and identify emerging risks
- Providing training and development in risk management
- Facilitating and coordinating risk assessments for the different functions
- Monitoring and reporting on material risk matters to the MRC and BRC

(ii) Compliance
- Ensure adherence to all applicable laws, regulations and internal policies. These shall include any BNM or Bursa regulations or any other legal provisions or compliance frameworks by other governing bodies

(iii) Internal Audit
- Conduct and provide independent review and objective assurance of the quality and effectiveness of the overall internal control framework and systems surrounding the management of sustainability risks

Read pages 125 to 129 of our ISSB Sustainability Statement for more details on how ESG oversight, committees and operational structures integrate sustainability across the Group.

ENGAGING OUR STAKEHOLDERS

Engaging with our stakeholders enables us to understand their concerns, determine material matters, and inform the development of strategies and initiatives that create shared and sustainable value.

KEY EXPECTATION	TYPE OF ENGAGEMENT	
Key Stakeholders		
Customers Offering accessible, tailored products and solutions that provide protection and investment benefits at an affordable price.	• Online and walk-in customer feedback channels • Social media • Our mobile application • Our corporate website	• Customer service representatives and business managers • Customer satisfaction surveys • Online portals
Employees Fostering a diverse and inclusive work environment that prioritises safety, ensures fair opportunities for career growth, skill development and financial progression.	• Intranet • Social media (LinkedIn, Instagram)	• Town halls • Learning Management System ("LMS")
Business Partners & Intermediaries[1] Developing and implementing standards and policies that drive the adoption of an impact-driven ESG agenda, integrating it into our operations to create sustainable value for the economy, local communities and the environment.	• Our corporate agency portal • Our Bancatakaful service portal and helpdesk	• Business engagement meetings • Agency training sessions
Government & Regulators Developing and implementing standards and policies that drive the adoption of an impact-driven ESG agenda, integrating it into our operations to create sustainable value for the economy, local communities and the environment.	• Briefings, seminars and conferences • Regular engagements with regulators	• Periodical regulatory reporting submissions • Industry meetings
Investors & Shareholders Achieving sustainable financial growth and enhancing shareholder value while upholding ethical and responsible business practices.	• Meetings with fund managers and investors • Quarterly financial results • Integrated Annual Reports	• Shareholders' circulars • Annual General Meetings • Media releases
Industry Peers & Trade Associations[2] Advancing the insurance and takaful industry through knowledge-sharing, strategic partnerships and contributions to industry standards and best practices.	• Industry workshops • Industry and business partner meetings	• Conferences • Business collaboration programmes
Local Communities Supporting sustainable community development through job creation, skill enhancement and meaningful community initiatives, while minimising social and environmental impacts.	• CSR programmes	
Media Providing timely and transparent updates on company policies, strategies and performance.	• Media releases • Interviews	• Media visits • Media collaborations

Note:
[1] *Business Partners & Intermediaries' which includes agents, brokers and third-party entities.*
[2] *Industry Peers & Trade Associations' which includes organisations and groups that represent others in the same industry, along with trade bodies.*

Refer to pages 40 to 44 of this IAR for information on our stakeholder engagement, covering mutual impacts, stakeholder concerns, our actions and stakeholder value creation.

OUR APPROACH TO SUSTAINABILITY

MATERIAL MATTERS

A strong sustainability approach is essential to advancing our sustainability journey, as it helps us integrate sustainable practices into our decision-making and business operations. This approach enables us to address challenges while responding to changing stakeholder demands, customer needs, the business landscape and regulatory requirements.

IMPACT MATERIALITY ASSESSMENT

Our identification of material matters starts with an in-depth impact materiality assessment, carried out every three years. This was last done in FY2024, where we surveyed 1,096 respondents across eight key stakeholder groups, and which gave us an insight into the risks, opportunities and issues which matter.

In FY2025, we conducted an annual desktop validation exercise, confirming the continued relevance of our nine impact material matters to our business and strategic direction.

FINANCIAL MATERIALITY ASSESSMENT

As part of our adoption of IFRS S2 – Climate-related Disclosures issued by the International Sustainability Standards Board ("ISSB"), we conducted our inaugural financial materiality assessment during the year to identify sustainability-related risks and opportunities ("SROs") that may affect our financial performance, position and future prospects. This assessment adopts an outside-in approach, complementing our existing impact-focused (inside-out) approach to materiality.

Through this exercise, twelve (12) financially material SROs were identified across ESG themes. For FY2025, five (5) climate-related risks and opportunities ("CROs") have been disclosed in line with IFRS S2 requirements.

Read pages 124 to 125 of our ISSB Sustainability Statement for more details on our structured process for identifying, evaluating and prioritising financially material SROs, including climate-related considerations and forward-looking judgement.

Our Materiality Determination Process

1 IDENTIFY

Our current impact sustainability topics are reviewed by the Management Committee, which entails a detailed analysis of the trends and issues that matter to our industry, aligned with our prevailing operating environment.

2 SHORTLIST

Potential new or refined topics are then evaluated against key factors such as stakeholder expectations and concerns, ESG impacts, regulatory developments, and relevance to our business operations and strategy.

3 PRIORITISE

Following this, we assess the actual and potential impacts of shortlisted topics, considering the scale and significance of these impacts on us, and prioritise topics accordingly.

4 VALIDATE

Finally, the prioritisation outcomes are translated into a materiality matrix, which plots each topic's significance to us against its significance to our stakeholders.

MATERIALITY MATRIX FOR 2025

To clearly distinguish between impact and financial materiality, our 2025 Materiality Matrix has been presented with a legend scaled as Not Material > Low > Medium > High. This approach allows us to integrate both **outside-in** and **inside-out** perspectives, focusing our strategies and resources on the sustainability issues that are most significant to our stakeholders and most impactful to the business.

Legend ○○○ *Not Material* ●○○ *Low* ●●○ *Medium* ●●● *High*

Sustainability Approach	Material Matters	Descriptions	Impact Materiality Significance	Financial Materiality Significance
Committed to Strong Governance	**M1** Data Privacy & Security	Data privacy and security refer to safeguarding personal and sensitive information from unauthorised access, misuse or disclosure. Data that we collect must be stored and processed responsibly, while also protected from risks such as cyberattacks, data breaches and other security threats.	●●●	●●●
	M2 Ethics & Compliance	We meet and uphold legal and regulatory requirements at all times, including Shariah obligations, while embodying values such as integrity, fairness, transparency and accountability in all decisions and actions. We also ensure continuous learning to keep pace with evolving regulations and expectations.	●●●	●●●
	M3 Human Rights	We respect and protect the fundamental rights, dignity and safety of all individuals, ensuring fair treatment and preventing discrimination, exploitation or harm across our operations and value chain.	●●○	○○○*
Investing Responsibly	**M4** Sustainable Growth	Sustainability is embedded across our service delivery and investment decisions. This also includes strategic initiatives to integrate sustainability across our operations and supply chain to support resilient, long-term growth.	●●●	○○○*
	M5 Digital Transformation	Digitalisation has the potential to modernise business practices, enhance customer journeys and improve productivity by utilising technology to streamline processes, strengthen data capabilities and enable more agile ways of working.	●●○	●●●
Our Environmental Stewardship	**M6** Climate Change & Environmental Impacts	With extreme weather events becoming more visible, climate change and environmental impacts can affect communities, ecosystems and business continuity. These changes can cause operational disruption, resource constraints and increased risk exposures.	●●●	●●●
Our Social Commitments	**M7** Employee Well-Being	Our employees are key to our success, and as such, we are committed to supporting employees' physical, mental and emotional health through safe workplaces, work-life balance and access to healthcare and wellness support. We also provide training and development opportunities that enable employees to develop their careers and achieve self-fulfilment.	●●○	●●●
	M8 Community Empowerment	Community empowerment refers to strengthening communities by addressing key needs and improving social well-being through inclusive programmes and partnerships that support a more resilient and sustainable future.	●○○	○○○*
	M9 Customer Centricity	We seek to understand and anticipate customer needs, delivering solutions and service experiences that create meaningful value and strengthen trust.	●●○	●●●

Note:
* *Identified based on impact considerations and are not within the scope of IFRS Sustainability Disclosure Standards*

Refer to pages 47 to 55 of this IAR for information on material matters and their impact on the Group, as well as the Group's response to these matters.

COMMITTED TO STRONG GOVERNANCE

Effective governance underpins stakeholder confidence and long-term stability. Guided by integrity, accountability and trust (*amanah*), we continually strengthen our risk management and oversight to address evolving regulatory, technology and conduct risks with discipline and transparency.

Our focus centres on three key material matters – Data Privacy & Security, Ethics & Compliance, and Human Rights – which collectively strengthen responsible business practices, safeguard stakeholder interests and uphold dignity and respect across the Group.

M1 DATA PRIVACY & SECURITY

WHY IT MATTERS

Data is central to our operations, customer engagement and decision-making. As we continue to digitalise our core business functions and manage increasing volumes of sensitive operational and customer information, our exposure to data privacy, technology and cybersecurity risks grows. Strengthening data protection, maintaining secure and resilient systems, and embedding robust governance practices are therefore essential to enabling sustainable business growth, supporting responsible innovation, and building trust with our customers, partners and regulators.

OUR APPROACH

▶ **Strengthening Our Risk Management**

Guiding Frameworks and Policies

Technology and information risks, including data breaches, fraud, operational disruption and regulatory non-compliance, are managed through an integrated Group-wide risk management structure. This is supported by relevant frameworks and policies that guide risk identification, assessment, mitigation and ongoing monitoring, including the:

1. Enterprise Risk Management ("ERM") Framework
2. Operational Risk Management ("ORM") Framework
3. Outsourcing Risk Management Framework
4. Business Continuity Management ("BCM") Framework
5. Fraud Risk Management Policy
6. Incident Management Policy
7. Data Governance Framework
8. Cyber Resilience Framework
9. Technology Risk Management Framework
10. Personal Information & Records Management Framework
11. Information Security Policy

During the year, we reviewed and updated the Cyber Resilience Framework, the Technology Risk Management Framework and the Information Security Policy to align with regulatory expectations and industry best practices. We also began developing a Cloud Risk Management Framework and supporting policies to strengthen governance and oversight of cloud and third-party technology risks. In addition, work is underway to implement a Privacy Management Framework to enhance data protection, privacy risk management and regulatory compliance.

Regulatory alignment and governance were further strengthened through the completion of BNM's Risk Management in Technology ("RMiT") re-assessment, demonstrating continued compliance with supervisory expectations. In addition, a dedicated Data Protection Officer was appointed to enhance data governance, accountability and oversight of personal data protection matters across the Group.

While we do not currently maintain a standalone Data Loss Prevention Framework, data loss and breach-related incidents are actively managed through the ORM Framework. Our Operational Risk team addresses identified incidents and control gaps through established escalation, investigation and remediation processes.

Risk Oversight and Assurance

These frameworks are complemented by continuous risk oversight and assurance activities, including quarterly and annual security risk assessments, the use of advanced security risk assessment tools to enhance threat detection, risk analysis and proactive risk mitigation, as well as regular reporting and reviews through the Information Technology Steering Committee ("ITSC"), Group Digital Committee ("GDC"), Management Risk Committee ("MRC") and Board Risk Committee ("BRC").

All scheduled ITSC, GDC, MRC and BRC meetings for FY2025 were completed in accordance with governance requirements, ensuring effective oversight, alignment with business priorities and timely escalation of key technology and information risks.

▶ Reinforcing Our Cybersecurity Readiness

We continued to strengthen our cybersecurity posture in FY2025 through a combination of structured assessments, operational testing and governance enhancements. A key initiative is the completion of a cybersecurity maturity assessment, with identified remediation actions actively monitored to ensure timely implementation and sustained improvement across the Group.

Preventive and preparedness measures were reinforced through the execution of phishing and vishing simulation exercises in H1 2025, complemented by an annual cyber drill exercise in Q4 2025. These initiatives tested incident response readiness, escalation protocols and cross-functional coordination, while also identifying control gaps and opportunities to enhance response effectiveness and minimise potential business, financial and reputational impacts.

Meanwhile, to strengthen continuous threat detection and improve overall security hygiene, internal and external vulnerability assessment tools were successfully deployed. These tools complement the annual Vulnerability Assessment and Penetration Test ("VAPT") and Compromise Assessment by enabling more timely identification and remediation of vulnerabilities.

Cyber risk transfer arrangements were also maintained through the renewal of Cyber Takaful coverage for the period August 2025 to July 2026, providing an additional layer of financial protection against potential cyber incidents.

▶ Building Awareness and Capacity

Recognising that our people remain a critical line of defence against cyber, data and conduct-related risks, we continued to invest in strengthening employee and leadership awareness throughout the year. These efforts focused on reinforcing individual accountability, addressing emerging risk areas and sustaining a culture of vigilance across the organisation.

Mandatory data security and cybersecurity awareness e-Learning was completed by all employees, reinforcing individual responsibility in safeguarding information assets and personal data. In addition, three targeted e-Learning modules were rolled out to address knowledge gaps identified in 2024 and prepare employees for emerging risks, including Artificial Intelligence ("AI")-driven threats, supply chain vulnerabilities, zero-day exploits, Internet of Things ("IoT") risks and advanced social engineering techniques.

These initiatives were complemented by regular reminders to staff on data confidentiality practices, including appropriate safeguards and responsible usage when leveraging Generative AI ("GenAI") tools. Employee Cybersecurity Awareness Day was also conducted and will be held annually to further promote a culture of shared responsibility and vigilance across the organisation.

Additionally, cybersecurity training and awareness sessions were conducted for Board members, reinforcing leadership-level understanding, oversight and governance of technology, cyber and data risks.

OUR PERFORMANCE

Metric/Year	FY2023	FY2024	FY2025
No. of substantiated complaints concerning breaches of customer privacy and losses of customer data	0	0	**0**
No. of identified leaks, thefts or losses of customer data	0	0	**0**

GOING FORWARD

We remain committed to strengthening our data privacy and cybersecurity posture through proactive risk management measures and continued investments in technology, tools and people.

COMMITTED TO STRONG GOVERNANCE

M2 ETHICS & COMPLIANCE

WHY IT MATTERS

Responsible business practices are fundamental to our credibility, trustworthiness and long-term sustainability. They guide how we conduct ourselves, make decisions and uphold our responsibilities to stakeholders, reinforcing a culture of integrity and accountability across the organisation. By embedding a strong ethics and compliance framework, we drive responsible business conduct, safeguard against regulatory, legal and reputational risks, and strengthen transparent governance, ensuring sustained economic performance and stakeholder confidence.

OUR APPROACH

▶ Establishing Ethics and Compliance Governance

Policy Commitments

Our commitment to responsible business conduct is articulated through internal governance documents and policies, including the Employee Handbook and Code of Conduct, which form the foundation of our ethics and compliance framework. These documents set clear expectations of integrity, accountability and responsible business practices, and are embedded across the organisation through:

- Clear allocation of responsibilities across the Board, Management and employees
- Integration into strategies, policies, procedures and risk management processes
- Application of ethical expectations to business relationships through contractual provisions, due diligence and engagement mechanisms

Policy commitments are communicated internally through governance documents, internal communications and awareness initiatives. While no standalone training programmes dedicated specifically to responsible business conduct are conducted, related expectations are reinforced through existing ethics, compliance and governance training initiatives.

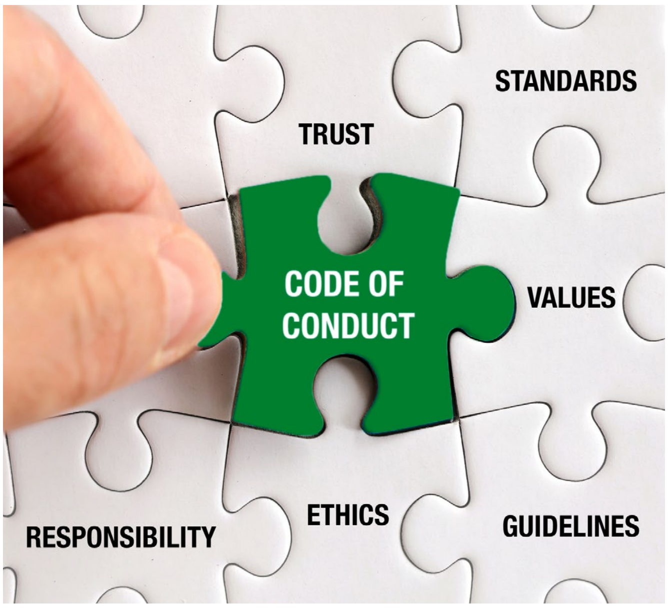
Governance Framework and Oversight

Our ethics and compliance practices are guided by a comprehensive governance framework that reflects our strong commitment to ethical conduct, regulatory integrity and responsible business practices. This framework aligns with the Islamic Financial Services Act 2013 as well as BNM's Shariah Governance and Corporate Governance Policy Documents, providing a consistent foundation for sound decision-making and effective governance across the organisation.

To manage key risk areas, including Shariah governance, anti-money laundering, data privacy, market conduct and anti-bribery and corruption, we have established a structured suite of policies and frameworks. These include the Compliance Framework, Anti-Money Laundering and Counter Financing of Terrorism ("AML/CFT") Policy, Whistleblowing Policy, Personal Information Record Management Framework ("PIRMF") and Anti-Corruption Framework ("ACF"). Complementing the ACF compliance, a three-year Anti-Corruption Plan, aligned with T.R.U.S.T principles, outlines prevention, detection and response measures, with activities tracked and reported to Management and the Board was developed.

Oversight of ethics and compliance is led by the Compliance Department, which manages Group-wide compliance risks and provides guidance across critical regulatory and governance areas. The Head of Compliance reports regularly to Senior Management and the Board on compliance risks and regulatory developments, supported by ongoing monitoring by Compliance Coordinators to promote consistent adherence to regulatory expectations.

During the year, a dedicated Market Conduct unit was established within the Compliance Department to independently monitor and assess intermediaries' sales compliance activities, supporting adherence to regulatory requirements and fair customer outcomes.



Policy Enhancement and Control Assurance

To ensure regulatory readiness, we have implemented a structured process for identifying, assessing and communicating new or revised regulatory requirements. This includes continuous monitoring of regulatory notifications, circulars, exposure drafts and communications issued by BNM and other relevant regulatory or industry bodies. Potential impacts and risks are assessed, with action plans developed to address identified gaps in a timely manner, while relevant updates are communicated promptly to internal stakeholders to support effective implementation.

Our internal policies, frameworks and operational procedures are reviewed and updated regularly to align with evolving regulatory expectations and industry best practices. In FY2025, this included updates to the ERM Framework, Risk Appetite Statement and ORM Framework to incorporate climate-related risks and requirements under BNM's Climate Risk Management and Scenario Analysis ("CRMSA").

As part of continuous assurance, periodic testing of established controls was conducted in selected Business Units during the year to assess effectiveness and ongoing compliance with regulatory requirements. Findings from these reviews support enhancements to the control environment and reinforce accountability across the organisation.

▶ Strengthening Shariah Governance and Compliance Culture

In FY2025, we continued to enhance our Shariah governance framework through targeted initiatives aimed at strengthening awareness, accountability and adherence to Shariah principles across all business activities.

To reinforce capability and strengthen practical understanding, all employees undergo compulsory face-to-face Shariah training, designed to ensure adherence to Shariah principles and their consistent application in daily operations. Complementing this, a structured nine-module online training programme is in place, which staff are required to complete and pass. Shariah-related topics form a core module within the programme, reinforcing employees' knowledge and ongoing compliance with Shariah governance requirements.

In addition, a Potential Shariah Non-Compliance ("PSNC") Committee was established under the Shariah Control Functions during the year to strengthen oversight, enhance monitoring mechanisms and ensure timely identification and resolution of potential Shariah non-compliance matters.

▶ Building Awareness and Ethical Capability

Clear expectations of ethical behaviour and professional conduct are communicated through the Employee Handbook, which outlines standards of conduct and transparent disciplinary procedures for addressing breaches. This supports consistent and fair application of standards across the organisation.

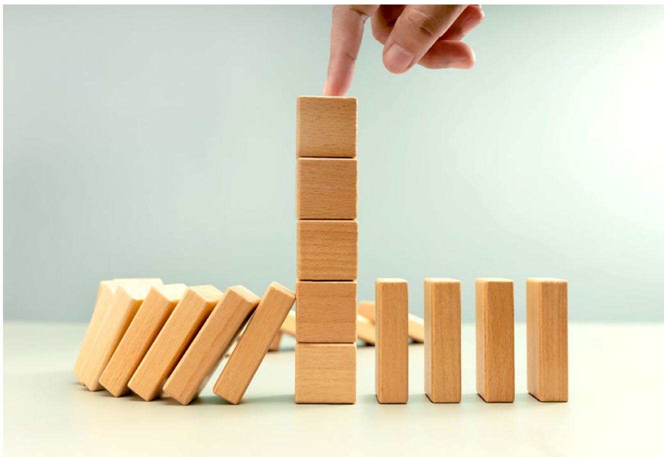
Ethics, risk and compliance awareness are reinforced through continuous engagement with Compliance Coordinators, Risk Champions and BCM Coordinators across business functions. These engagements are complemented by regular compliance assessments, internal briefings and targeted training on key regulatory and governance topics.

We continue to deliver a structured e-learning programme, developed in collaboration with control functions, to inculcate higher risk and governance awareness. During the year, ethics and compliance e-learning programmes were rolled out to employees and intermediaries, achieving a 100% participation rate. Various initiatives and engagement activities were also implemented in FY2025 to further embed a strong risk and governance culture across the organisation.

▶ Enhancing Business Continuity and Resilience

In FY2025, we strengthened our operational resilience by enhancing the Business Impact Analysis ("BIA") review process to improve the overall effectiveness and efficiency of our Business Continuity Management ("BCM") programme. These enhancements enabled more robust identification of critical processes, recovery priorities and key interdependencies, thereby strengthening our preparedness for potential disruptions.

In addition, one crisis simulation exercise was conducted during the year as part of our ongoing BCM assessment to test response readiness and reinforce organisational resilience.



COMMITTED TO STRONG GOVERNANCE

Enabling Accountability and Speak-Up

We promote a culture of accountability and transparency through our Whistleblowing Policy and Notice, which provides confidential and protected channels for reporting concerns in good faith relating to misconduct, integrity breaches or unethical behaviour. The policy applies to all personnel and welcomes reports from the public.

Clear escalation pathways are in place based on the nature of the disclosure:

- Directors or Shariah Advisory Board (SAB) members: Chairman of the Board or Audit Committee ("AC")
- Chief Officers: Chairman of AC and Chief Internal Auditor via WB-STM@takaful-malaysia.com.my
- Senior Management and employees (up to General Manager): Online reporting form or written submission to the CIA

During the year, engagement efforts were maintained to reinforce awareness of our whistleblowing channels and reporting expectations. The Whistleblowing Notice remains accessible on our corporate website to support openness and accessibility.

While our Whistleblowing Policy and grievance procedures remained unchanged in FY2025, having been assessed as effective and accessible, we will continue to monitor their effectiveness and implement improvements where necessary.

Managing Corruption and Integrity Risks

We adopt a structured, risk-based approach to managing corruption and integrity risks through our ACF, which establishes preventive measures, control expectations and clear guidance for employees. The ACF was supported by anti-corruption activities throughout FY2025 to ensure ongoing alignment with regulatory expectations and evolving risk landscapes.

As part of this approach, regular or periodical reviews on corruption risk are conducted. Our FY2025 review covering all divisions across the Group, identified no significant corruption risk exposures. In addition, no confirmed incidents of corruption were recorded.

Anti-corruption matters were reported to the Board during the year through formal updates and reinforced across the organisation through regular Company-wide communications.

To further strengthen oversight, an Integrity Unit was established within the Compliance Department, supported by defined governance processes to enhance the identification, assessment and management of corruption risks.

Training and awareness remain a key focus of our efforts. In FY2025, 100% of our staff across employee categories received anti-corruption training, reinforcing our commitment to fostering a strong culture of ethics, transparency and accountability across the organisation.

OUR PERFORMANCE

Metric/Year	FY2023	FY2024	FY2025
Percentage of employees who have received training on anti-corruption by employee category (%)			
• Employees	100	100	**100**
• Executive	100	100	**100**
• Non-executive	100	100	**100**
Percentage of operations assessed for corruption-related risks (%)	100	100	**100**
No. of confirmed corruption incidents	0	0	**0**

GOING FORWARD

Our future priorities will focus on further mitigating risk and strengthening ethical conduct by enhancing regulatory awareness and compliance capabilities across all levels, establishing a comprehensive Company-wide Conflict of Interest ("COI") Policy, delivering targeted COI training for Board and SAB members, employees and intermediaries, and maintaining strong participation in anti-corruption training while reinforcing ongoing awareness of the ACF.

M3 HUMAN RIGHTS

WHY IT MATTERS

Respecting human rights is fundamental to us as a Shariah-based financial institution grounded in fairness (*'adl*), dignity, trust (*amanah*) and mutual responsibility. Upholding these principles promotes gender equality, reduces workplace inequalities through inclusion and fair treatment and fosters an environment free from misconduct or discrimination. In doing so, we aim to our stakeholder's trust, ensure regulatory compliance and reinforce effective governance, supporting a motivated and responsible workforce for long-term organisational sustainability.

OUR APPROACH

▶ Embedding a Human Rights Management Framework

We manage human rights through internal policies, guidelines and governance frameworks that promote ethical conduct and responsible people management across the organisation. Key documents include the Employee Handbook and Code of Conduct, which set clear expectations on fair employment practices, non-discrimination and equal opportunity, workplace safety and well-being and respectful professional behaviour.

These policies are supported by structured procedures covering recruitment, employee relations, training and grievance handling, with Senior Management providing oversight to ensure consistent implementation across the Group. We also extend our human rights expectations to contractors and service providers through contractual requirements and ongoing engagement.

During the year, we will further strengthen our human rights practices by enhancing policies within the Employee Handbook and Code of Conduct, reinforcing employee awareness through regular training on ethics, conduct and human rights, improving grievance monitoring and resolution processes, and integrating human rights considerations into our governance and risk management framework.

We reinforced these efforts through onboarding programmes and periodic awareness sessions on workplace conduct and harassment prevention. In parallel, a sexual harassment notice is displayed at our Head Office and branch offices, and safe and confidential grievance channels remained available to all employees.

▶ Promoting Employee Engagement and Consultation

Open communication is central to how we uphold human rights. We engage our employees through established internal communication and consultation channels to ensure their voices are heard and considered.

Town halls are held to provide updates, understand employee concerns and ensure our operations support human rights within the workplace and community. For the year under review, the town hall was held on 14 January 2025.

While formal notice periods and consultation provisions for significant operational changes are not specifically prescribed, we engage employees through established communication channels. In FY2025, we assessed the need to strengthen our internal guidelines to provide clearer criteria on minimum notice periods for significant operational changes, taking into account legal requirements, internal policies and the nature of the changes involved.

▶ Respecting Collective Bargaining

As at FY2025, 7.40% of our employees are covered under collective bargaining agreements. These agreements are currently under review, and any revisions will be considered in the upcoming cycle, subject to engagement outcomes, operational requirements and regulatory considerations. Coverage remains aligned with existing arrangements unless formally revised through engagement and agreement.

For employees not covered by collective agreements, terms and working conditions are governed by internal HR policies, individual contracts and applicable labour laws.

▶ Providing Training and Capacity Building

In 2025, we introduced and enhanced our HR training modules to reflect evolving human rights standards, legislative updates and best practices. These programmes focus on ethical conduct, workplace behaviour and regulatory compliance to ensure our people remain informed and aligned with our values.

OUR PERFORMANCE

Metric/Year	FY2023	FY2024	FY2025
No. of substantiated complaints concerning human rights violations	0	0	**0**

GOING FORWARD

We will continue strengthening our human rights practices by continuing to enhance policies within the Employee Handbook and Code of Conduct, strengthening employee awareness through regular training on ethics, conduct and human rights, improving the monitoring and handling of grievances to ensure timely and fair resolution, and further integrating human rights considerations into our governance and risk management processes.

INVESTING RESPONSIBLY

We aim to create long-term value through disciplined governance, ethical conduct and prudent stewardship. Guided by Shariah principles and regulatory expectations, by integrating ESG considerations into our investment decisions, improving our governance and risk management frameworks and enhancing our digital capabilities for increased operational efficiency, resilience and transparency.

Through Sustainable Growth and Digital Transformation, we endeavour to reinforce resilient financial performance while supporting Malaysia's low-carbon and inclusive development agenda.

M4 SUSTAINABLE GROWTH

8 DECENT WORK AND ECONOMIC GROWTH

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

WHY IT MATTERS

Shariah principles and ESG practices are inherently aligned through ethical conduct, accountability and environmental stewardship. By embedding responsible investment into our decisions, we preserve long-term value, manage climate-related risks and deliver sustainable returns for our certificate holders, concurrently strengthening our resilience and stakeholder trust in line with the VBIT framework and *Maqasid al-Shariah* principles. By integrating Shariah principles into our sustainable investment portfolio, we aim to support the nation's sustainable economic growth, strengthen our industry resilience through sound and sustainable financial practices, and ensure ethical capital allocation that promotes environmental stewardship.

OUR APPROACH

▶ Strengthening Governance, Policy and Systems

Our Responsible Investment Policy provides the overarching framework for integrating ESG and climate-related considerations into investment decision-making and risk management. The policy is reviewed annually to ensure continued effectiveness and alignment with evolving regulatory expectations.

In FY2025, the Investment Committee approved enhancements to align the policy with new regulatory developments issued by BNM, including formalising the introduction of our internal ESG Rating Methodology. A phased implementation plan has been established for 2026 to 2027 to ensure consistent application across asset classes.

During the year, we further strengthen climate classification and reporting capabilities, through the integration of a sustainable taxonomy platform. This digital solution supports the BNM's Climate Change and Principle-based Taxonomy ("CCPT") classification framework and has been applied in our regulatory reporting submissions effective January 2026, enhancing data integrity, traceability and compliance oversight.

▶ Integrating ESG into Investment Decisions

Beyond policy commitments, ESG and climate-related factors are embedded within our fundamental investment analysis and portfolio construction processes. The CCPT framework is applied to assess climate exposures, while our Stock and Sukuk Exclusion List ensures investments remain aligned with our ethical standards and sustainability objectives. The phased rollout of our internal ESG Rating Methodology will further strengthen screening consistency and comparability across both our equity and sukuk portfolios.

We prioritise investments aligned with recognised sustainability standards, and market frameworks to strengthen the robustness of our ESG integration and ensure consistency with evolving requirements. These are guided by:

- The United Nations Sustainable Development Goals ("UN SDGs")
- The Ten Principles of the United Nations Global Compact ("UNGC")
- The Association of Southeast Asian Nations ("ASEAN") Green Social and Sustainability Bond Standards
- Securities Commission Malaysia's Sustainable and Responsible Investment ("SRI") Framework
- The International Capital Market Association ("ICMA") Green, Social, and Sustainability Bond Principles

In FY2025, our responsible investment framework translated into measurable outcomes. We fully adhered to our Stock and Sukuk Exclusion List with no prohibited investments were identified, and we continued to prioritise allocations to equities and sukuk with satisfactory internal ESG ratings. As of end-December 2025, sustainability-aligned holdings increased across both equity and sukuk investments compared with the preceding quarter.

Within the electricity and power generation sectors, our strategy is primarily executed through the sukuk portfolio, which represents approximately 65% of our assets under management ("AUM"). We prioritise climate-positive renewable energy infrastructure while strictly monitoring and managing exposure to entities involved in non-renewable activities. Investments in traditional energy sectors are subject to enhanced due diligence to ensure holdings are limited to issuers with credible mitigation strategies, clear transition pathways and resilience to climate-related risks.

We also maintained a downward trajectory in exposure to high carbon-emitting sectors, particularly non-renewable energy power producers within the sukuk portfolio, in line with our decarbonisation pathway, while directing capital toward environmentally responsible and climate-positive assets.

As at 31 December 2025, our exposure to the non-renewable energy sector stood at 10.4% of AUM, continuing a year-on-year decline. Under our structured transition pathway, we aim to reduce this exposure to below 10% of AUM by 2027.

Advancing Net-Zero Alignment and Climate Risk Management

We are committed to aligning our investment portfolios with Malaysia's net-zero emissions aspiration by 2050 through a structured and phased transition approach. We aim to establish a baseline measurement of financed emissions for our investment portfolios to quantify carbon exposure and define credible transition pathways. In parallel, we will carry out climate scenario analysis, portfolio stress testing and define our climate risk exposure limits to further strengthen our management of transition and physical risks.

Our decarbonisation strategy for the sukuk portfolio, meanwhile, includes a progressive reduction in exposure to non-renewable energy activities, with the long-term objective of achieving zero exposure by 2050. Interim milestones will be reviewed periodically to ensure continued alignment with regulatory expectations and national climate goals.

Read pages 134 to 135 and 138 to 141 of our ISSB Sustainability Statement for more details on our identification, assessment and management of transition risks arising from the shift to a low-carbon economy, including implications for our investment portfolios, underwriting operations, strategy and decision-making.

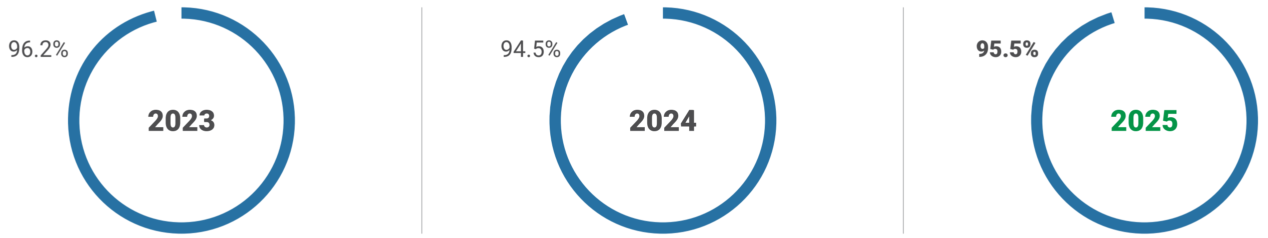
INVESTING RESPONSIBLY

Supporting Sustainable Procurement and Local Partnerships

Our sustainable growth extends to our operational footprint and supply chain as well. To that end, we prioritise local sourcing wherever feasible to support domestic economic development while maintaining responsible procurement standards grounded in transparency and ethical conduct.

Although certain specialised technologies require international sourcing to support digital transformation and operational efficiency, we remain focused on strengthening local supplier relationships and embedding sustainability considerations into our procurement decisions.

Proportion of spending on local suppliers (%)



Total local procurement spend (RM million)

GOING FORWARD

We will continue strengthening our governance, emissions measurement and climate risk management to keep our portfolios aligned with our 2050 net-zero aspiration. In FY2026 and FY2027, we will establish a financed emissions baseline covering Scope 3 Category 15 and implement our internal ESG Rating Methodology across equity and sukuk portfolios to ensure consistent sustainability assessment. The disciplined reduction of higher climate risk exposures and progressive decarbonisation of the sukuk portfolio will remain central to delivering sustainable long-term value while supporting Malaysia's low-carbon transition.

M5 DIGITAL TRANSFORMATION

WHY IT MATTERS

Digital transformation enables us to operate more efficiently while accelerating product innovation and reducing our long-term costs through automation. By leveraging data insights, we strengthen our risk management, deliver personalised solutions that meet evolving customer needs and expand our reach through new distribution channels – all while reinforcing resilience, regulatory compliance and customer trust. This approach drives productivity and sustainable growth, promotes inclusive and resilient access to financial services, and reduces environmental impact while strengthening our climate-related risk management.

OUR APPROACH

▶ Strengthening Digital Platforms and Customer Experience

As part of our commitment to responsible investment and long-term value creation, we continued advancing our digital transformation agenda during the year to enhance customer experience, operational agility and business scalability across the Group.

We launched the Motor Claims Customer Portal, enabling customers to receive notifications, download forms, submit claims and upload supporting documents through a secure self-service platform. We also introduced Takaful *my*Medik, our first fully digital individual medical coverage, delivering a seamless end-to-end digital journey. In addition, we progressed the digitalisation of our customer contact centre to improve responsiveness, accessibility and service efficiency.

We also strengthened our Banca integration and enabled cloud-based digital platforms, enhancing partner connectivity while accelerating product distribution and shortening speed-to-market. These initiatives have supported improved digital customer journeys and unlocked new business opportunities.

In parallel, we continued enhancing our digital infrastructure through the continued development of Kaotim, envisioned as an end-to-end cloud-based platform to support scalable digital services.

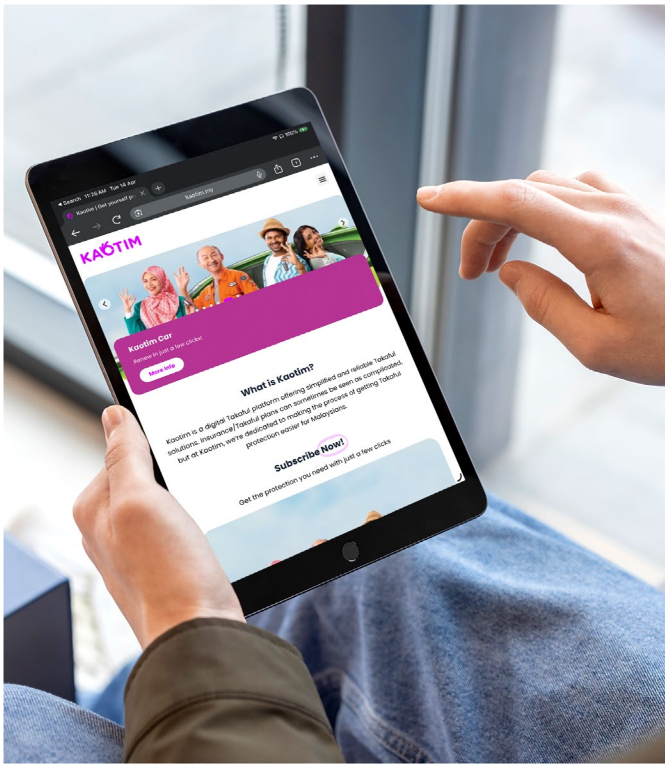
Read the Customer Centricity topic on pages 108 to 109 for more details about our broader customer experience initiatives.

▶ Strengthening Security and Operational Foundations

Cybersecurity and infrastructure resilience remain central to our strategy. During the year, we advanced our security posture management in alignment with a Zero Trust architecture, strengthening enterprise resilience while reducing the risk of service disruption, cyber incidents and regulatory non-compliance.

Complementing these efforts, we delivered a new IT operating model and modernised our technology landscape, improving productivity and service reliability through reduced manual effort and optimised asset utilisation.

We also established a unified data reporting layer and GenAI foundation, enabling more effective data-driven insights, supporting scalable growth and positioning the Group for future digital innovation.



GOING FORWARD

We will continue advancing our digitalisation agenda by enhancing our systems and infrastructure while accelerating the delivery of digital platform initiatives to strengthen straight-through processing, improve customer journeys and support sustainable growth. At the same time, we will reinforce system resilience, cybersecurity and regulatory compliance, including alignment with BNM's RMiT Policy Document, while guiding innovation through clear governance and investing in workforce capability-building to ensure we remain agile, resilient and future ready.

OUR ENVIRONMENTAL STEWARDSHIP

Managing Climate Change & Environmental Impacts is integral to sustaining long-term value and strengthening our resilience in an increasingly complex risk landscape. As a key material matter, it reflects the growing physical, transition and regulatory challenges facing our business and the communities we serve, requiring disciplined oversight, robust risk assessment and adaptive decision-making.

Through an integrated and forward-looking approach, we align our governance, strategy and operations to mitigate risk, capture emerging opportunities and contribute to a more sustainable, low-carbon future.

M6 CLIMATE CHANGE & ENVIRONMENTAL IMPACTS

WHY IT MATTERS

Climate change presents material financial and operational risks, as more frequent extreme weather may increase our claims exposure, while asset volatility, regulatory shifts and transition costs affect our underwriting and investment performance. Stakeholder expectations for stronger climate governance and transparency are also rising. Our approach enhances our resilience to environmental impacts, supports a responsible transition to cleaner energy, promotes prudent risk management and transparent governance, and reinforces proactive climate action to manage physical and transition risks while sustaining stakeholder confidence.

OUR APPROACH

We adopt a structured and forward-looking approach to managing climate-related risks and opportunities. Climate considerations are embedded within our governance, risk management and strategic planning processes to ensure alignment between our environmental stewardship and financial performance.

Our approach focuses on measuring and managing our GHG emissions, developing sustainable products that support Malaysia's low-carbon transition, reducing our operational impact, promoting responsible resource use and embedding circular economy principles, guided by the following internal documents:

1. Sustainability Framework
2. Enterprise Risk Management ("ERM") Framework
3. Business Continuity Management ("BCM") Framework
4. Responsible Investment Policy
5. Capital Management Plan
6. Underwriting Guidelines

Together, these frameworks ensure that climate risks are systematically identified, assessed and managed across the organisation.

▶ Managing Sustainability-related Risks and Opportunities

We recognise that climate-related physical and transition risks can affect our underwriting, investments and overall financial performance. Extreme weather events and long-term climate shifts influence health, property and motor claims, while transition developments affect asset valuations and credit exposures.

To address these risks, we have integrated climate considerations across our underwriting, product design, investment strategy and risk transfer arrangements, supported by scenario analysis and BNM's Climate Risk Stress Testing ("CRST") exercise. We also monitor our GHG emissions, assessing statistical uncertainty to guide emissions management and operational improvements.

In parallel, initiatives such as Takaful *my*Home Solar, green vehicle coverage, sustainable investment instruments and decarbonisation policies create growth opportunities while strengthening our resilience.

Read pages 130 to 151 of our ISSB Sustainability Statement for more details on our detailed risk and opportunity analysis, strategy, financial effects, CRST methodology and GHG inventory and uncertainty assessment, including reported emissions data and uncertainty ranges.

Driving Decarbonisation and Renewable Energy Adoption

Recognising the environmental impact of our operations and office facilities, we remain committed to achieving Net Zero emissions by 2050. Our decarbonisation strategy prioritises measurable reductions, particularly in Scope 2 emissions, which represent the largest share of our footprint.

In FY2024, we established our first comprehensive GHG inventory and designated FY2024 as our base year. The inventory was developed in accordance with the GHG Protocol Corporate Accounting and Reporting Standard, and ISO 14064-1, providing a credible and assurance-ready foundation for future emissions management.

In FY2025, our Scope 1 and Scope 2 emissions reduced significantly, with the greatest improvement made through reduction in energy purchased from the grid. Despite an increase in employee base, gross operational performance improved significantly, with total operational emissions reduced by 22.8% year-on-year, and operational emissions intensity reduced by 27% against the 2024 baseline.

For more details, refer to:
- *Note 3.2: Reporting boundary for GHG emissions – page 121*
- *Note 7.1: Environment-related risks and opportunities – pages 130 to 141*

OUR ENVIRONMENTAL STEWARDSHIP

Given the significance of Scope 2 emissions, we have prioritised energy efficiency improvements and renewable energy adoption at our headquarters, Menara Takaful Malaysia ("MTM").

Chillers at both the Main and Annex Blocks were upgraded in FY2024, with the enhancement expected to reduce electricity consumption by approximately 25%, generating significant annual savings. Other energy efficiency improvements include transitioning to LED lighting, enhancing our air-conditioning systems and improving energy monitoring through upgraded metering systems.

In FY2025, rooftop photovoltaic ("PV") solar panels at MTM became fully operational. Over a projected 25-year lifecycle, the system is expected to deliver average electricity savings of approximately 35%, reducing our reliance on grid supply and lowering our operational emissions. As of December 2025, the rooftop solar PV installation has generated 64.37 MWh of renewable electricity, all of which has been fully consumed on-site, resulting in an estimated avoidance of 49.82 tCO_2e from displaced grid electricity consumption.

To further support low-carbon mobility, electric vehicle ("EV") charging stations were installed at MTM in FY2024. As of FY2025, total electricity consumption from EV charging reached 26,059.20 kWh, supporting the adoption of EVs and Malaysia's transition towards a lower-emission and more sustainable transportation system. In addition, sustainable commuting incentives were introduced, benefiting 307 employees as at 1 December 2025. These initiatives demonstrate our commitment to reducing indirect emissions while supporting Malaysia's transition to cleaner transportation.

In addition to commencing solar energy production, we reduced the amount of electricity purchased across our headquarters and branches significantly during the year, leading to a 22.2% reduction in total electricity consumption during the year. Energy intensity also dropped, from 4.42 MWh to 3.66 MWh per employee.

Refer to Note 7.1: Climate Related Physical Risks > Opportunity relating to sustainable investments on pages 138 to 141 for more details.

Developing Sustainable Products and Services

Climate responsibility extends beyond our operations into our product offerings. Takaful *my*Home Solar, launched in FY2024, provides All Risk coverage for residential solar PV systems. As at December 2025, 173 certificates were issued with total contributions amounting to RM27,136.43. This product supports homeowners in adopting clean energy solutions while reinforcing our ESG positioning.

Similarly, our green vehicle coverage promotes the adoption of electric mobility. During FY2025, 518 EVs were covered, comprising 508 private cars and 10 motorcycles. By supporting EV adoption, we contribute to Malaysia's net-zero ambitions while attracting environmentally conscious customers.

Read pages 136 to 137 of our ISSB Sustainability Statement for more details on how initiatives such as Takaful myHome Solar and green vehicle coverage support risk prevention, sustainable asset management, product innovation and strategic decision-making.

Strengthening Water Stewardship

Water conservation remains an important part of our environmental sustainability efforts and cost management approach. Through structured water-saving measures, we aim to reduce our environmental footprint while improving operational efficiency.

Water usage at our headquarters is monitored to support responsible consumption. Regular leak inspections are carried out, supported by a Property Helpdesk QR code reporting channel that allows employees to promptly report leakages and minimise wastage. Water-efficient fixtures have also been installed across facilities, while awareness is reinforced through periodic conservation campaigns and e-reminders.

As at December 2025, total water consumption stood at 16.818 ML, representing a year-on-year reduction of approximately 3.1%. This reflects our continued focus on monitoring usage and addressing potential leakages early to support responsible water management.

Metric/Year	FY2023	FY2024	FY2025
Total volume of water used (Megalitres/"ML")	29.679	17.357	**16.818**

Reducing Material Consumption

As part of our commitment to environmental stewardship and responsible resource management, we continue to implement practical initiatives that minimise material consumption across our operations. By reducing reliance on single-use items, promoting sustainable alternatives and accelerating digitisation efforts, we aim to lower our environmental footprint while fostering a culture of conscious consumption within the workplace.

Filtered water machines are installed on every floor, and employees are provided with reusable collapsible cups to reduce reliance on bottled mineral water. Branded bottled water is reserved primarily for visitors and corporate engagements. Mineral water usage in FY2025 declined to 170 cartons compared to 175 cartons in FY2024, representing a 2.86% year-on-year reduction.

Paper consumption continues to decrease through digitisation initiatives and double-sided printing practices. In FY2025, total paper usage fell to 2,025 reams compared to 2,142.5 reams in FY2024, marking a 5.48% year-on-year reduction. These efforts support our paperless workplace objective while improving cost efficiency.

We also deploy *My*HIJAU-certified notebooks to employees. The *My*HIJAU mark confirms that these products meet recognised environmental standards by conserving energy, utilising recyclable materials and restricting toxic substances. 1,264 *My*HIJAU notebooks have been issued to date.

▸ Advancing Waste Management and Circular Waste Practices

Effective waste management is central to reducing our environmental footprint and advancing circular economy principles across our operations. Beyond compliance, our focus is on improving measurement, increasing diversion rates and unlocking value from materials that would otherwise be discarded.

Since August 2024, reduce, reuse, recycle ("3R") bins have been implemented across all floors to embed responsible disposal habits into daily operations, complemented by revenue generation from collected waste paper. As of December 2025, recycling activities generated RM2,538.70, demonstrating that disciplined environmental practices can create measurable financial returns.

Circularity also extends to asset recovery. Through our Pickles Auctions, End-of-Life Vehicles (ELVs) are responsibly processed and recycled to minimise environmental harm while optimising recovery value. This structured approach reinforces both environmental responsibility and value preservation.

As of December 2025, a total of thirty-four (34) ELVs were sold through Pickles Auction, generating a net return of RM299,795.86. This achievement reflects Takaful Malaysia's commitment to environmental preservation and resource efficiency, reinforcing its role in promoting sustainability within the takaful sector.

Read pages 136 to 137 of our ISSB Sustainability Statement for more details on how initiatives such as pickles auctions contribute to sustainable asset management, operational efficiency and innovation in service offerings.

Total Waste Generated (tonnes)	FY2023	FY2024	FY2025
• Total Waste Generated	48.00	53.64	**70.50**[1]
• Total waste diverted from disposal	N/A	5.64	**18.51**
• Total waste directed to disposal	48.00	48.00	**51.99**
Performance Metric: Waste generation per Employee			
• Waste Generation per Employee (kg/employee/year)	N/A[2]	62.0	**63.2**

Note:
[1] *Waste data collection has been progressively improved to enhance accuracy. Waste quantities for FY2023 and FY2024 include HQ office waste only, whereas FY2025 includes both HQ and branch office waste, with branch waste estimated using an extrapolation method.*
[2] *Waste generation intensity for FY2023 is not presented as employee data for that year was not included in the dataset used for this analysis.*

In FY2025, total waste generated increased by 31.4%, primarily driven by higher workforce numbers, renovation of our headquarters and increased footfall at the on-site café. Despite this, total waste directed to disposal rose by 8.3%, reflecting the effectiveness of our focused recycling and waste diversion efforts.

GOING FORWARD

Building on our FY2024 GHG baseline, we will continue strengthening our emissions management framework, advancing renewable energy adoption and enhancing operational efficiency across our value chain. Priority will be placed on measurable reductions in Scope 2 emissions while progressively expanding our Scope 3 data coverage. Through disciplined execution, continuous improvement and strong governance oversight, we remain committed to embedding climate resilience into our business strategy and delivering sustainable long-term value.

OUR SOCIAL COMMITMENTS

As a Takaful operator, our role goes beyond providing protection. We support individuals and families in navigating financial uncertainty and building long-term security. Guided by our priorities of Employee Well-being, Community Empowerment and Customer Centricity, we focus on delivering meaningful outcomes for those we serve.

M7 EMPLOYEE WELL-BEING

WHY IT MATTERS

Employee well-being is essential to sustaining strong governance, service excellence and ethical conduct in a highly regulated financial services environment. By prioritising the physical, mental and emotional well-being of our employees, we promote good health and a supportive work environment, enable continuous learning and professional development, and support decent work and sustainable organisational performance. In parallel, we foster fairness, inclusion and respect for labour and human rights, helping to reduce inequalities, while reinforcing stakeholder trust and advancing our ESG objectives.

OUR APPROACH

▶ **Strengthening Well-being Across Our Workforce**

Guided by our internal policies and structured engagement platforms, we foster a safe, healthy and inclusive workplace that supports employee well-being, work-life balance and continuous learning opportunities. In this way, we protect, engage and develop our people responsibly and sustainably.

Responsible Labour and Workplace Standards

We uphold fair and ethical employment standards in full compliance with Malaysian labour laws, Shariah governance principles and our Code of Conduct. We adopt a zero-tolerance policy towards child labour, forced labour, excessive working hours and any form of workplace discrimination.

While Malaysia's Employment Act 1955 (Amendment 2022) prescribes a maximum of 45 working hours per week, we practice a 40-hour work week. Any overtime is compensated in accordance with statutory requirements, reflecting our adherence to fair and ethical labour standards.

We also comply with the Minimum Wage Order 2024, which sets the statutory minimum wage at RM1,700 per month effective 1 February 2025 (and applicable to all employers from 1 August 2025).

Beyond statutory requirements, we maintain structured salary reviews, performance-linked rewards and market benchmarking practices to ensure competitive, equitable and sustainable remuneration across the organisation.

A Safe and Healthy Workplace

As part of our workplace safety agenda, our Occupational Safety and Health ("OSH") Policy has been aligned with Malaysia's OSH Act 1994 and the requirements of the OSH (Amendment) Act 2022.

Key to this approach is the execution of structured safety programmes, namely the Emergency Response Plan and Preparedness Training Course, as well as the Basic Occupational First Aid, Cardiopulmonary Resuscitation ("CPR") and Automated External Defibrillator ("AED") Training Course, both of which were conducted three times each in FY2025. Participation in these programmes increased by 16% compared to FY2024, enhancing preparedness and fostering a resilient safety culture across the organisation.

We are pleased to report zero work-related fatalities and zero lost time incidents across FY2023 to FY2025, reflecting both preventive controls and sustained safety awareness. In parallel, the number of employees trained in health and safety standards increased from 86 in FY2024 to 100 in FY2025, demonstrating growing internal capacity in workplace safety management.

Metric/Year	FY2023	FY2024	FY2025
No. of work-related fatalities	0	0	**0**
Lost Time Incident Rate ("LTIR")	0	0	**0**
No. of employees trained on health and safety standards	23	86	**100**

Physical and Mental Well-being

Beyond regulatory compliance, we take a proactive approach to holistic well-being by promoting initiatives that support our employees' physical, mental and social health. Through these efforts, we encourage healthier lifestyles, strengthen team cohesion and build a resilient workforce that thrives both individually and collectively.

During the year, we extended targeted support to employees facing personal hardship. Assistance was provided to an employee in Miri, Sarawak, who was affected by flash floods, helping to ease financial strain and support recovery from loss and damages.

Additionally, all planned wellness initiatives for FY2025 were successfully implemented, including sports tournaments, hiking activities and wellness campaigns such as The Biggest Loser. Educational outreach was also a key focus, with webinar sessions covering a range of topics, including mental health, stress management, cardiovascular health and other preventive health issues, reinforcing awareness and encouraging proactive well-being.

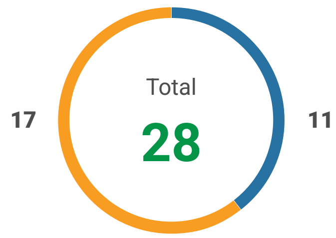
Work-life Integration

Recognising that employee well-being extends beyond the workplace, our benefits framework provides financial protection and family support mechanisms designed to promote stability and peace of mind. These include Term Takaful and Family Takaful coverage, medical and disability benefits, health screening programmes, flexible working arrangements, and parental and childcare leave.

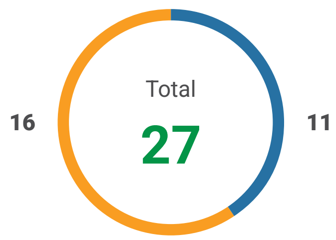
In FY2025, 696 employees were entitled to parental leave, of whom 28 utilised the benefit. Of those who took parental leave, 96% returned to work, and 100% of those who returned remained employed 12 months later. These figures reflect not only effective reintegration support but also a workplace culture that enables our employees to balance professional and family responsibilities with confidence.

No. of employees entitled to parental leave

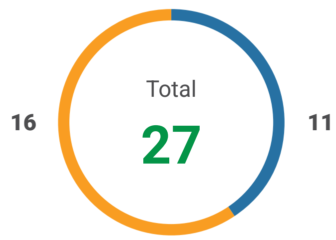
No. of employees who took parental leave



No. of employees who returned to work after parental leave ended



No. of employees who returned to work after parental leave ended and were still employees 12 months after their return to work



● *Male* ● *Female*

OUR SOCIAL COMMITMENTS

Return to work rate (%)

2025

100.0% 94.0%

Total: 96.0%

Retention rate (%)

2025

100.0% 100.0%

Total: 100.0%

Employee Engagement and Culture

A supportive workplace culture is strengthened when employees feel informed, connected and valued.

Throughout FY2025, Company-wide engagement sessions, town halls and leadership communications were conducted to enhance transparency and reinforce alignment with organisational priorities. Additionally, our internal sustainability newsletter, first launched on 23 January 2024, continued to be published monthly during the year. The newsletter serves as an important platform for reinforcing shared purpose, ESG awareness and organisational values.

Training and Capability Development

Employee well-being is intrinsically linked to professional growth and long-term employability. We recognise that sustained organisational success depends on continuous learning. Consistent with the Islamic principle of *ilm* (knowledge), which underscores the pursuit of excellence through education and self-improvement.

In FY2025, we delivered a total of 33,156 training hours through blended learning formats encompassing functional, technical and leadership development programmes, as detailed below.

Total Hours of Training by Gender

	2023	2024	2025
Male – Average per employee	32.7	34.3	30.3
Male – Total hours	15,453	16,550	15,196
Male – Employees	*472 employees*	*482 employees*	*502 employees*
Female – Average per employee	33.8	30.4	29.3
Female – Total hours	19,047	17,400	17,960
Female – Employees	*563 employees*	*573 employees*	*613 employees*

Total Hours of Training by Employee Category

	2023	*Average per employee*	2024	*Average per employee*	2025	*Average per employee*
Senior Management	2,312	*50.3*	3,393	*60.6*	2,361	*38.1*
Middle Management	26,696	*31.3*	10,223	*35.3*	10,119	*31.8*
Junior Management	0	*0*	18,806	*30.2*	19,335	*29.7*
Clerical	5,492	*40.1*	1,456	*18.4*	1,285	*17.1*
Non-clerical	0	*0*	72	*9.0*	56	*7.0*

The total training hours for Middle Management in 2023 reflects a combination of both Middle and Junior Management.

OUR SOCIAL COMMITMENTS

Beyond structured training hours, we continued to invest in targeted initiatives that build specialised expertise and future-ready talent.

Takaful Accelerated Programme

Through the Takaful Accelerated Programme ("TAP"), we aim to develop market-ready technical talents equipped with specialised expertise and a strong understanding of the broader industry landscape. During the year, first cohort comprising 17 trainees were inducted, providing them with structured development opportunities to strengthen fundamental business knowledge, practical skills and industry exposure in support of the evolving needs of the insurance and takaful sector.

The programme's core development components include the Certificate of the Asian Institute of Insurance (CAII) – Life Insurance, soft skills training and the Certificate in Shariah Principles in Takaful. These modules are designed to provide participants with recognised industry qualifications, strengthen professional competencies and enhance their readiness to contribute effectively within the sector.

In addition, the programme emphasises the understanding and practical application of Shariah principles within the context of the Takaful business while cultivating productive individuals with strong leadership capabilities. Through this initiative, we continue to support the development of well-rounded talents who are equipped to create long-term value and contribute to the sustainable growth of the industry.

Professional Certification and Development

To strengthen technical expertise, ethical grounding and leadership capabilities aligned with Takaful principles, we provide structured professional development pathways, including our internal Soft Skills Training Programme, as well as the external Certificate of The Asian Institute of Insurance ("CAII") and Certificate in Shariah Principles in Takaful ("CSTP").

Soft Skills Training Batch 1 was conducted from 1 – 9 July 2025. CAII Batch 1 (28 June – 20 September 2025) has achieved 60% certification, while Batch 2 (8 November 2025 – 24 January 2026) is ongoing. CSTP Batches 1, 2 and 3 are scheduled to commence in January 2026.

In addition, three senior leaders completed the General Management Programme at the National University of Singapore ("NUS") Business School during the year, further strengthening strategic thinking, innovation capability and regional leadership perspective at the executive level.

Future Needs

We aim to equip our employees with the competencies required in an increasingly digital and competitive landscape. Based on insights from our Training Needs Analysis ("TNA"), we will introduce a Structured Sales and Marketing Programme in 2026 to enhance commercial effectiveness and market responsiveness. Concurrently, the STM Digital Citizen Programme 2026 will strengthen digital productivity, data analytics, automation and AI-enabled capabilities through Microsoft 365 and Power Platform solutions.

Together, these initiatives directly support our Digital-to-Core transformation and FALAH 30 agenda, ensuring our workforce remains agile, future-ready and aligned with our strategic ambitions.

Diversity, Inclusion and Equal Opportunity

We foster an inclusive workplace where recruitment, promotion and remuneration decisions are based solely on merit and competency. Discrimination on the basis of gender, race, religion, age, disability or other protected characteristics is not tolerated. This merit-based approach ensures fairness, integrity and equal opportunity across the organisation.

To support a safe and equitable work environment, diversity and inclusion principles have been embedded within our Employee Handbook, Code of Conduct and related HR policies, which establish clear expectations on non-discrimination, fair employment practices and respectful behaviour.

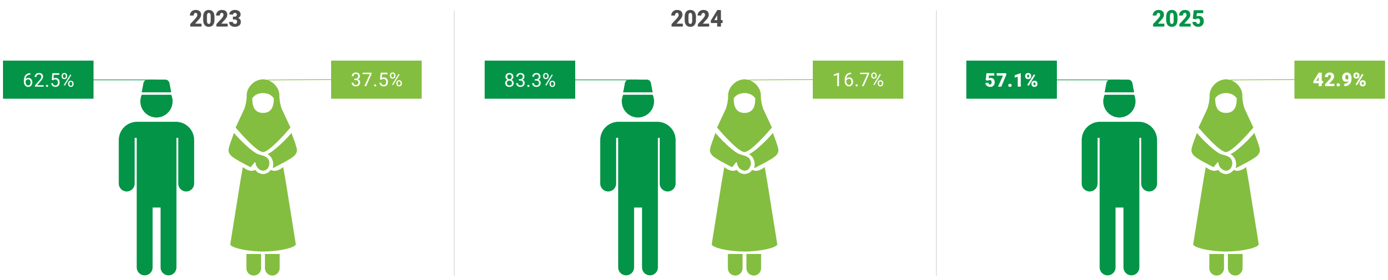
Our commitment to inclusive employment is longstanding. Since 1998, we have employed two visually impaired staff members in our call centre department, whose 27-year tenure reflects both an enduring culture of respect and institutional support.

Throughout FY2025, we maintained inclusive access to training and development opportunities, upheld structured grievance channels and reported no cases of discrimination. These measures reinforce dignity, fairness and trust across the organisation.

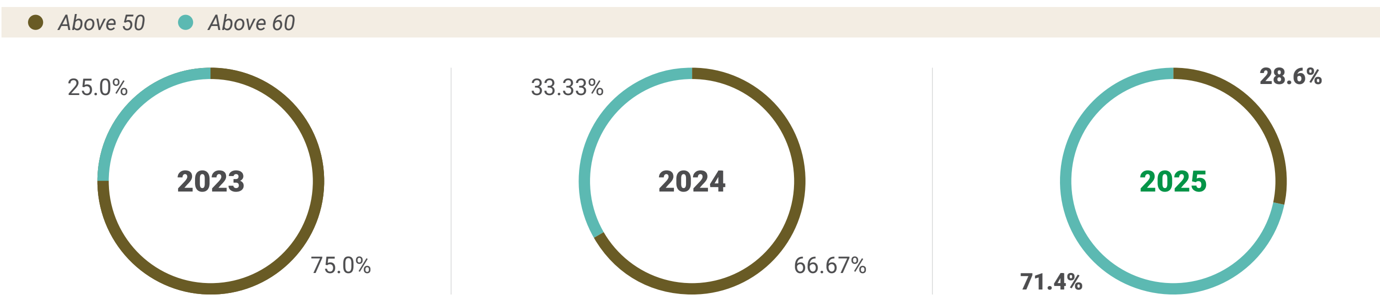
Meanwhile, Board and workforce diversity metrics continued to be monitored to support balanced representation and effective succession planning. As of FY2025, female representation on the Board improved to 42.9% from FY2024, signalling positive momentum in strengthening gender diversity at the Board level.

Board Breakdown

Percentage of Directors by Gender



Percentage of Directors by Age Group

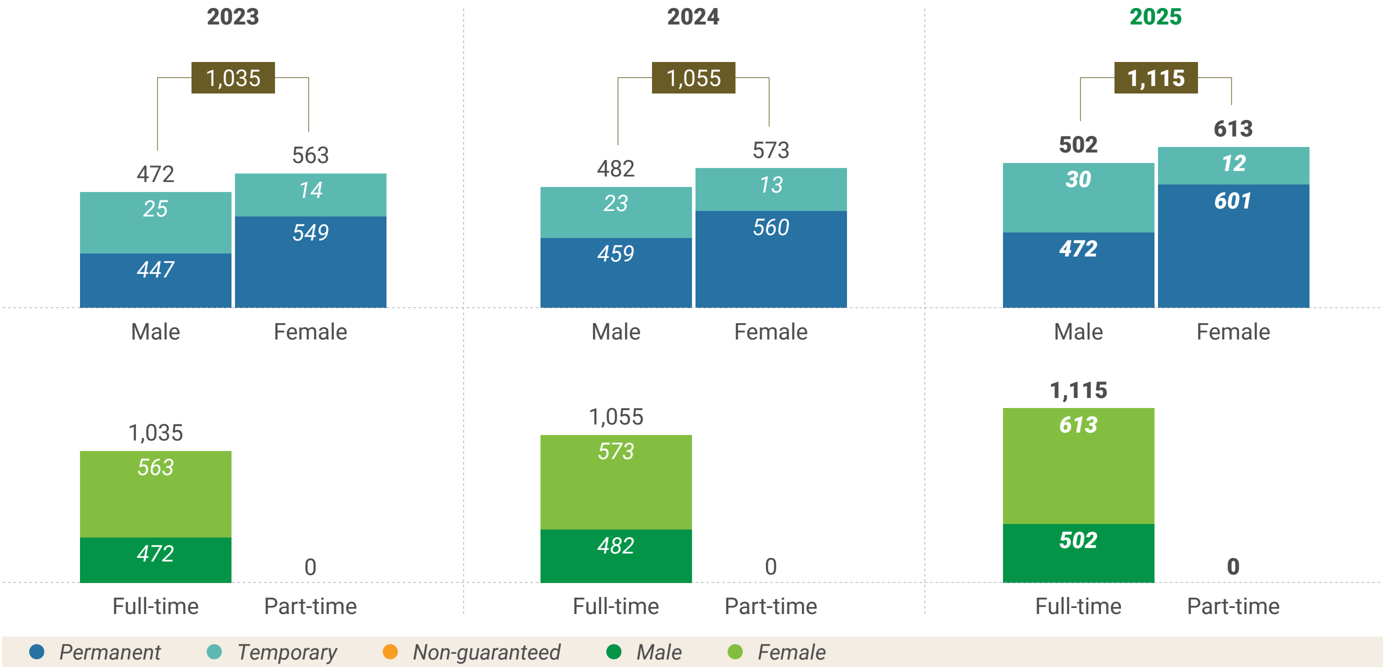


OUR SOCIAL COMMITMENTS

Employee Breakdown

Employee Category	Gender (%)		Age Group (%)			Ethnicity (%)			
	Male	Female	<30 years	30-50 years	≥51 years	Chinese	Malay	Indian	Others
FY2023									
Senior Management	74	26	0	54	46	28	63	7	2
Middle Management	52	48	1	73	26	27	67	3	2
Junior Management	40	60	19	74	7	6	91	2	1
Clerical	44	56	0	85	15	0	100	0	0
Non-clerical	67	33	0	44	56	0	100	0	0
FY2024									
Senior Management	77	23	0	61	39	29	64	5	2
Middle Management	50	50	1	71	28	25	69	4	2
Junior Management	40	60	19	72	9	6	91	2	1
Clerical	47	53	0	80	20	0	100	0	0
Non-clerical	87	13	0	50	50	0	100	0	0
FY2025									
Senior Management	**77**	**23**	**0**	**58**	**42**	**26**	**68**	**3**	**3**
Middle Management	**50**	**50**	**1**	**68**	**31**	**23**	**71**	**4**	**2**
Junior Management	**39**	**61**	**23**	**68**	**9**	**5**	**93**	**1**	**1**
Clerical	**45**	**55**	**0**	**75**	**25**	**0**	**100**	**0**	**0**
Non-clerical	**88**	**12**	**0**	**62**	**38**	**0**	**100**	**0**	**0**

Total Number of Employees by Gender



Metric/Year	FY2025
Percentage of employees that are contractors or temporary staff (%)	**3.8**
Total no. of workers who are not employees and whose work is controlled by Takaful Malaysia	**94**

Breakdown of those workers (no.) FY2025

Agency workers	16
Apprentices	12
Contractors	50
Home workers	0
Interns	16
Self-employed persons	0
Sub-contractors	0
Volunteers	0

Total new hires	FY2023		FY2024		FY2025	
	No.	Rate (%)	No.	Rate (%)	No.	Rate (%)
By gender						
Male	69	52	52	50	**62**	**43**
Female	64	48	52	50	**82**	**57**
By age group						
<30 years	54	41	51	49	**51**	**36**
30-50 years	72	54	49	47	**84**	**58**
≥51 years	7	5	4	4	**9**	**6**
By region						
Malaysia	133	13	104	10	**144**	**100**

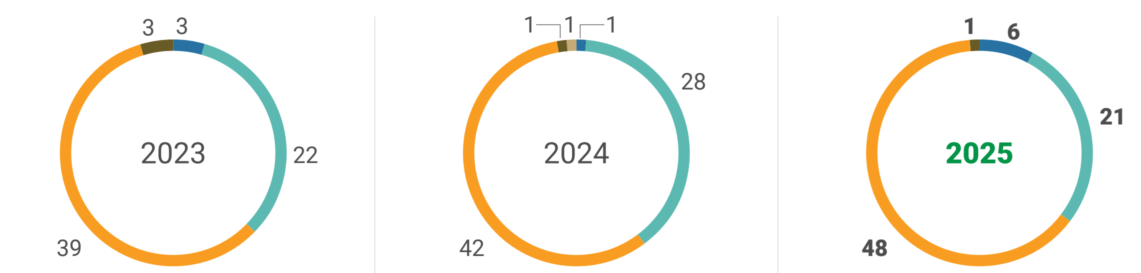
* *The FY2025 new hire rate for Region is calculated based on the overall number of new hires, whereas the previous years were reported based on the total number of employees.*

Total Number of Employee Turnover

	2023	2024	**2025**
By Gender			
Male	28 Rate: 7%	36 Rate: 8%	**38 Rate: 8%**
Female	39 Rate: 7%	37 Rate: 7%	**38 Rate: 7%**
By Age Group			
<30 years	19 Rate: 25%	17 Rate: 15%	**24 Rate: 19%**
30-50 years	39 Rate: 5%	45 Rate: 6%	**44 Rate: 6%**
≥51 years	9 Rate: 7%	11 Rate: 7%	**8 Rate: 5%**
By Region	67 Rate: 7%	73 Rate: 7%	**76** Rate: 7%

By Employee Category

- *Senior Management*
- *Middle Management*
- *Junior Management*
- *Clerical*
- *Non-clerical*



GOING FORWARD

We will continue to strengthen employee well-being through a forward-looking approach that combines enhanced engagement and wellness initiatives with ongoing reviews of our benefits, work-life balance practices, and leadership and digital capability development. By reinforcing these measures with robust monitoring mechanisms, we aim to proactively manage conduct risks while fostering a healthy, engaged workforce – one that supports operational resilience, improves service consistency and drives sustainable long-term performance.

OUR SOCIAL COMMITMENTS

M8 COMMUNITY EMPOWERMENT

WHY IT MATTERS

Community empowerment is central to our purpose, guided by the principles of *maslahah ammah* (public interest), Takaful (mutual cooperation) and *khidmah* (service to others). By supporting marginalised communities, protecting families, equipping youth with skills and enabling small communities to generate income, we foster a more resilient and inclusive society. These efforts support poverty alleviation and financial protection, strengthen livelihoods and food security, enhance social well-being, reduce inequalities, build resilient communities and promote responsible, sustainable development aligned with long-term value creation.

1 NO POVERTY
10 REDUCED INEQUALITIES
2 ZERO HUNGER
11 SUSTAINABLE CITIES AND COMMUNITIES
3 GOOD HEALTH AND WELL-BEING
12 RESPONSIBLE CONSUMPTION AND PRODUCTION

OUR APPROACH

Guided by *Maqasid al-Shariah*, our initiatives safeguard lives through protection solutions, preserve wealth through financial resilience and support social welfare through community assistance. By aligning these efforts with national financial inclusion goals and broader sustainability priorities in Malaysia, we reinforce our role as a responsible Islamic financial institution and embed social responsibility at the core of our operations as a Takaful operator.

Community investments are governed by a structured and transparent framework to ensure that assistance reaches those most in need responsibly while in full compliance with Shariah principles. The distribution of our corporate zakat undergoes rigorous review by the Zakat and Related Income Distribution Committee, followed by endorsement from the Shariah Advisory Body ("SAB") and final approval by the Board.

During the year, we implemented 20 new CSR programmes, with a total multichannel investment of over RM15,000,000, benefiting more than 8,000 individuals. This represents an increase of more than 20%, achieving our target to raise total investment for targeted beneficiaries in FY2025.

However, for reporting to Bursa Malaysia, the wakalah fund and its beneficiaries have been excluded, as indicated in the reporting table below:

Metric/Year	FY2023	FY2024	FY2025
Total amount invested where the target beneficiaries are external to Takaful Malaysia (RM)	8,760,458.00	10,074,018.30[1]	**13,300,219.79[1]**
Total no. of beneficiaries of the investment in communities	6,000	18,615[2]	**3,872[2]**

[1] *Excluding wakalah fund*
[2] *Excluding wakalah beneficiaries*

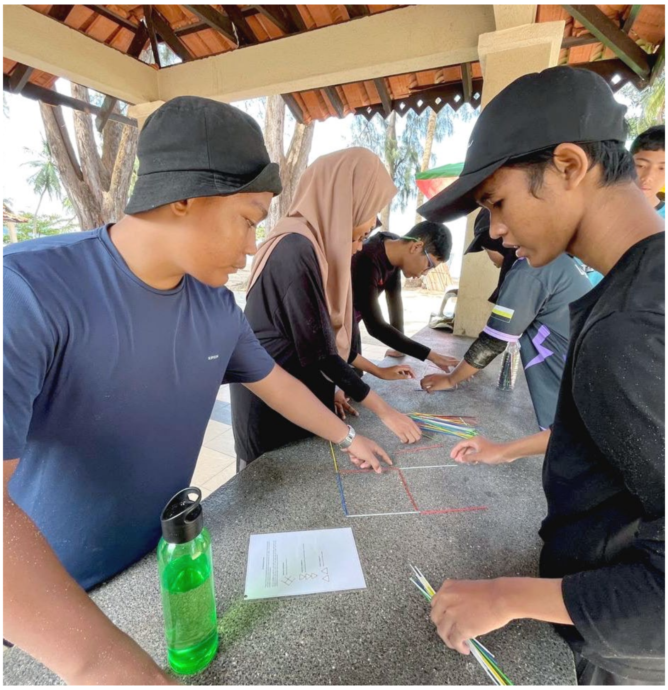
▶ Providing Immediate Relief in Times of Crisis

In times of crisis, timely intervention is critical. During the year, we extended RM100,000 in corporate donations to support victims of the gas explosion in Putra Heights, Selangor. We also provided RM72,000 in financial assistance to families and students affected by the Universiti Pendidikan Sultan Idris ("UPSI") bus crash in Gerik, Perak. Additional support was channelled to individuals impacted by natural disasters and severe medical conditions.

Advancing Education and Youth Development

Education remains one of the most powerful tools for breaking cycles of poverty and is the cornerstone of social mobility. Throughout the year, we prioritised initiatives that address the barriers faced by underprivileged youth, ensuring they have the tools to thrive academically and professionally.

A key highlight was the launch of the Takaful Malaysia 100 Youth Leadership Programme. With an investment of over RM159,000, we equipped 100 *asnaf* students in Perak with vital leadership skills. This initiative went beyond the classroom, adopting a holistic model that integrated parental support, medical screenings and essential food aid to ensure every student was physically and emotionally prepared to lead.



Other Key Impact Highlights:

National Reach
Allocated RM272,900 to provide direct financial aid to 2,729 *asnaf* individuals across 64 mosques and *suraus* in Kuala Lumpur, Selangor, Melaka and Negeri Sembilan.

Financial Literacy
Partnered with 32 schools in Bintulu during Financial Literacy Month 2025, investing over RM165,000 to benefit nearly 900 students.

Strategic Partnerships
Collaborated with the Ministry of Education ("MOE") for the Titipan Kasih Semarak Jiwa Merdeka programme, supporting 250 students in the Klang Valley.

Higher Education & Vocational Support
Extended financial grants to students across three Universiti Malaysia Kelantan campuses and funded free tuition classes for Sijil Pelajaran Malaysia ("SPM") candidates in Kedah to help bridge the academic gap for the underprivileged.

Niche Community Support
Facilitated digital and media skills through the Teens Media Camp and provided targeted assistance to the *asnaf muallaf* community.

Strengthening Economic Independence

Beyond financial assistance, we prioritise long-term income sustainability through structured agricultural and entrepreneurial programmes.

The Program Belia Tani di Kalangan Siswazah 2025/2026 supported 35 participants from the *asnaf* students and B40 groups through specialised training in melon cultivation, Kulai chilli cultivation and quail farming. Meanwhile, the Program Hijrah Asnaf Tanaman Cili Fertigasi empowered 10 participants through comprehensive chilli cultivation training and funding support. Collectively, these programmes were implemented with a total allocation of RM1,000,000.

Championing a Shared Responsibility

Our commitment to community empowerment also extends to supporting long-standing institutions. A corporate donation of RM10,000 was contributed to the YOKUK Centre during the year to support rebuilding and renewal efforts. For over 25 years, the centre has provided free rehabilitation, palliative care, education and empowerment programmes to persons with disabilities ("OKU") and underprivileged families in Kelantan and Terengganu.

GOING FORWARD

We are progressively strengthening our monitoring approach by evaluating programme outcomes such as education participation, income-generating capability and community self-sufficiency to ensure our contributions create lasting impact. Moving forward, we will continue to expand impactful programmes, deepen strategic partnerships and enhance the effectiveness of our assistance to those most in need. By adopting a more data-driven, outcome-focused approach, we aim to deliver sustainable, long-term value that addresses immediate challenges while empowering communities to thrive independently and resiliently.

OUR SOCIAL COMMITMENTS

M9 CUSTOMER CENTRICITY

WHY IT MATTERS

Customer trust is fundamental to our sustainability. Guided by Shariah principles, we deliver fair, transparent and accessible protection solutions aligned with the real needs of the communities we serve. By placing customers at the centre of our strategy, we enhance their experience, strengthen long-term relationships and drive innovation, while supporting financial well-being, financial inclusion and high-quality service throughout the Takaful journey. This approach supports sustainable economic growth through inclusive protection solutions, drives innovation and service quality across the Takaful value chain, and promotes responsible, transparent and customer-centric practices that enable prudent financial decision-making and sustainable long-term value creation.

OUR APPROACH

▶ Embedding Fair Treatment and Transparency

Our customer-centric practices are grounded in established regulatory and internal requirements, including the Guidelines on Product Transparency and Disclosure, the Islamic Financial Services Act 2013 Sustainability Guidelines, the Fair Customer Treatment Guide, the Code of Good Practice, as well as our Risk Management and Compliance Frameworks.

These principles are operationalised through our Product Development Framework and Pricing Guide, ensuring disciplined customer needs assessment, product suitability, transparent pricing, ethical sales practices, Shariah compliance and consistent service quality across all offerings.

To maintain high standards of service and accountability, customer feedback and complaints are systematically monitored through our Customer Complaint Management System across phone, email, letters and social media. Insights gathered are used to identify service gaps, strengthen controls and drive continuous improvement.

Recognising the importance of safeguarding customer information, data protection was further reinforced during the year through the implementation of a One-Time Password ("OTP") login feature for the Customer Portal, enhancing cybersecurity resilience and protecting customer data.

▶ Designing Inclusive and Relevant Protection

We design our protection solutions to be clear, accessible and aligned with regulatory and Shariah requirements. Products are developed internally through structured customer needs assessments, community insights and responsible pricing principles to ensure suitability, fairness and long-term sustainability.

Health, financial resilience and overall well-being remain central to our offerings, which are rigorously evaluated prior to launch or enhancement to ensure they address genuine protection needs while remaining affordable and equitable. Where relevant, ESG elements such as charity riders, sadaqa and waqf features, as well as sustainable investment options, are incorporated to enhance social and environmental value. Collaboration with selected third-party service providers further strengthens accessibility and relevance across diverse customer segments.

Our customers are supported through clear Product Disclosure Sheets and comprehensive policy documentation to enable informed decision-making. During the year, we enhanced our Product Disclosure Sheet to provide clearer and more accessible product information, further strengthening transparency.

For certificate surrender or cancellation, assistance is available via phone or email, with digital processes prioritised to improve convenience, reduce turnaround time and minimise paper usage in support of environmentally responsible practices.

Integrating ESG and Expanding Financial Inclusion

In FY2025, we focused on bridging the protection gap for underserved communities through high-impact partnerships and products that embed social responsibility into the core of our business.

Key Impact Highlights:

Protecting Rural Communities
Our collaborations with Federal Land Consolidation and Rehabilitation Authority ("FELCRA") Berhad and Federal Land Development Authority ("FELDA") has secured the homes and livelihoods of over 114,000 families. Through the *Bencana Rumah Desa and Perlindungan Rumah myFire Plus* programmes, we provided essential building and personal accident coverage to 66,362 FELCRA settlers and 48,282 FELDA individuals, ensuring that rural communities are not left vulnerable to disasters.

Charitable Giving through Protection
We have successfully integrated the concept of sadaqa in our product offerings, available through multiple banking partners.

TH Khairat
The launch of TH Khairat in partnership with Lembaga Tabung Haji ("LTH") saw remarkable uptake. Out of 369,434 new participants, a significant portion opted for the Infaq feature, resulting in RM682,000 being channelled directly to charitable organisations. This demonstrates that our customers are actively choosing protection that also serves the greater good.

The expanded adoption of our sustainable investment options, including the *my*Global Sustainable Fund, further aligns our protection solutions with responsible investment principles.

Enhancing Digital Accessibility and Efficiency

Digital transformation continues to be a key enabler of efficiency, innovation, customer convenience, and long-term cost reduction through automation. By leveraging data insights, we strengthen risk management and deliver more personalised solutions that respond to evolving customer needs while reinforcing regulatory compliance and operational resilience.

Customer convenience has been improved through e-nomination via the Customer Portal, online payment facilities for individual Family Takaful contributions and digital access to notices, statements and e-certificates. Most retail certificates are delivered electronically, improving accessibility while reducing paper usage.

Our e-submission system was upgraded during the year to simplify underwriting rules, refine checks and expand straight-through processing, reducing manual referrals and accelerating approvals. These enhancements support digital distribution partnerships and improve the overall onboarding experience.

Kaotim further drives digital transformation and customer-focused innovation through the KAOTIM Customer Portal, introducing three new features:

- *Online Claims Submission*: Enables customers to manage claims anytime, anywhere, reducing reliance on paper and branch visits while extending support to underserved areas
- *Financial Calculator*: Helps customers understand their protection needs and make confident, informed choices, strengthening financial literacy and resilience
- *Kaotim AI Customer Service Chatbot*: Delivers round-the-clock assistance, ensuring quick, consistent and reliable support while building digital confidence among users

These innovations embed sustainability into our digital ecosystem, reducing environmental impact, promoting inclusivity and ensuring progress benefits all customers.

Read the Digital Transformation topic on page 93 for more details about our customer-specific digital transformation efforts.

Promoting Responsible Claims and Environmental Stewardship

In FY2025, our Motor Claims operations incorporated ESG considerations through customer awareness initiatives promoting sustainable claims options. The windscreen repair option was adopted 55 times, reducing glass waste and environmental impact by repairing rather than replacing damaged windscreens.

In addition, 518 End-of-Life Vehicle certificates were processed through Authorised Automotive Treatment Facilities ("AATF"), supporting responsible disposal and circular economy practices.

Read pages 136 to 137 of our ISSB Sustainability Statement for more details on how initiatives such as windscreen repairs and End-of-Life Vehicle certifications contribute to sustainable asset management, operational efficiency and innovation in service offerings.

GOING FORWARD

We will enhance workflows and resource optimisation within the Customer Service Unit ("CSU") to drive operational excellence, elevate service standards and ensure sustainable workload distribution, including streamlined case management and capacity planning for faster, more consistent service. At the same time, we plan to accelerate digital transformation through the progressive roll-out of AI-powered chatbots and voicebots, a structured WhatsApp Business platform and an integrated omnichannel contact centre to enable seamless, data-driven interactions and improve first-contact resolution and enhance overall customer accessibility and experience.

STATEMENT OF ASSURANCE

ASSURANCE UNDERTAKEN

In strengthening the credibility of the Sustainability Statement, this Sustainability Statement has been subjected to the following:

a) an internal review by the company's internal auditors; and
b) independent assurance in accordance with recognised assurance standards for selected indicators.

The scope, subject matter(s) covered and relevant conclusion(s) are provided below:

Type of Assurance	Subject Matter	Scope	Conclusion
Independent assurance by SIRIM QAS International Sdn Bhd	4 sustainability matters: • Ethics and Compliance • Occupational Safety and Health • Diversity and Equal Opportunity • Community Empowerment	**Head Office:-** • Syarikat Takaful Malaysia Keluarga Berhad **Subsidiary:-** • Syarikat Takaful Malaysia Am Berhad **Branches:-** 23 branches	Based on the scope of the assessment process and evidence obtained, the following represents SIRIM QAS International's opinion: • The level of data accuracy for the selected indicators included in Syarikat Takaful Malaysia Keluarga Berhad's Sustainability Statement 2025 is fairly stated. • The level of disclosure of the specific sustainability performance information presented in the report was found to be properly prepared. • The personnel responsible were able to demonstrate the origin(s) and interpretation of data contained in the statement.
Internal Review	Scope 3 – Greenhouse Gas (GHG) Emissions 1. Category 3 (Fuel &Energy-related activities) 2. Category 5 (Waste Generated) 3. Category 6 (Business Travel) 4. Category 7 (Employee Commuting)	*Note: Category 5 in Scope 3 covered Headquarters (HQ) Building only*	Not Applicable

Refer to pages 111 to 114 for the assurance report provided by SIRIM QAS International Sdn Bhd.

SIRIM QAS INTERNATIONAL SDN BHD INDEPENDENT ASSURANCE STATEMENT

To Board of Directors, Stakeholders, and Interested Parties,

SIRIM QAS International Sdn. Bhd. was engaged by Syarikat Takaful Malaysia Keluarga Berhad (hereafter referred to as Takaful Malaysia) to perform an independent verification and provide assurance of Takaful Malaysia Sustainability Statement. The main objective of the verification process is to provide assurance to Takaful Malaysia and its stakeholders on the accuracy and reliability of the information as presented in the statement. The verification by SIRIM QAS International pertains to the selected sustainability performance information (subject matter), within the assurance scope which is disclosed in Takaful Malaysia Sustainability Statement 2025.

The management of Takaful Malaysia was responsible for the preparation of the Sustainability Statement 2025. The objective and impartiality of this statement is assured as no member of the verification team and no other employee of SIRIM QAS International was involved in the preparation of any part of the Takaful Malaysia Sustainability Statement and the Integrated Annual Report 2025.

The assurance engagement was designed to provide limited assurance in accordance with International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements other than Audits or Reviews of Historical Financial Information, and BURSA Sustainability Reporting Guide, irrespective of the organization's ability to achieve its objectives, targets or expectations on their subject matter and sustainability-related issues. The assurance process involves verification of four selected sustainability performance information, as listed below. The results of this verification process have been systematically tabulated in Appendix 1 and Appendix 2 with further details provided therein.

Selected Performance Information – Subject Matter
1- Establishing Ethics and Compliance Governance
2- A Safe and Healthy Workplace
3- Diversity, Inclusion and Equal Opportunity
4- Community Empowerment

The verification was carried out by SIRIM QAS International in March 2026, with the following methodologies:

- Reviewing and verifying the traceability, consistency and accuracy of information collected from various sources; internal and external documentation made available during the assessment.
- Verification of the data presented in the Sustainability Statement, which includes a detailed review of the sampled data.
- Interviewing key personnel responsible for collating information and developing various sections of the report to substantiate the veracity of the claims.

The verification process was subjected to the following limitations:

- The scope of work did not involve verification of other information reported in Takaful Malaysia's Sustainability Statement and Integrated Annual Report 2025.
- The review excluded all financial-related data, as these are subjected to the company's financial audit.

STATEMENT OF ASSURANCE

- As part of this assurance engagement, the verification team visited Takaful Malaysia's corporate office at Menara Takaful Malaysia, Kuala Lumpur. However, the verification process did not include physical inspections of any of Takaful Malaysia's operations and assets.
- The verification team did not assess or verify any data related to contractors or third parties.

Conclusion

SIRIM QAS International, the Conformity Assessment Body (CAB) in Malaysia, is accredited to ISO/IEC 17021-1:2015 and ISO/IEC 17065:2012 for the provision of management system certification, product certification, and testing services across its full scope of operational activities. Building on this foundation, SIRIM QAS International is accredited as a Validation and Verification Body (VVB) under ISO/IEC 17029:2019 and ISO 14065:2020, enabling it to provide independent, impartial, and technically robust validation and verification services in accordance with internationally recognized standards. The appointed assessors performing the assurance engagement were selected appropriately based on our internal qualifications, training and experience. The verification process is subject to management review to ensure that procedures are consistently applied, standards are met, and the assurance activities are conducted with transparency. During the verification process, issues were raised, and clarifications were sought from the management of Takaful Malaysia relating to the accuracy of some of the information contained in the statement. In response to the findings, the Sustainability Statement was subsequently reviewed and revised by Takaful Malaysia. It is confirmed that changes that have been incorporated into the final version of the statement have addressed all issues. Based on the scope of the assessment process and evidence obtained, the following represents SIRIM QAS International's opinion:

- The level of data accuracy for the selected indicators included in Syarikat Takaful Malaysia Keluarga Berhad's Sustainability Statement 2025 is fairly stated.
- The level of disclosure of the specific sustainability performance information presented in the report was found to be properly prepared.
- The personnel responsible were able to demonstrate the origin(s) and interpretation of data contained in the statement.

List of Assessors.

1)	Ms. Aernida Abdul Kadir	:	Team Leader
2)	Ms. Farhanah Ahmad Shah	:	Team Member
3)	Ms. Evelyn Liew	:	Team Member

Statement Prepared by:

AERNIDA BINTI ABDUL KADIR

Team Leader
Management System Certification Department
SIRIM QAS International Sdn. Bhd.

Date: 19 March 2026

Statement Approved by:

Shahima

WAN SHAHIMA BINTI MIOR AHMED SHAHIMI

General Manager
Management System Certification Department
SIRIM QAS International Sdn. Bhd

Date: 25 March 2026

Note: This Independent Assurance Statement has been issued based on the content verified prior to the approval date. SIRIM QAS International Sdn Bhd does not express an opinion on, nor guarantee the integrity and/or accuracy of the information provided with the view that the conclusion was conducted post verification assessment, hence not verified. SIRIM QAS International shall not be responsible for any changes or additions made after the referred date (19 March 2026).

Appendix 1

Sustainable Performance Indicator – Subject Matter	Value
Establishing Ethics and Compliance Governance	
(a) Percentage (%) of employees who received training on anti-corruption	100.0%
(b) Percentage (%) of operations assessed for risks related to corruption	100.0%
(c) Number of confirmed incidents of corruption and action taken	0 incident
A Safe and Healthy Workplace	
(a) Number of work-related fatalities	0 case
(b) Lost Time Incident Rate ("LTIR")	0.00
(c) Number of employees trained in health and safety standards	100
Diversity, Inclusion and Equal Opportunity	
Percentage of Directors by Gender	
(a) Male	57.1%
(b) Female	42.9%
Percentage of Directors by Age	
(a) > 50	28.6%
(b) > 60	71.4%
Employee Diversity	

Percentage of Employee Category by Gender	**Male**	**Female**
Senior Management	77.0%	23.0%
Middle Management	50.0%	50.0%
Junior Management	39.0%	61.0%
Clerical	45.0%	55.0%
Non-Clerical	88.0%	12.0%

Percentage of Employee Category by Age	**<30**	**30-50**	**>50**
Senior Management	0.0%	58.0%	42.0%
Middle Management	1.0%	68.0%	31.0%
Junior Management	23.0%	68.0%	9.0%
Clerical	0.0%	75.0%	25.0%
Non-Clerical	0.0%	62.0%	38.0%

Percentage of Employee Category by Ethnicity	**Malay**	**Chinese**	**Indian**	**Others**
Senior Management	68.0%	26.0%	3.0%	3.0%
Middle Management	71.0%	23.0%	4.0%	2.0%
Junior Management	93.0%	5.0%	1.0%	1.0%
Clerical	100.0%	0.0%	0.0%	0.0%
Non-Clerical	100.0%	0.0%	0.0%	0.0%

Employee Retention	
Percentage of Employees that are Contractors or Temporary Staff	3.80%
Total no. of workers who are not employees and whose work is controlled by Takaful	94
Total Number of New Hires	
Male	62
Female	82
<30	51
30-50	84
>50	9
Total Number of Employee Turnover	
Male	38
Female	38
<30	24
30-50	44
>50	8
Community Empowerment	
Total amount invested where the target beneficiaries are external to Takaful Malaysia (MYR)	13,300,219.79
Total number of beneficiaries of the investment in communities	3,872

STATEMENT OF ASSURANCE

Appendix 2

The Selected Performance Indicators – Subject Matter for Syarikat Takaful Malaysia Keluarga Berhad	**CLASSIFICATION OF DATA**			
	HIGH	**MEDIUM**	**LOW**	**UN SUBSTANTIATED**
Establishing Ethics and Compliance Governance				
A Safe and Healthy Workplace				
Diversity, Inclusion and Equal Opportunity				
Community Empowerment				

Note 1:
This Independent Assurance Statement has been issued based on the content verified prior to the approval date. SIRIM QAS International Sdn Bhd shall not be responsible for any changes or additions made after the referred date (19 March 2026).
Note 2:
The assurance involves activity aims to obtain sufficient appropriate evidence to express a conclusion designed to enhance the degree of confidence of the intended users other than the responsible party, about the subject matter information. It comprises of activities carried out to assess the quality and credibility of the qualitative and quantitative information reported by the organization. This assurance is different from activities used to assess or validate the organization's performance, such as compliance assessments or the issuing of certifications against specific standards.
Note 3:
Definition of HIGH, MEDIUM, LOW and UNSUBSTANTIATED Classification of Data.
HIGH: The data and information reviewed has been confirmed with the direct owners. The source of the data origin was provided during the conduct of the assessment.
MEDIUM: Data and information have been confirmed with the direct owners. However, the source of the data has been based on secondary data, where the data origin is not accessible by the verifiers during the conduct of the assessment.
LOW: Data and information reviewed has been based on information endorsed by the data owners. Verifiers did not have access to the source of the data origin. It has been identified as one of the limitations during the conduct of the assessment.
UNSUBSTANTIATED: The sources of data and information disclosed were not made available during the assessment review period due to reasons like confidentiality, unattainable data source and unavailable data owner. It has been identified as one of the limitations during the conduct of the assessment.

11 BURSA COMMON INDICATORS TABLE

Indicator	Measurement Unit	2025
Bursa (Anti-corruption)		
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category		
Employees	Percentage	100
Bursa C1(b) Percentage of operations assessed for corruption-related risks	Percentage	100
Bursa C1(c) Confirmed incidents of corruption and action taken	Number	0
Bursa (Diversity)		
Bursa C3(a) Percentage of employees by gender and age group, for each employee category		
Age Group by Employee Category		
Senior Management Under 30	Percentage	0.00
Senior Management Between 30-50	Percentage	58.00
Senior Management Above 51	Percentage	42.00
Middle Management Under 30	Percentage	1.00
Middle Management Between 30-50	Percentage	68.00
Middle Management Above 51	Percentage	31.00
Junior Management Under 30	Percentage	23.00
Junior Management Between 30-50	Percentage	68.00
Junior Management Above 51	Percentage	9.00
Clerical Under 30	Percentage	0.00
Clerical Between 30-50	Percentage	75.00
Clerical Above 51	Percentage	25.00
Non-Clerical Under 30	Percentage	0.00
Non-Clerical Between 30-50	Percentage	62.00
Non-Clerical Above 51	Percentage	38.00
Gender Group by Employee Category		
Senior Management Male	Percentage	77.00
Senior Management Female	Percentage	23.00
Middle Management Male	Percentage	50.00
Middle Management Female	Percentage	50.00
Junior Management Male	Percentage	39.00
Junior Management Female	Percentage	61.00
Clerical Male	Percentage	45.00
Clerical Female	Percentage	55.00
Non-Clerical Male	Percentage	88.00
Non-Clerical Female	Percentage	12.00
Bursa C3(b) Percentage of directors by gender and age group		
Male	Percentage	57.10
Female	Percentage	42.90
Above 50	Percentage	28.60
Above 60	Percentage	71.40
Bursa (Energy management)		
Bursa C4(a) Total energy consumption	kWh	4,021,260.00
Bursa (Community/Society)		
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	13,300,219.79
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	3,872
Bursa (Health and safety)		
Bursa C5(a) Number of work-related fatalities	Number	0
Bursa C5(b) Lost time incident rate ("LTIR")	Rate	0
Bursa C5(c) Number of employees trained on health and safety standards	Number	100

11 BURSA COMMON INDICATORS TABLE

Indicator		Measurement Unit	2025
Bursa (Labour practices and standards)			
Bursa C6(a) Total hours of training by employee category			
Senior Management		Hours	2,361
Management	Middle Management	Hours	10,119
	Junior Management	Hours	19,335
Non-Management	Clerical	Hours	1,285
	Non-Clerical	Hours	56
Bursa C6(b) Percentage of employees that are contractors or temporary staff		Percentage	3.80
Bursa C6(c) Total number of employee turnover by employee category			
Senior Management		Number	6
Middle Management		Number	21
Junior Management		Number	48
Clerical		Number	1
Non-Clerical		Number	0
Bursa C6(d) Number of substantiated complaints concerning human rights violations		Number	0
Bursa (Supply chain management)			
Bursa C7(a) Proportion of spending on local suppliers		Percentage	95.50
Bursa (Data privacy and security)			
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer		Number	0
Bursa (Water)			
Bursa C9(a) Total volume of water used		Megalitres	16.818000
Bursa (Waste management)			
C10(a) Total waste generated, and a breakdown of the following:		Metric tonnes	70.50
(i) Total Waste Diverted from Disposal		Metric tonnes	18.51
(ii) Total Waste Directed to		Metric tonnes	51.99
Bursa (Emissions management)			
C11(a) Scope 1 emissions in tonnes of CO2e		Metric tonnes	0.39
C11(b) Scope 2 emissions in tonnes of CO2e		Metric tonnes	3077.22
C11(c) Scope 3 emissions in tonnes of CO2e (cat. 3, 5, 6 and 7)		Metric tonnes	1841.01

ISSB Sustainability Statement

ISSB SUSTAINABILITY STATEMENT

1. BASIS OF PREPARATION

1.1. Compliance with IFRS Sustainability Disclosure Standards

The Sustainability Statement ("the Statement" or "this Statement") of Syarikat Takaful Malaysia Keluarga Berhad ("Takaful Malaysia Keluarga" or "the Company") and its subsidiaries ("the Group"," we", "us" or "our") sets out sustainability-related information relevant to the Group's financial performance, position and prospects.

For FY2025, the Statement has been prepared, to the extent practicable, in accordance with the Sustainability Disclosure Standards issued by the International Sustainability Standards Board ("ISSB"), specifically the General Requirements for Disclosure of Sustainability-related Financial Information ("IFRS S1") and Climate-related Disclosures ("IFRS S2"). These standards have been used as guidance to support our disclosure of sustainability-related financial information, including climate-related risks and opportunities that could influence enterprise value.

The preparation of this Statement also aligns with the requirements of the Bursa Malaysia Main Market Listing Requirements ("Main LR"). Additional disclosures required under the Main Market Listing Requirements are presented in pages 110 to 116 of this Integrated Annual Report (IAR).

In developing the content of this Statement, the Group referred to the Sustainability Accounting Standards Board Standards ("SASB") to identify our sustainability material topics relevant to the takaful industry and to support consistent, and effective disclosure of sustainability-related matters.

1.2. Connectivity with financial statements (reporting period, reporting entity, and presentation currency)

The sustainability statement has been prepared for the Group and should be read alongside the Group's consolidated financial statements. The financial statements have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and comply with the requirements of the Financial Services Act 2013 ("FSA"), Islamic Financial Services Act 2013 ("IFSA") and Companies Act 2016 in Malaysia. This Statement covers the financial year ended 31 December 2025 and aligns with the reporting period applied in the related consolidated financial statements.

Time horizons used within the Statement reflect the periods applied in the Group's strategic planning and risk assessment processes. These horizons indicate when sustainability-related risks and opportunities could reasonably occur and influence financial outcomes. At the end of the reporting period, the following timeframes were adopted:

Short term	1 to 2 years
Medium term	3 to 5 years
Long term	Beyond 5 years

The sustainability-related financial disclosures apply to the same reporting entity as the consolidated financial statements. The reporting entity includes the parent company, Takaful Malaysia Keluarga, together with its subsidiaries. Preparation of these disclosures involved an assessment of the Group's operations as well as relevant elements within its value chain, including joint ventures and associates.

1.3 First-time adoption of IFRS Sustainability Disclosure Standards and transition reliefs

For the financial year ended 31 December 2025, the Group presents sustainability-related financial disclosures in accordance with the IFRS Sustainability Disclosure Standards, representing our first year of adoption. The disclosures are prepared in accordance with IFRS S1 and IFRS S2, applicable for reporting period commencing 1 January 2025. As of 31 December 2025, no additional IFRS Sustainability Disclosure Standards have been issued by the ISSB.

Under the National Sustainability Reporting Framework ("NSRF"), entities are provided with certain transition reliefs during the first year of applying the ISSB standards. In this regard, the Group has adopted the following reliefs:

- Disclosures are limited to climate-related risks and opportunities, in line with IFRS S2
- Comparative information for prior periods is not presented for the current reporting year
- Scope 3 greenhouse gas emissions disclosures are limited to categories required by the relevant regulatory requirements

The Main LR provides additional transition reliefs for Main Market listed issuers. Accordingly, the Group has applied the relief from the requirement from having to disclose comparative information.

2. OVERVIEW OF THE GROUP AND VALUE CHAIN

2.1 Overview of the Group

Our key business activities

The Group operates as a takaful provider, with its core businesses centred on Family Takaful and General Takaful.

Following the separation of its composite licence in accordance with the Islamic Financial Services Act 2013 ("IFSA"), the Group operates through two licensed entities. Takaful Malaysia Keluarga manages the Family Takaful business, while its wholly owned subsidiary, Syarikat Takaful Malaysia Am Berhad ("Takaful Malaysia Am"), manages the General Takaful business. Both entities operate under the Takaful Malaysia brand, supported by a nationwide branch network.

The Group's core business activities comprise:

Family Takaful

Offering protection and savings-related solutions for individuals and families, including term protection, medical and health coverage, critical illness and other long-term protection need.

General Takaful

Providing protection solutions for personal and commercial risks, including motor, fire, personal accident, property and other general risk coverage for individuals and businesses.

The Group's operations are primarily concentrated in Malaysia, supported by a network of branches nationwide. Its business activities are managed on a consolidated basis, with performance driven by both Family and General Takaful segments.

Our strategy and sustainability-related goals

The Group's strategy is focused on strengthening its market leadership in Family and General Takaful, while ensuring sustainable growth, operational resilience and long-term value creation. This includes:

- Expanding retail and digital distribution channels to improve accessibility and customer reach
- Strengthening underwriting discipline and portfolio management to maintain profitability and resilience
- Enhancing operational efficiency through digitalisation and process improvements
- Deepening customer engagement through more relevant and needs-based takaful solutions
- Managing key risks, including climate-related risks, that may affect claims experience, investment performance and overall business sustainability

In relation to sustainability, the Group continues to integrate environmental, social and governance considerations into its business and decision-making processes. This includes embedding responsible practices in product design, investment management and day-to-day operations.

The Group has set a long-term aspiration to align with national and regulatory expectations on climate, including supporting the transition towards a lower-carbon economy and achieving net zero greenhouse gas emissions by 2050. In the near to medium term, focus areas include improving energy efficiency, reducing operational emissions, and strengthening climate risk management and disclosures.

Sustainability considerations are progressively embedded across strategy, risk management and capital allocation, supporting the Group's ability to deliver protection while contributing to long-term economic and social value.

2.2 Our value chain

To deliver its takaful solutions and services, the Group relies on a network of stakeholders, partners and resources across its value chain. This value chain reflects the end-to-end process of providing protection solutions, from sourcing capital and managing risk to delivering services to participants and supporting communities.

The Group's activities are primarily based in Malaysia, with value creation closely linked to its underwriting, investment, distribution and service capabilities.

ISSB SUSTAINABILITY STATEMENT

The table below summarises the Group's key upstream and downstream value chain relationships.

VALUE CHAIN SEGMENT

UPSTREAM

1. **CAPITAL AND FUNDING SOURCES**
Contributions from takaful participants used to support claims, benefits and fund sustainability

2. **GOVERNMENT AND REGULATORS**
Oversight by Bank Negara Malaysia, Bursa Malaysia and other governing bodies

3. **TECHNOLOGY PARTNERS**
IT infrastructure, systems and digital platforms supporting operations and customer services

4. **PAYMENT NETWORKS AND INFRASTRUCTURE**
Banks and payment providers facilitating contributions and claims payments

5. **DIGITAL ECOSYSTEM PARTNERS**
Platforms such as Kaotim supporting digital distribution and customer engagement

6. **INVESTORS AND SHAREHOLDERS**
Institutional investors and sukuk holders supporting capital and growth

7. **BUSINESS PARTNERS AND SERVICE PROVIDERS**
Agents, brokers, workshops, Third-Party Administrators (TPAs) and hospitals supporting operations and claims

8. **TRAINING AND CAPABILITY PROVIDERS**
External providers supporting workforce development and training

DOWNSTREAM

1. **CUSTOMERS (PARTICIPANTS)**
Individuals and corporates subscribing takaful protection solutions

2. **COMMUNITY AND SOCIETY**
Wider community benefiting from financial protection and social initiatives

3. REPORTING BOUNDARY

3.1. Reporting boundary (excluding GHG emissions)

Reporting entity

The entities, assets and operations (referred to as the "reporting entity") included in the Group's sustainability statement are the same as those included in the Group's 31 December 2025 financial statements.

Value chain

The Group also has entities (including investments in associates and joint ventures), activities, resources and relationships that form part of its value chain. These have been considered in assessing the sustainability-related risks and opportunities of the Group. In the current reporting period, all metrics reported (except for GHG emissions) relate to the Group's own operations.

3.2. Reporting boundary for GHG emissions

a. Organisational boundary

Greenhouse gas ("GHG") emissions are measured in accordance with the methodology set out in the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004), unless otherwise specified under IFRS S2 Climate-related Disclosures. This methodology provides guidance for identifying, quantifying and reporting emissions associated with the Group's activities.

For the current reporting period, the Group's GHG disclosures focus on its principal business segments, primarily Malaysia operations, where data availability and risk exposure are most material. This approach is consistent with the transition reliefs applied during the initial phase of adoption.

The Group is progressively enhancing its data collection processes and monitoring systems across all operations. The reporting boundary will be expanded to include other entities, including our subsidiaries in Indonesia, in future reporting cycles as data quality and reporting capabilities continue to improve.

The Group's GHG reporting boundary reflects the organisational and operational boundaries applied for emissions measurement and disclosure.

b. Operational boundary

For the purpose of measuring GHG emissions, the Group applies the operational control approach when defining the reporting boundary. Under this approach, emissions arising from operations over which the Group exercises operational authority are included within the inventory.

In the FY2025 Sustainability Statement, the Group discloses inputs and assumptions related to the following GHG metrics:

Scope 1 GHG Emissions	**Scope 2 GHG Emissions**
Scope 3 operational GHG emissions, specifically Category 3 Fuel- and Energy-related Activities, Category 5 Waste Generated in Operations, Category 6 Business Travel and Category 7 Employee Commuting	

Disclosure of inputs and assumptions for the remaining Scope 3 categories will be introduced in the FY2027 Sustainability Statement. This timeline reflects the transition relief adopted under IFRS S2 Climate-related Disclosures, which allows phased implementation of Scope 3 reporting during the initial years of application. Preparatory work is ongoing to expand data coverage and refine methodologies in support of future disclosure.

4. JUDGEMENTS AND MEASUREMENT UNCERTAINTIES

Preparation of this statement involved the application of management judgement in several areas. These include the identification of sustainability-related risks and opportunities and the determination of material information appropriate for disclosure under the IFRS Sustainability Disclosure Standards.

Certain disclosures also require the use of estimates where information cannot be measured directly. Estimation may arise where sustainability-related information relates to entities within the value chain, involves forward looking information or is subject to limitations in available data. In such circumstances, reasonable assumptions and methodologies are applied to produce reliable and decision useful disclosures.

This section outlines the significant judgements applied during preparation of the sustainability statement as well as disclosures subject to a higher level of measurement uncertainty. Details of the relevant judgements or sources of estimation uncertainty are provided in the corresponding note disclosures referenced in this Statement.

▶ 4.1 Significant judgements

Impact Materiality Assessment Process

The Group adopts a structured approach to identify and prioritise material matters. This begins with identifying relevant topics based on industry trends and internal insights, followed by assessing their significance by considering stakeholder expectations, ESG impacts and regulatory requirements. These topics are then prioritised based on their potential impact on the business and stakeholders. Finally, the outcomes are validated and mapped into a materiality matrix to ensure alignment with the Group's strategic priorities and stakeholder interests.

Financial Materiality Assessment

We undertook a structured process to identify the Group's sustainability-related risks and opportunities ("SROs"), beginning with a review of internal documents such as the IAR and risk register to establish existing SROs. This was followed by desktop analysis and benchmarking against SASB Standards and industry peers to identify additional relevant SROs. Stakeholder engagement, including surveys and focus group discussions, was conducted to validate and prioritise financial material SROs. These were further refined through industry research and internal data analysis, before finalising the list based on management inputs and alignment with IFRS SDS requirements.

For the year under review, the Group has elected to apply the transition reliefs available under the standards, focusing its disclosures on climate-related risks and opportunities.

Calculation methods for GHG emissions

In quantifying GHG emissions, the Group applied significant judgement in selecting appropriate calculation methodologies in accordance with the GHG Protocol, taking into account data availability, reliability and relevance to the Group's operations. This includes the use of fuel-based, location-based, distance-based and average data methods across Scope 1, Scope 2 and relevant Scope 3 categories.

Significant judgement was also applied in determining the use of proxy and estimation techniques where primary data were not fully available, including extrapolation of branch-level waste data, application of spend-based methods for certain business travel activities, and the use of survey-based data for employee commuting. These approaches were considered to provide a reasonable representation of the Group's emissions profile while ensuring completeness of reporting.

Scope 3 Assessment and Exclusion

Management applied judgement in assessing that Scope 3 emissions are currently disclosed for selected categories, based on regulatory requirements and voluntary disclosure considerations aligned with the Group's business model and value chain activities. The Group has elected to apply the transition relief from quantitative Scope 3 disclosure for the reporting period.

Climate Risk Stress Testing Exercise

Significant consideration was given to the application of climate scenarios in this Climate Risk Stress Testing ("CRST") exercise, in line with the 2024 CRST Methodology Paper issued by Bank Negara Malaysia ("BNM"). The Company has adopted the prescribed scenarios, which are aligned with reference pathways developed by the Network for Greening the Financial System ("NGFS"), namely Net Zero 2050 ("NZ2050"), Divergent Net Zero 2050 ("DNZ2050"), and Nationally Determined Contributions ("NDCs"). These scenarios are intended to provide a range of plausible outcomes under varying levels of climate ambition, policy coordination, and implementation.

Net Zero 2050 (NZ2050):
This scenario represents an orderly transition pathway aimed at limiting global warming to 1.5°C through the early and coordinated implementation of stringent climate policies. It assumes rapid decarbonisation supported by technological advancements and strong policy enforcement. Under this pathway, physical climate risks remain relatively contained due to successful mitigation efforts; however, transition risks are elevated given the speed and scale of policy, regulatory, and market adjustments required.

Divergent Net Zero 2050 (DNZ2050):
This scenario reflects a fragmented and uneven transition, where climate policies and actions differ significantly across regions, resulting in a lack of global coordination. The divergence in policy implementation leads to market inefficiencies and increased uncertainty. As a result, transition risks are elevated due to inconsistent regulatory environments and potential market dislocations, while physical risks continue to increase over time as global mitigation efforts are less effective.

Nationally Determined Contributions (NDCs):
This scenario reflects the continuation of currently pledged climate policies, even where implementation may be incomplete or delayed. It assumes moderate and uneven climate ambition across regions, resulting in emissions reductions that are insufficient to meet the 1.5°C target, with global warming projected to reach approximately 2°C and above by the end of the century. Under this pathway, physical risks are more pronounced due to higher long-term temperature increases, while transition risks remain relatively moderate given the gradual pace of policy adjustments.

4.2 Measurement uncertainty

GHG Uncertainty Assessment and Result

An uncertainty assessment was conducted to evaluate the uncertainty of the Group's GHG inventory, in accordance with the GHG Protocol Guidance on Uncertainty Assessment in GHG Inventories.

The assessment considered uncertainties in both activity data and emission factors, which were aggregated at source and organisational levels using established statistical methods. Measurement uncertainty is expressed as an uncertainty range (± percentage of the reported value) at a 95% confidence level, indicating the range within which actual emissions are expected to fall.

Overall, the level of uncertainty is considered reasonable and reflects the quality of underlying data, including the use of estimation techniques and internationally recognised emission factors where applicable.

Climate Transition Risks

The timing and magnitude of regulatory and reputational impacts arising from climate change are subject to estimation uncertainty, as policies, market dynamics and stakeholder expectations continue to evolve.

Climate Physical Risks

The assessment of potential flooding impacts is subject to estimation uncertainty, given the variability in extreme weather events and reliance on modelled projections and underlying assumptions.

4.3. First-year Reporting Considerations

This is the first reporting period in which the Group has applied the IFRS Sustainability Disclosure Standards. Accordingly, the following matters are not applicable for the current reporting period:

Changes in estimates
There are no comparative prior-period sustainability-related metrics; accordingly, no changes in estimates have been recognised.
Revisions to targets
The Group has established its net zero GHG target for 2050; no revisions to targets were made during the reporting period.
Reassessment of climate-related risks and opportunities
The Group has not reassessed or redefined the scope of climate-related risks and opportunities within its value chain during the reporting period.
Prior-period errors
As there are no prior-period sustainability-related disclosures for this reporting entity, no prior-period errors have been identified.

5. MATERIALITY ASSESSMENT

Materiality process

Identification of SROs involved a structured process designed to determine matters with potential financial relevance to the business of the Group. The process integrates internal analysis, industry research, stakeholder input and risk management practices in line with the expectations of the IFRS Sustainability Disclosure Standards.

Initial identification of SROs began with a review of internal sources including the Group's latest IAR, the Group risk register and other relevant documentation. This review enabled management to compile an initial list of sustainability-related matters previously disclosed or identified within existing governance and risk management processes.

Desktop analysis, benchmarking and industry research were then conducted to identify additional sustainability matters that may be relevant to the Group. This assessment included reference to the Sustainability Accounting Standards Board Standards and benchmarking against selected industry peers to identify sustainability issues commonly associated with the takaful and financial services sector.

Stakeholder engagement formed an important part of the identification process. Engagement sessions were conducted using focus group discussions and survey forms covering each potential SRO. These discussions involved internal stakeholders and representatives from key business units, allowing validation and refinement of issues considered most financially relevant to the organisation.

Insights obtained from industry research and the Group's internal data were then used to refine the key drivers associated with each SRO. Management subsequently refined the list of sustainability-related risks and opportunities based on internal inputs and alignment with the requirements of the IFRS Sustainability Disclosure Standards.

Climate-related risks identified under the Group's Climate Risk Management and Scenario Analysis ("CRMSA") were also incorporated into the assessment. These include transition risks and physical risks. Transition risks include policy and regulatory developments such as carbon taxation, technological developments including electric vehicles, and changes in consumer preferences. Physical risks comprise chronic impacts such as temperature changes and sea level rise as well as acute events including heatwaves and flooding.

Climate risks were further analysed across six major risk categories relevant to the Group's operations: strategic risk, takaful risk, credit risk, market risk, liquidity risk and operational risk. These risk considerations were incorporated into the list of SROs, considering underlying drivers and potential financial implications.

The Group also leveraged its existing Enterprise Risk Management ("ERM") framework to determine which SROs are financially material. A survey was conducted across departments to obtain feedback on the significance of each identified SRO. Each department provided an assessment using the Group's five scale risk scoring mechanism within the ERM framework.

Under this methodology, each SRO was evaluated based on the magnitude of potential financial effects and the likelihood of occurrence. Magnitude reflects the potential significance or benefit of the impact, while likelihood indicates the probability that the risk or opportunity may arise if it has not already occurred. The overall score is derived from the combined assessment of magnitude and likelihood. Risks that are financially significant under the ERM framework are classified as SROs.

Use of judgement

Management judgement plays an important role in determining financially material sustainability-related risks and opportunities. Quantitative indicators such as potential direct financial impact, capital expenditure requirements and possible changes in asset valuations were considered when evaluating the magnitude of sustainability-related matters.

Qualitative factors were also taken into account. Although these factors may not be immediately quantifiable, they may influence the long term value and resilience of the organisation. These considerations include reputational exposure, stakeholder expectations and the effectiveness of governance and oversight mechanisms.

Forward looking judgement was applied to assess how sustainability-related risks and opportunities may evolve over time. This includes consideration of potential regulatory developments, shifts in market dynamics and technological developments that may influence the organisation over the short-, medium- and long-term horizons defined in this report.

Materiality assessments are subject to continuous review as circumstances evolve. Sustainability-related risks and opportunities may change in response to new assumptions, operational developments, emerging industry trends or updates in regulatory and policy requirements. Accordingly, the Group will periodically reassess the relevance and financial significance of identified SROs as part of its ongoing risk management and reporting processes.

The final list of identified risks and opportunities was presented to and approved by the Group CEO. The result was also presented to the Board Risk Committee and Board of Directors. These form the basis of the disclosures included in this Statement.

6. SUSTAINABILITY INTEGRATION & GOVERNANCE

In line with its sustainability commitments and the requirements under IFRS S2 (Climate-related Disclosures), Takaful Malaysia ensures that sustainability and climate-related matters are supported through appropriate governance arrangements, industry engagement and organisational capability-building. As a takaful operator, Takaful Malaysia recognises that effective management of environmental, social and governance (ESG) considerations is integral to its overall risk management and long-term business sustainability. ESG considerations are incorporated across the Group's underwriting, claims, and investment activities to support informed decision-making, manage emerging and long-term risks, and identify opportunities that support sustainable value creation. This approach reflects the Group's role in managing risk exposures that may crystallise over both short- and longer-term horizons.

Sustainability considerations are integrated into the Group's operations through established policies, guidelines, and processes, providing a consistent and structured approach to incorporating ESG factors into strategy, risk management, and key operational decisions. This supports alignment with regulatory expectations under Bank Negara Malaysia's Climate Risk Management principles, as well as the governance recommendations of TCFD and ISSB.

Oversight of sustainability-related matters is provided by the Board Committee, which is responsible for setting direction and overseeing the Group's approach to ESG-related risks, opportunities, and initiatives. The Committee is supported by a cross-functional Sustainability Committee, with representatives from relevant functions, to coordinate implementation and facilitate integration across business units. This governance structure enables ESG considerations, including climate-related matters, to be embedded into business and risk management processes, rather than treated in isolation.

Further information on the Group's sustainability governance structure, roles and responsibilities, and oversight mechanisms is set out on pages 79 to 80 of this report.

ISSB SUSTAINABILITY STATEMENT

Governing Sustainability

Governance arrangements guide the management of sustainability-related matters across the Group. Environmental, social and governance considerations are integrated within strategic planning, risk management processes and operational activities. This structure supports informed decision making, regulatory alignment and sustainable value generation over the long term.

Refer to page 78 for our Governance Hierarchy.

Strategic oversight sits with the Board of Directors ("Board"), which directs the sustainability agenda and reviews progress on related initiatives. The Board approves the sustainability strategy, governance framework, priorities and targets while overseeing integration of ESG considerations across the Group. Regular updates on ESG initiatives, including climate-related developments, support the Board in carrying out its oversight responsibilities.

The Group's Board Committees assist the Board in supervising specific sustainability-related matters. The Nomination and Remuneration Committee reviews alignment between incentive structures and sustainability targets and evaluates the performance of the Board and senior management. The Audit Committee oversees sustainability-related disclosures within the Group's reporting. The Investment Committee supervises sustainable investment policies and related practices.

The Board Risk Committee ("BRC") provides further oversight of sustainability-related risks that may affect the Group's strategic objectives. The committee reviews the Sustainability Framework and related policies, approves risk appetite parameters and monitors whether risk exposure aligns with approved levels. Information on sustainability risk exposure and risk management activities is presented regularly to facilitate effective supervision.

Management Committee oversees implementation of the sustainability agenda across the organisation. The Management Committee integrates sustainability considerations within business operations and governance structures. In carrying out this role, the committee evaluates sustainability strategies, coordinates ESG initiatives with support from the Sustainability Committee and incorporates relevant frameworks and standards such as the Value Based Intermediation Takaful framework. Regular updates on sustainability-related risks and opportunities are presented to the Board to support strategic oversight.

At the management level, the Management Risk Committee ("MRC") supervises the application of sustainability risk management practices. The committee confirms that policies and procedures addressing sustainability risks align with the risk appetite approved by the Board. It also verifies that business owners perform risk identification and assessment and establish appropriate mitigation plans. Periodic reviews of the Sustainability Framework are conducted to confirm that it continues to support the organisation's sustainability objectives.

Operational coordination of sustainability initiatives takes place through the Management Sustainability Committee. This committee facilitates implementation of sustainability practices across departments and supports responsible engagement with customers and counterparties. It also serves as the reference point for sustainability-related reporting, including preparation of the Sustainability Report within the Integrated Annual Report. In addition, the committee supports organisational capacity building, training initiatives and periodic reviews of structures and capabilities needed to support sustainability strategies.

The Head of Sustainability, supported by the Sustainability Department, coordinates sustainability activities across the Group. This function monitors implementation of ESG initiatives and provides updates to the MRC and relevant Board Committees to support informed decision making. It also coordinates preparation of sustainability disclosures and engagement with external stakeholders including shareholders, regulators and Bursa Malaysia. Capacity-building programmes for the Board, senior management and employees are also arranged while the Sustainability Framework is maintained and updated as necessary.

Within the operational structure, business functions and units form the first line of defence in sustainability risk management. These units identify, assess and manage sustainability risks arising from daily activities. Risk assessments may occur during onboarding of customers or business partners, ongoing engagement and monitoring processes as well as new product or business approval procedures. Business units also support implementation of sustainability initiatives across the organisation.

Oversight is further supported by control functions operating within the Group's enterprise risk management framework. The Risk Management Division identifies sustainability-related risks, evaluates potential impacts and works with risk owners to develop mitigation strategies. The division also monitors the evolving risk environment, coordinates risk assessments across business functions and reports material risk matters to the MRC and BRC.

The Compliance function monitors adherence to applicable laws, regulations and internal policies, including requirements issued by Bank Negara Malaysia and Bursa Malaysia. Independent assurance is provided by the Internal Audit function, which evaluates the effectiveness of internal control systems and governance arrangements related to sustainability risk management.

These governance arrangements integrate sustainability considerations within the Group's broader strategic planning and risk management framework, supporting structured management of sustainability-related risks and opportunities across the organisation.

Industry Engagement

As part of its commitment to responsible and sustainable finance, Takaful Malaysia participates in industry platforms and collaborative initiatives that support efforts to strengthen climate risk management and sustainable finance practices within Malaysia's financial sector. Encik Mohamed Sabri bin Ramli, the Chief Executive Officer of Takaful Malaysia Am, is a member of the Joint Committee on Climate Change (JC3), a regulator–industry platform established to coordinate collective actions to build climate resilience, enhance the financial sector's readiness to manage climate-related risks, and support the transition to a low-carbon economy.

In addition, other members of senior management and Heads of Departments are involved in relevant industry working groups and committees that address climate-related risks, sustainability matters, and regulatory initiatives. The Group also participates in external trainings, seminars, and conferences relating to sustainability and climate risk management as part of its ongoing capacity-building efforts. These are complemented by internal training programmes for employees to strengthen awareness and understanding of climate-related risks and sustainable finance practices.

The Group monitors its participation in these engagements to ensure consistency between the positions taken externally and its internal climate-related risk management practices, and strategic objectives. At present, the Group considers its involvement in these platforms to be aligned with its climate-related commitments and overall approach to sustainable finance.

6.1. Impact of sustainability on remuneration policies

The Group's remuneration framework is overseen by the Board-level Nomination and Remuneration Committee (NRC), which ensures alignment with the Group's strategic priorities, long-term value creation and risk management considerations, including sustainability-related matters.

Sustainability-related considerations are incorporated into senior management performance assessments to support accountability for the delivery of the Group's sustainability strategy, as well as the management of related risks and opportunities.

For the year under review, sustainability-related key performance indicators (KPIs) are embedded within the performance framework, with an allocated weightage of approximately 5% to 10%. These KPIs cover areas such as compliance with regulatory requirements. Performance against these indicators is assessed as part of the annual performance review and may influence variable remuneration outcomes for senior management.

The selection and weighting of KPIs are determined by the NRC, taking into account their relevance to business operations and alignment with the Group's priorities for the reporting period. The Group intends to progressively enhance the integration of sustainability and climate-related metrics, including GHG emissions indicators, as data availability and internal processes continue to develop.

6.2. Risk management

Climate-related risks and opportunities are expected to intensify over the medium to long term. In recognition of this, and in line with our ESG commitments, sustainability-related matters, including climate change, are regularly deliberated through our established governance and risk oversight forums, namely the Sustainability Committee, Management Risk Committee (MRC) and Board Risk Committee (BRC). In parallel, we address climate change from a risk management perspective through our existing risk governance structures and processes.

ESG considerations are integrated into our operational, underwriting and investment decision-making processes as part of our enterprise risk management approach. This integration supports the identification and management of sustainability-related and reputational risks across the Group. In addition, physical risks, including flood risk, are assessed within our underwriting and operational risk management processes, informed by relevant risk assessments and ongoing monitoring to support prudent decision-making and operational resilience.

The Group's Sustainability Risk Management Framework sets out our overarching principles and approach for managing sustainability-related risks across takaful operations and internally managed investments. The framework applies to Takaful Malaysia's takaful business and proprietary investment activities, while sustainability practices relating to externally managed assets are governed by the respective policies and processes of appointed external asset managers. This framework serves as a key internal reference for the consistent application of sustainability-related risk management practices, with formal requirements embedded within the Group's internal policy framework.

Further details on Takaful Malaysia's sustainability performance, including key performance indicators (KPIs), targets and progress, are disclosed in the Group's ISSB Sustainability Statement section.

Climate-related risks and opportunities (CROs) are assessed and prioritised using the same likelihood, impact and time horizon criteria applied to other risk categories, in accordance with the Group's ERM Framework. This ensures that climate-related considerations are consistently incorporated into risk identification, assessment, monitoring and reporting processes.

- Only climate-related risks and opportunities that could reasonably affect the Group's cash flows, access to finance or cost of capital, as well as operational and reputational aspects, are considered. In assessing these, the Group evaluates the likelihood of occurrence, the magnitude of potential impact on financial and non-financial prospects, and qualitative inputs from management and focus groups to validate materiality and relevance.

- The assessment draws on existing material matters, prior-year impact assessments and industry benchmarking. For uncertain future events, a range of possible outcomes is considered, with likelihoods assigned based on historical experience, scenario analysis or expert judgement. Results are plotted on a prioritisation matrix to identify the climate-related risks and opportunities most likely to affect the Group's prospects.

- Opportunities arising from climate-related considerations, including operational efficiencies, strategic growth and enhanced resilience, are identified and assessed alongside risks. These are evaluated qualitatively for their potential strategic and financial benefits and prioritised using the same framework.

- Scenario analysis may be used to assess climate-related scenarios that could affect the Group's financial, operational and strategic resilience. This includes consideration of physical risks, such as acute flood events, as well as transition risks arising from policy, market and technological shifts under low-carbon pathways.

Once CROs are identified, the relevant business functions determine the actions or initiatives required to mitigate the risks identified or to capture opportunities arising from them. This may include the development of products offering solar panel protection or the refinement of underwriting approaches to reflect anticipated risk exposure.

6.2.1 Reputational Risk Management

Reputational risk is managed as an integral component of Takaful Malaysia's enterprise risk management framework. We consider reputational risk across key risk management processes, including new product risk assessments, risk evaluations of Group-wide initiatives, and by categorising reputational risk as one of our major risk categories.

This embedded approach enables us to identify, assess and manage potential reputational impacts in a structured and consistent manner, supporting informed decision-making across the Group.

6.2.2 Integration of ESG Considerations into Risk Management

We integrate environmental, social and governance (ESG) considerations into our operational, underwriting and investment risk assessment processes as part of our broader approach to managing sustainability-related risks. These considerations are evaluated alongside other risk factors to support the identification of emerging risks and potential impacts on the Group's business activities.

This approach ensures that ESG-related risks, including those that may give rise to reputational considerations, are factored into day-to-day risk management and decision-making processes across the organisation.

6.2.3 Management of Physical Risks

Physical risks, including flood risk, are assessed within our risk management processes. Relevant risk assessments are conducted as part of ongoing risk monitoring activities to support prudent underwriting practices, operational resilience and effective risk management.

Climate Risk and Opportunities Assessment Methodology

Only climate-related risks and opportunities that could reasonably affect the Group's cash flows, access to finance, or cost of capital are considered. In assessing these, the Company evaluates:

- **A** The likelihood of the event occurring
- **B** The magnitude of its potential impact on the Group's financial prospects
- **C** Qualitative inputs from management and focus groups to validate materiality and relevance

The assessment draws on existing material matters, prior-year impact assessments, and industry benchmarking. For uncertain future events, a range of possible outcomes is considered, and likelihoods are assigned based on historical experience, scenario analysis, or expert judgement. Results are plotted on a prioritisation matrix to identify the CROs most likely to affect the Group's prospects.

Opportunities arising from climate-related considerations, such as operational efficiencies, strategic growth, or enhanced resilience, are identified and assessed alongside risks. These are evaluated qualitatively for potential strategic and financial benefits and prioritised using the same framework.

7. ENVIRONMENT-RELATED RISKS AND OPPORTUNITIES

7.1. Climate Related Physical Risks

7.1.1 Physical risk relating to underwriting

7.1.1.1 Family Takaful

Climate-related developments such as rising temperatures, flooding, heatwaves and other extreme weather events may influence Family Takaful underwriting activities within Takaful Malaysia Keluarga.

These developments introduce additional uncertainty into underwriting activities. Shifts in health outcomes and mortality trends may influence claims patterns, medical related risks and actuarial assumptions used in pricing and reserving. Such developments may also affect the sustainability of underwriting portfolios and influence profitability if risk exposures are not appropriately assessed.

Direct impacts from climate-related factors may include increased mortality as well as higher incidence of illness linked to elevated surface temperatures and extreme weather conditions. Prolonged heat exposure, flooding events and other climate-related disruptions may also influence the frequency or severity of health-related claims within Family Takaful portfolios.

Physical risks represent the direct impacts of climate change, including increased mortality and morbidity assumptions arising from higher surface temperatures and extreme weather events. These effects are expected to result in higher death and medical claims, leading to an increase in actuarial reserves. A consistent methodology has been applied across all scenarios[1], with scenario-specific shock factors incorporated to reflect varying levels of severity.

Effects on business model and value chain

Climate-related developments may influence several aspects of the business model of Takaful Malaysia Keluarga and its value chain. Physical impacts associated with rising temperatures, extreme weather events and changing environmental conditions may affect mortality and morbidity patterns within the covered population. Such developments can lead to a surge in life takaful payouts linked to increased deaths, alongside higher health claims and long-term disability coverage costs.

Shifts in climate-related health risks introduce uncertainty into traditional actuarial assumptions used in underwriting and pricing. Mortality and morbidity trends shaped by environmental conditions may differ from historical patterns, requiring recalibration of actuarial models and risk pricing approaches. This reassessment supports accurate reflection of evolving risk exposures within Family Takaful portfolios.

Operational implications may extend across the value chain. Underwriting practices, actuarial modelling, claims management and product development may require adjustments as risk profiles evolve. Greater claim frequency or severity can influence capital management, product design and risk selection practices, while also shaping engagement with distribution partners, healthcare providers and retakaful operators.

In response to these developments, ongoing evaluation of risk models and pricing methodologies supports alignment between underwriting practices and emerging climate-related health trends. Such adjustments aim to sustain portfolio resilience and maintain stability in the delivery of protection solutions to participants.

Time Horizon	Short term

Financial Effects

Current

The Group does not anticipate material financial effects at this juncture.

Anticipated

Climate-related developments may influence financial outcomes associated with Family Takaful operations within Takaful Malaysia Keluarga. Changes in mortality patterns, health conditions and extreme weather exposure can alter claims experience across covered populations, introducing additional variability in underwriting performance. One potential implication involves an increase in the claim's ratio. Over time, such developments may place pressure on profitability and influence the level of returns generated for shareholders.

[1] *Three long-term climate scenarios: (i) Net Zero 2050 (NZ 2050;, (ii) Divergent Net Zero 2050 (DNZ 2050); and (iii) Nationally Determined Contributions (NDCs)*

Effects on strategy and decision making

Environmental and climate-related considerations are increasingly reflected in strategic planning and operational decisions within Takaful Malaysia Keluarga. Evolving climate patterns and associated health risks influence how underwriting exposures are assessed and managed within Family Takaful portfolios.

Environmental factors are incorporated into underwriting evaluations to support a more comprehensive assessment of mortality and morbidity risks. Consideration of climate-related health trends assists actuarial and risk management functions in refining assumptions used in pricing, reserving and product development. This approach allows underwriting decisions to reflect emerging risk drivers that may influence participant outcomes over time.

Scenario analysis and climate risk stress testing also inform strategic planning and risk management practices. These assessments consider potential developments such as increased frequency of extreme weather events, changes in population health conditions and other environmental factors that may affect claims experience or financial performance. Insights derived from these analyses assist management in evaluating potential exposures and determining appropriate risk management responses.

Risk transfer mechanisms form another element of the Group's strategic approach to climate-related uncertainty. Retakaful arrangements support management of potential volatility in claims experience arising from climate influenced mortality or health risks. This structure assists in maintaining portfolio stability while supporting the Group's ability to continue providing protection solutions to participants in a changing risk environment.

The location of buildings and the availability of facilities to safeguard against adverse flood incidences are assessed on a regular basis.

The Group has also enabled a working environment that allows employees to operate remotely and remain connected in the event of disruptions that render office premises inaccessible.

In addition, the Group is refining its engagement with third-party service providers to incorporate consideration of climate-related risks that may affect service continuity.

Business resilience and continuity have become areas of increased focus in light of rising concerns associated with climate-related risks. Technology refresh initiatives are underway to support more agile operations, enhancing the Group's ability to withstand disruptions, including those arising from climate-induced factors.

Medium term	Long term

Risk transfer arrangements also play an important role in managing potential volatility. Greater reliance on retakaful coverage may arise in response to heightened uncertainty surrounding catastrophic events or large-scale health impacts. While these arrangements support protection against substantial losses, they may also result in higher retakaful costs, which could affect expense levels and overall financial performance.

Long duration characteristics of Family Takaful products introduce further considerations. Actuarial assumptions regarding mortality and morbidity trends are vital given the coverage period of Family Takaful products extending over many years. Climate-related developments will have an impact on these assumptions, creating challenges in long term pricing if evolving risks are not adequately reflected in product design and pricing methodologies.

Investment decisions are subject to additional climate-related considerations. Specifically, the practices of the target companies in climate-related practices, and extent of its susceptibility to climate-related risk exposure influence investment decisions.

7.1.1.2 General Takaful

Climate change introduces physical risks that may affect General Takaful underwriting within the Group. Extreme weather events, including flooding and other severe environmental conditions, may lead to increased exposure to property and motor portfolios.

Damage linked to such events can result in higher claim frequency and severity, particularly for assets located in areas vulnerable to flooding or other climate-related hazards. These developments may influence the level of claims associated with property damage and motor losses following extreme weather incidents.

Such conditions introduce uncertainty into underwriting and reserving practices. Shifts in exposure patterns may affect pricing assumptions and risk selection, particularly where climate-related hazards alter historical loss trends. In certain locations, insurability of assets may also become more complex where exposure to extreme weather intensifies.

Direct impacts from climate-related events include physical damage arising from severe flooding and other extreme weather conditions. These developments may affect the stability and sustainability of underwriting portfolios if risk exposures are not appropriately assessed and reflected in pricing and risk management practices.

Effects on business model and value chain

Increased frequency and intensity of extreme weather events, including flooding, may lead to a surge in claims associated with motor and property takaful portfolios.

Higher claim frequency and severity can place pressure on technical reserves as loss patterns evolve beyond historical expectations. Damage to covered assets following major weather events may also lead to larger payouts under business interruption covers where commercial activities are disrupted.

These developments may affect multiple stages of the value chain, including underwriting, claims management, actuarial valuation and capital planning. Greater claims volatility may influence risk selection practices and portfolio composition, while claims administration and loss assessment processes may experience higher operational demand following large scale events.

Financial implications may also arise in relation to risk transfer arrangements. Increased reliance on retakaful protection may lead to higher ceded contributions, which could reduce net underwriting income. Moreover, the retakaful capacity may be adversely affected by the increasing claims frequency and impact, globally and locally. Adjustments in pricing, product design and risk evaluation may therefore be required to reflect evolving exposure levels and maintain portfolio sustainability.

Time Horizon	Short term

Financial Effects

Current

There are no material financial effects as of 31 December 2025 and the Group does not anticipate material financial effects at this juncture.

Anticipated

Extreme weather exposure and evolving environmental conditions can affect claims patterns for property and motor takaful portfolios, which in turn may have implications for underwriting performance and financial results.

Effects on strategy and decision making

Changing weather patterns and rising exposure to natural hazards prompt greater attention to environmental risk factors during underwriting assessments for General Takaful portfolios.

Underwriting evaluations incorporate climate-related indicators to support a more informed assessment of property and motor risk exposures. This approach enables pricing decisions, coverage conditions and portfolio management practices to reflect evolving environmental risk drivers.

Climate risk stress testing also forms part of the strategic evaluation process. Scenario analysis allows management to assess potential financial implications arising from severe weather events, large scale flooding or other environmental developments. Insights derived from these assessments support planning for adverse outcomes and assist in refining risk management practices.

Risk management strategies also include established underwriting practices to address specific environmental exposures. Flood related risks are considered in underwriting decisions for areas prone to flooding and other water related hazards, supporting a more structured approach to risk selection and pricing considerations.

Retakaful arrangements provide an additional mechanism for managing exposure to catastrophic events. These arrangements assist in limiting potential losses associated with severe weather incidents and contribute to stability in underwriting outcomes when large claims events occur.

Medium term	Long term

An increase in the claims ratio represents one potential effect. Variations in loss experience may also affect actuarial assumptions applied in reserving and pricing assessments.

Climate volatility introduces additional complexity to pricing decisions. Historical loss data may no longer provide a reliable reference point when environmental conditions alter the frequency or scale of claims. As a result, actuarial models and underwriting approaches may require more dynamic pricing mechanisms and risk-based contributions adjustments to reflect evolving exposure patterns.

Long term sustainability of certain products may also be affected if environmental risks are not adequately incorporated into pricing frameworks. Traditional motor and property takaful products could face profitability challenges where contributions do not fully reflect climate-related loss potential. Continuous review of pricing assumptions and product design therefore plays an important role in maintaining financial stability and portfolio viability.

7.1.2 Transition risk relating to investments and underwriting

Transition risks arise from the shift towards a lower-carbon economy, driven by changes in regulatory requirements, technological developments, and market dynamics. On the asset side, macroeconomic simulations were derived from BNM's Macroeconomic Variable ("MEV") dataset as the primary input to stress investment positions, resulting in varying asset valuations and returns across scenarios.

On the liability side, transition risk is primarily relevant to the Family Takaful business, where it is reflected through movements in discount rates, impacting the valuation of actuarial reserves. For General Takaful, liabilities are generally undiscounted and therefore are not directly affected by transition risk through discount rate movements.

Within the investment portfolio, transition risk may influence asset valuations and return profiles. Policy developments and evolving environmental, social and governance standards may alter the financial outlook of companies operating in carbon intensive sectors. These developments may increase compliance costs, reduce expected returns and elevate the probability of credit deterioration. In certain circumstances, assets linked to high emission activities may face the risk of becoming stranded. ESG practices adopted by investee's companies may also influence financial and reputational outcomes, highlighting the importance of effective ESG screening and portfolio diversification. Investment decisions are subject to additional climate-related considerations. Specifically, the practices of the target companies in climate-related practices, and extent of its susceptibility to climate-related risk exposure influence investment decisions.

Underwriting activities, particularly within General Takaful portfolios, may also experience transition-related developments. New technologies and changing consumer preferences associated with climate awareness are reshaping risk exposures. Adoption of electric vehicles, expansion of renewable energy systems and wider use of green buildings may introduce unfamiliar risk characteristics. Limited historical data and evolving repair or replacement costs linked to new materials and technologies may create uncertainty in claims assessment and underwriting assumptions. Failure to adapt product structures or pricing approaches may affect market positioning and public perception.

Several policy initiatives and economic developments contribute to these transition dynamics within Malaysia. Proposed regulatory measures such as the Climate Change Bill ("RUUPIN"), implementation of the National Energy Transition Roadmap ("NETR") targeting net zero emissions by 2050 and the planned carbon tax on selected sectors beginning in 2026 may introduce stricter emission controls and higher operational costs for affected industries. These developments encourage adoption of lower emission practices while increasing financial pressure on carbon intensive businesses.

Rapid progress in renewable energy technologies, energy efficiency solutions and digital decarbonisation tools is also transforming industrial activity. As these technologies become more widely adopted, traditional carbon intensive business models may face declining competitiveness. Such developments may alter exposure patterns within investment portfolios and underwriting books if legacy assets experience reductions in value or operational relevance.

Effects on business model and value chain

Regulatory developments, evolving ESG expectations and technological changes may affect financial performance of investee companies, particularly those operating in carbon intensive sectors.

One implication relates to increased credit risk within the investment portfolio. Companies facing higher compliance costs, operational adjustments or declining demand for carbon heavy activities may experience financial pressure. Such developments may affect capacity to meet financial commitments or overall financial stability of investee entities.

Market repricing of assets associated with high emission industries may also occur as investors reassess exposure to transition related risks. Changes in valuation expectations may lead to adjustments in the market value of investment assets, influencing portfolio performance and investment strategy.

The market values of underlying assets may also experience depreciation and face declining demand or regulatory constraints linked to emission reduction policies. These developments may weaken the overall financial performance, thereby influencing risk assessment within investment activities.

Across the value chain, these factors may prompt adjustments in investment screening, portfolio diversification and risk monitoring practices. Consideration of transition-related developments supports more informed allocation decisions and risk management processes within the Group's investment activities.

Time Horizon

Effects on strategy and decision making

Strategic planning and operational decisions within the Group incorporate environmental and climate considerations as transition developments influence financial and operational risk profiles. These factors are assessed during investment evaluations and underwriting assessments to support more informed risk selection and capital allocation.

Investment decision making considers exposure to sectors affected by decarbonisation policies, technological change and evolving market expectations. Environmental indicators and climate-related risks are evaluated when reviewing potential investments and monitoring existing holdings. Similar considerations are applied within underwriting processes, where environmental developments may affect long term risk exposure associated with covered assets and activities.

A Responsible Investment Policy has been introduced to guide integration of sustainability considerations within investment activities. This policy encourages engagement with investee companies regarding decarbonisation strategies, emissions management and broader ESG practices. Dialogue with investee entities supports improved understanding of transition readiness and encourages adoption of lower emission practices where appropriate.

CRMSA also informs strategic evaluation and risk management. Scenario analysis assesses potential developments linked to transition policies, technological innovation and evolving market behaviour. Insights from these assessments assist management in evaluating exposure levels and adjusting investment and underwriting strategies in response to emerging climate-related risks and opportunities.

Transition developments linked to decarbonisation may influence the financial performance and risk profile of the Group. Shifts in regulatory expectations, investor sentiment and technological progress may affect the value and risk characteristics of certain investment assets, particularly those associated with carbon intensive industries.

Credit risk represents one potential implication. Underlying assets linked to sectors facing emission reduction pressures may experience depreciation as asset values adjust to evolving market conditions. Such developments may increase the probability of credit deterioration among investee entities and influence the overall risk profile of the investment portfolio.

Revaluation losses may also arise as market participants reassess exposure to carbon intensive activities. Equities and bonds associated with these sectors may trade at discounted valuations as capital flows shift towards assets perceived to have stronger environmental performance. These adjustments may affect investment income and overall portfolio performance through changes in asset pricing.

Liquidity conditions may also be affected where market demand for carbon heavy assets weakens. Disposal of such holdings may become more challenging if investor appetite declines. Portfolio rebalancing may therefore involve forced sales at discounted prices, potentially increasing transaction costs and creating additional pressure on solvency indicators where valuation adjustments occur.

7.1.3 Opportunity relating to underwriting

7.1.3.1 General Takaful

Within General Takaful operations, Takaful Malaysia Am has introduced initiatives designed to support environmental responsibility and resource efficiency. Products and programmes such as Takaful *my*Home Solar, green takaful offerings and campaigns including Windscreen Repair and Pickles Auction reflect an approach that promotes energy efficiency, waste reduction and responsible resource use across takaful related activities.

These initiatives also support customers adopting environmentally friendly technologies. Protection solutions designed for electric vehicles, solar panel installations and other low emission technologies encourage safer asset use while supporting risk prevention. Such measures may contribute to lower claim costs and improve resilience against climate-related disruptions within covered portfolios.

Market developments also influence these initiatives. Rising demand for renewable energy solutions and green mobility protection signals changing customer expectations and evolving risk exposures. Alignment with national sustainability priorities further shapes product development and service offerings. Increased public awareness of environmental matters and growing preference for green underwriting products also support expansion of protection solutions linked to sustainable technologies and practices.

Effects on strategy and decision making

The transition towards more sustainable technologies and environmentally conscious consumer behaviour presents opportunities for product innovation and market expansion for the Group. These developments influence strategic planning and encourage the introduction of protection solutions aligned with emerging green technologies and evolving customer expectations.

Product innovation represents one avenue for capturing these opportunities. The introduction of Takaful *my*Home Solar supports households adopting renewable energy systems, offering protection for residential solar installations while supporting growth in clean energy adoption. Expansion of such offerings enables the Group to participate in new market segments associated with energy transition initiatives.

Time Horizon	Short term

Financial Effects

Climate-related transition developments create opportunities that influence the financial profile of the Group. Growing interest in environmentally responsible technologies and sustainable lifestyles supports expansion of green underwriting products within the General Takaful portfolio.

Introduction of protection solutions linked to renewable energy systems, environmentally friendly mobility and other sustainable assets has the potential to broaden the takaful offering. Such developments can generate cascading financial effects as new products attract participants seeking coverage aligned with sustainability considerations.

From a balance sheet perspective, expansion of green underwriting products can contribute to growth in the takaful asset base through increased contributions receivable as participation expands within emerging sustainable market segments.

Mobility trends also create opportunities within motor takaful. Green Vehicle Coverage addresses the growing presence of electric and environmentally friendly vehicles, allowing the Group to provide tailored protection solutions for evolving transport technologies. This approach supports participation in a developing market segment while aligning takaful offerings with changing mobility patterns.

Environmental initiatives related to responsible asset lifecycle management further contribute to value creation. Programmes addressing processing of End-of-Life Vehicles (ELVs) support more sustainable vehicle management practices while improving operational efficiency within the broader motor ecosystem.

These initiatives enable the Group to respond to evolving environmental trends while expanding product offerings and strengthening market positioning in areas linked to sustainable technologies and practices.

Medium term	Long term

On the liability side, the financial impact is expected to be more neutral. Climate-related effects on takaful liabilities are primarily driven by underlying covered events rather than the nature of green products themselves. As such, the expansion of green underwriting products does not necessarily result in a corresponding reduction in liabilities. Continuous monitoring of claims experience and prudent underwriting practices remain important to ensure overall portfolio sustainability.

Revenue performance can benefit where demand for environmentally aligned protection solutions increases. New underwriting products have the potential to support higher takaful revenue as adoption of green technologies and sustainable assets accelerates.

At the same time, exposure to newer technologies and evolving risk characteristics may influence claims experience. Limited historical data, evolving repair costs and emerging risk profiles associated with green assets may introduce uncertainty in claims assessment. These factors are considered within underwriting and pricing approaches to ensure risks are appropriately managed.

These developments create opportunities for business growth while requiring continued discipline in risk selection, pricing and claims management to support sustainable financial outcomes.

7.1.4 Opportunity relating to sustainable investments

Integration of environmental, social and governance considerations within investment management presents opportunities to enhance sustainability, resilience and long-term value creation for the Group. This approach supports alignment between investment activities and evolving expectations relating to responsible finance and climate-related risk management.

The Group's investment strategy incorporates several initiatives aimed at improving environmental performance and responsible capital allocation. These include the progressive adoption of paperless transactions across investment processes, implementation of a decarbonisation policy within the sukuk portfolio and application of ESG risk screening when evaluating potential investments. These measures support informed investment selection while encouraging consideration of sustainability-related factors within portfolio management.

The Group prioritises investments in companies demonstrating sound ESG practices across the portfolio. Exposure to sectors such as renewable energy and low carbon technologies arises as a natural outcome of this broader ESG integration, rather than as a standalone sector specific focus. This approach supports participation in emerging areas linked to the energy transition while maintaining a diversified and risk-based investment strategy. Market developments also present additional opportunities. Growth in sustainable finance instruments, including sustainable sukuk and other ESG aligned securities, expands the range of investment opportunities available to institutional investors. These instruments enable allocation of capital towards projects and organisations associated with environmental and social progress.

Rising physical and transition risks linked to climate change have increased attention on ESG integration within investment portfolios. Investors increasingly incorporate sustainability considerations when evaluating financial exposure over longer horizons. This shift encourages broader adoption of ESG informed investment practices designed to manage evolving environmental and economic risks.

Effects on strategy and decision making

The transition towards a lower emission economy presents opportunities for strategic positioning within the investment activities of the Group. Growing interest in sustainable finance and environmentally responsible businesses encourages integration of environmental and climate considerations within investment decision processes.

Investment assessments incorporate environmental indicators and climate-related factors to identify sectors and companies positioned to benefit from sustainability driven growth. This approach supports capital allocation towards industries associated with renewable energy, energy efficiency and other low emission technologies, allowing the Group to participate in emerging economic opportunities linked to the transition to a sustainable economy.

The introduction of a Responsible Investment Policy further guides this strategic direction. The policy establishes a structured framework for integrating ESG considerations within investment evaluations and portfolio management. Such practices support identification of investment opportunities aligned with sustainability themes and evolving market expectations.

Engagement with investee companies also supports opportunity creation. Dialogue with portfolio companies regarding decarbonisation strategies and sustainability practices provides insights into transition readiness and innovation potential. These interactions support identification of businesses positioned for growth within a changing economic landscape while enhancing the Group's investment strategy in sustainability-related sectors.

Time Horizon	
	Short term
	Medium term
	Long term

Financial Effects

Growing availability of sustainable finance instruments and expansion of industries associated with low emission technologies support increased allocation of capital towards sustainable investments.

Greater participation in sustainability focused assets can generate cascading financial effects across the Group's financial position and performance. Investment exposure within sectors aligned with energy transition, renewable infrastructure and environmentally responsible technologies broadens portfolio diversification while supporting participation in emerging growth segments.

From a balance sheet perspective, increased allocation to sustainable investments supports the quality of the investment asset.

Revenue performance can also benefit where sustainable assets generate stable financial returns. Investment income derived from sukuk and other sustainability aligned instruments has the potential to support growth in investment income, contributing to overall financial performance while aligning portfolio composition with sustainability-related developments in the broader economy.

Climate Resilience

Climate-related scenario analysis

During the financial year, the Group conducted its first Climate Risk Stress Testing (CRST) exercise in line with Bank Negara Malaysia's 2024 methodology. The exercise is intended to enhance the Group's understanding of how climate-related risks may affect its business and financial position over time.

The assessment was based on scenarios developed by the Network for Greening the Financial System (NGFS), covering both longer-term pathways and a short-term stress event. The long-term scenarios include Net Zero 2050, Delayed Net Zero 2050 and Nationally Determined Contributions, while the short-term scenario considers a severe nationwide flood event. The exercise adopts a static balance sheet approach and applies macroeconomic variables provided by BNM to assess potential impacts on assets and liabilities.

Outcome of stress testing

The results indicate greater exposure to transition and physical risks over the longer term, particularly under more adverse or disorderly transition pathways. In the near term, the impact is primarily driven by extreme weather events, such as flooding, which may result in elevated claims experience.

Overall, the Group remains resilient under the scenarios assessed. Existing risk management practices, including underwriting discipline, retakaful arrangements and portfolio management, provide capacity to absorb potential impacts. The Group will continue to review its business approach and engage with customers in response to evolving climate-related developments.

Limitations and future enhancements

As this is the first year of implementation, the exercise is subject to certain limitations, including reliance on top-down modelling approaches, data constraints and simplifying assumptions. The Group will continue to enhance its capabilities over time, including improving data quality, refining methodologies and strengthening the integration of climate considerations into risk management and business strategy.

Significant areas of uncertainty

An uncertainty assessment was performed to evaluate the statistical uncertainty associated with the Group's greenhouse gas ("GHG") inventory. The assessment follows the guidance set out in the GHG Protocol Guidance on Uncertainty Assessment in GHG Inventories and Calculating Statistical Parameter Uncertainty. The analysis evaluates parameter uncertainties associated with activity data and emission factors and aggregates these uncertainties across emission sources and at the organisational level. Measurement uncertainty is presented as an uncertainty range expressed as a percentage above and below the reported mean value, calculated at a 95% confidence level.

The methodology applied relies on the First Order Error Propagation approach, commonly referred to as the Gaussian method. This method estimates uncertainty associated with indirectly measured emissions and aggregates uncertainty across parameters in accordance with the structured approach outlined within the GHG Protocol.

The process begins with a preparatory data assessment. During this stage, relevant parameters are identified, including activity data and emission factors, along with potential sources of uncertainty associated with each dataset. Data sources, calculation assumptions and documentation quality are also reviewed to support the reliability of the assessment.

The next step involves quantification of parameter uncertainty. Uncertainty intervals at a 95% confidence level are assigned to both activity data and emission factors. These intervals are determined based on available documentation, quality of underlying datasets and reliability of measurement or estimation techniques.

Following parameter evaluation, uncertainties associated with activity data and emission factors are combined using first order error propagation. This calculation applies the root sum square approach and assumes statistical independence between activity data uncertainty and emission factor uncertainty.

After parameter level calculations, uncertainties are aggregated across emission sources to determine overall inventory uncertainty at the organisational level. This aggregation provides an estimate of the statistical uncertainty associated with the Group's reported GHG emissions.

Results of the uncertainty analysis are documented and interpreted to support transparency in emissions reporting. The findings also provide insights into data quality and highlight areas where improvements in data collection or estimation methods could further enhance accuracy of the GHG inventory in future reporting periods.

Capacity to adjust or adapt strategy and business model

Climate change has become an integral factor influencing the Group's strategy and business practices, both directly and indirectly. The current approach to assessing climate-related risks and opportunities is primarily qualitative, reflecting limitations in the availability and usability of data and models required to support more systematic and objective evaluation. The Group intends to continue investing in data and modelling capabilities to enhance its readiness and support more informed decision-making over time.

The Group conducted climate-related scenario analysis in line with regulatory expectations, with results submitted to Bank Negara Malaysia in December 2025. The analysis was based on the Group's financial position as at 31 December 2023 and prepared in accordance with the requirements set out in the 2024 CRST reporting template. Stress factors applied were calibrated with reference to relevant data and guidance provided in Bank Negara Malaysia's 2024 Climate Risk Stress Testing Methodology Paper, covering both physical and transition risk components.

[1] *Data extracted from "03_BNM_CRST_MP_Scenario_MEV_Data" workbook provided by BNM in 2024 Climate Risk Stress Testing Methodology Paper*

Processes, controls and policies to manage climate-related risks and opportunities

Climate risk management is integrated within the Group's ERM Framework. The approach to identifying, mitigating and monitoring climate-related risks aligns with existing risk categorisation, namely strategic, market, credit, takaful and operational risks.

Relevant policies and frameworks are reviewed on a regular basis to incorporate considerations of climate-related risks and associated controls. These include policies on investment, underwriting, reserving and third-party management. The inclusion of such considerations within Group-wide policies and frameworks supports a consistent approach to the management of climate-related risks.

In parallel, business planning takes into account opportunities arising from climate-related risks and concerns, with due consideration given to their potential strategic and operational implications.

Internal carbon pricing

For the financial year ended 31 December 2025, the Group did not apply an internal carbon pricing mechanism within its strategic planning, investment evaluations or underwriting assessments. As a result, internal carbon price indicators were not incorporated into decision making processes during the reporting period.

Management continues to monitor developments relating to carbon pricing policies, regulatory initiatives and market practices associated with climate-related financial management. Future consideration of such mechanisms may depend on regulatory direction, industry developments and the evolving approach to climate-related risk management.

Metrics and targets (non-GHG emissions)

Energy consumption represents the total amount of energy utilised across the organisation's operational activities. During the reporting period, electricity constituted the only energy source used within the operations of the Group. The measurement of energy use therefore reflects electricity consumption associated with office facilities and related operational functions.

Energy Information	FY2024	FY2025
Grid Electricity Purchased (MWh)		
• Syarikat Takaful Malaysia Keluarga Berhad (Takaful Malaysia Keluarga) • Syarikat Takaful Malaysia Am Berhad (Takaful Malaysia Am)	4,663.20	**3,599.69**
• IFiC & Branches (23 in total)	503.59	**421.57**
TOTAL	5,166.79	**4,021.26**
Rooftop Solar Energy Self-Generated (MWh)		
• Total solar energy generated	N/A	**64.37**
• Total solar energy self-consumed	N/A	**64.37**
• Total solar energy exported to the grid	N/A	**0.00**
Net grid consumption (Total A – B(iii))	5,166.79	**4,021.26**
Total electricity consumed (Total A + B(ii))	5,166.79	**4,085.63**
Total number of employees as at year-end	1,055	**1,115**
Electricity use per capita (D/E); kWh/employee/year	4,897	**3,664**

7.2. GHG emissions

a. Summary of gross GHG emissions

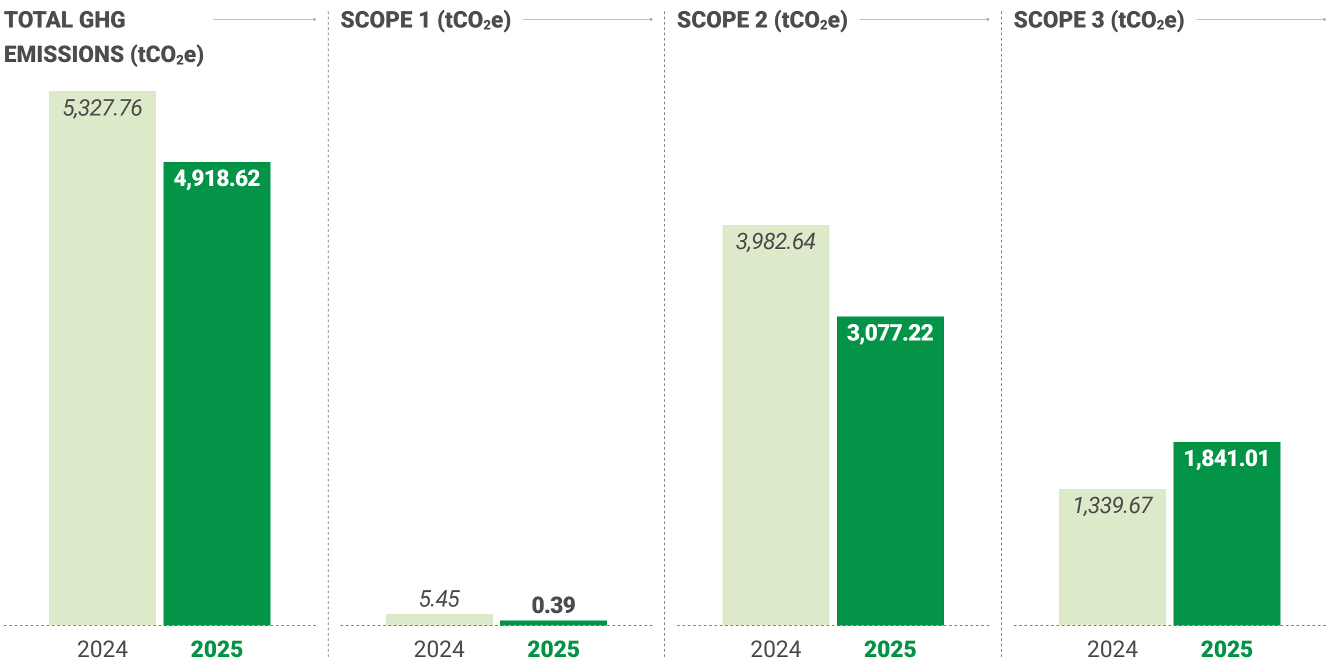
Gross GHG emissions represent the total greenhouse gas emissions generated from activities within the defined organisational boundary prior to the application of emissions offsets, carbon credits or renewable energy instruments such as Renewable Energy Certificates ("RECs"). These emissions reflect the overall carbon footprint associated with operational activities of the Group before any mitigation mechanisms or market-based adjustments are applied.

Operational emissions

Operational emissions refer to Scope 1 and Scope 2 greenhouse gas emissions arising from routine activities under the organisation's operational control. Scope 1 emissions originate from direct sources owned or controlled by the organisation, while Scope 2 emissions relate to indirect emissions associated with purchased electricity used in daily operations. These emissions represent the principal operational carbon footprint linked to the organisation's facilities and operational processes.

Operational emissions (tonnes of carbon dioxide equivalent/"tCO_2e")	FY2024		FY2025	
	Scope 1	Scope 2	Scope 1	Scope 2
Entity				
• Syarikat Takaful Malaysia Keluarga Berhad (Takaful Malaysia Keluarga) • Syarikat Takaful Malaysia Am Berhad (Takaful Malaysia Am)	5.459	3,611.58	**0.385**	**2,786.16**
• IFiC & Branches Nationwide (Malaysia)	0.003	371.06	**0.00**	**291.06**
TOTAL		3,988.10		**3,077.61**

Total operational emissions decreased by 910.49 tCO_2e from FY2024 to FY2025, representing a 22.8% year-on-year reduction.



GHG Gross Emissions Categorized by Scope (tonnes of carbon dioxide equivalent/"tCO_2e")	FY2024	FY2025
Scope 1		
• Mobile Combustion *(Company vehicle)*	5.44	**0.39**
• Fugitive Emission *(HVAC Refrigerant gas)*	0.00*[1]	**0.00**
• Fugitive Emission *(Fire Extinguisher)*	0.01	**-*[2]**
TOTAL	5.45	**0.39**
Scope 2 (Dual-Reporting)		
• Purchased Grid electricity – Location-based	3,982.64	**3,077.22**
• REC – Market-based	No RECs purchased	**No RECs purchased**
TOTAL	3,982.64	**3,077.22**
Scope 3		
• Category 3 – Fuel- and Energy-Related Activities *(new included category in FY2025 GHG inventory)*	(511.88)*[3]	**397.40**
• Category 5 – Waste Generated *(new included category in FY2025 GHG inventory)*	(24.99)*[3]	**17.82**
• Category 6 – Business Travel	53.40	**194.69**
• Category 7 – Employee Commuting*[4]	1,286.27	**1,221.05**
TOTAL	1,339.67	**1,841.01**

Note:

*[1] *Fugitive emissions from HVAC refrigerant were calculated using the mass balance (refrigerant top-up) approach. No refrigerant top-up or recharge activities were recorded during FY2024 and FY2025 following the chiller system upgrade in 2024; therefore, calculated fugitive emissions for the reporting period are 0.00 tCO_2e.*

*[2] *Fire extinguisher fugitive emissions were identified as insignificant in the 2024 base year inventory (less than 0.00025% of total Scope 1 and Scope 2 emissions) and are therefore excluded from the 2025 inventory onwards, unless a significant change occurs.*

*[3] *Scope 3 Category 3 and Category 5 were not included in the FY2024 base year GHG inventory. For comparability purposes, FY2024 emissions for these categories were calculated retrospectively using available 2024 activity data and are presented for reference only. FY2025 represents the first year in which these categories are formally included in the Group's Scope 3 GHG inventory.*

*[4] *Given the 95.3% survey response rate, respondent-based commuting emissions were extrapolated to the full workforce using a headcount scaling factor.*

Contractual instruments

For the reporting period, the Group did not enter into or purchase any contractual instruments associated with climate-related risk management or sustainability-linked financial arrangements, such as Renewable Energy Certificates ("RECs"), Power Purchase Agreements ("PPAs"), or carbon credits. Accordingly, no contractual mechanisms were utilised during the period to manage climate-related exposures within the Group's operations or investment activities.

Future consideration of such instruments may depend on developments in market practices, regulatory expectations and risk management requirements relating to climate and sustainability matters.

b. Methodology, inputs and assumptions

Description of Calculation Methodology

The table below summarises the calculation methodologies applied to quantify greenhouse gas emissions across Scope 1, Scope 2 and relevant Scope 3 sources. It outlines the activity data used, calculation approaches, tools applied, emission factors and supporting data sources adopted in the preparation of the GHG inventory. These methodologies support accuracy, completeness and methodological consistency in the estimation of emissions.

Calculation Methodology		
Scope 1		
Mobile combustion *Company van*	**Activity Data** Fuel consumed in litres	**Calculation Method** Fuel-based method
	Percentage of emissions calculated using data obtained from suppliers Info not required as this disclosure requirement applies only to Scope 3 emissions.	
	Calculation Formula Fuel consumed (litres) × EF Diesel (average biofuel blend) **Calculation Description** Fuel activity data was extracted from the fleet card record. Emissions were calculated based on the total fuel volume consumed during the 2025 reporting year, multiplied by the Diesel (average biofuel blend) EF published by DESNZ.	
Fugitive emission *Refrigerant gas*	**Activity Data** Mass of refrigerant added / top-up, in kilograms	**Calculation Method** Simplified material balance method
	Percentage of emissions calculated using data obtained from suppliers Info not required as this disclosure requirement applies only to Scope 3 emissions.	
	Calculation Formula Refrigerant purchased for charging*1 + Refrigerant purchased for servicing*2 – Refrigerant recovered from retired*3 equipment **Calculation Description** Refrigerant activity data were extracted from maintenance logbooks and service records. Emissions were calculated based on the total refrigerant purchased for charging and servicing during the 2025 reporting year, minus refrigerant recovered from retired equipment, multiplied by the respective refrigerant GWP.	

Calculation Methodology		
Scope 2		
Electricity purchased *Grid*	**Activity Data** Electricity consumption in kWh	**Calculation Method** Location-based method
	Percentage of emissions calculated using data obtained from suppliers Info not required as this disclosure requirement applies only to Scope 3 emissions.	
	Calculation Formula Total imported electricity from grid (kWh) × Respective regional grid EF ($GgCO_2e/GWh$) **Calculation Description** Electricity consumption data were extracted from utility bill records. Emissions were calculated based on the total imported electricity consumed during the 2025 reporting year, multiplied by the respective regional grid emission factor (location-based) published by MEIH.	
Scope 3		
Category 3-3 ***Fuel & Energy related***	**Activity Data** Electricity consumption in kWh	**Calculation Method** Average data method
	Percentage of emissions calculated using data obtained from suppliers 100%	
	Calculation Formula • Electricity consumption (kWh) x country average T&D Lost % x respective grid EF • Electricity consumption (kWh) x EF WTT electricity generation **Calculation Description** The emissions were calculated by applying the Malaysia country-average T&D loss percentage (World Bank) to total electricity consumption, multiplying the resulting loss by the respective regional grid emission factor, and adding upstream WTT electricity emissions using DESNZ emission factors.	
Category 3-5 ***Waste Generated***	**Activity Data** Mass of waste generated in kilograms	**Calculation Method** • Average data method • Waste-type-specific method
	Percentage of emissions calculated using data obtained from suppliers 83%	
	Calculation Formula • Mass of waste × proportion of total waste being treated by waste treatment method × EF of waste treatment method • Recycled waste quantities x waste-type- and waste-treatment specific EF **Calculation Description** Waste activity data were obtained from waste contractor & internal records. As branch-level waste data were unavailable, waste generation for branches was extrapolated using the per-employee waste generation rate derived from headquarters (HQ) data. Total waste generated during the 2025 reporting year was allocated by treatment method based on Malaysia country-level waste treatment proportions from the World Bank "What a Waste 2.0" dataset and multiplied by the respective waste-treatment-specific emission factors.	

Calculation Methodology		
Scope 3		
Category 3-6 ***Business Travel***	**Activity Data** • Distance travelled by transport mode, kilometres • Amount spent by transport mode, currency	**Calculation Method** • Distance-based method • Spend-based USEEIO method
	Percentage of emissions calculated using data obtained from suppliers 100%	
	Calculation Formula • Distance travelled by mode of transport x relevant distance-based EF by transport mode • Travel expenditure × relevant spend-based EF **Calculation Description** Business travel activity data were obtained from internal claim records and third-party travel agent reports. Emissions were primarily calculated using the distance-based method, whereby distance travelled by each transport mode was multiplied by the respective distance-based emission factor. For air travel, flight distances were determined using the ICAO Carbon Emissions Calculator. Where flight origin and destination details were unavailable and only expenditure data were provided, emissions were estimated using the USEEIO spend-based method. **Calculation Tools** • ICAO carbon emission calculator • GreenView Hotel Footprinting Tool • U.S. Inflation Calculator	
Category 3-7 ***Employee Commuting***	**Activity Data** Distance travelled by transport mode, kilometres	**Calculation Method** Distance-based method
	Percentage of emissions calculated using data obtained from suppliers 95%	
	Calculation Formula Employee commuting distance x average working days x relevant distance-based EF by transport mode **Calculation Description** Employee commuting data were obtained from an employee-specific annual survey. Emissions were calculated using the distance-based method by multiplying commuting distance by the average number of working days and the respective distance-based emission factor for each transport mode.	

Note:

*[*1] Represents refrigerant that was purchased and added during installation and commissioning but not contained within the system, such as refrigerant vented or lost during commissioning activities. Factory pre-charged refrigerant was excluded from this calculation, as it was already contained within the equipment and did not result in fugitive emissions.*

*[*2] Refers to the quantity of refrigerant added to existing HVAC systems for the purpose of maintenance service or repair, to restore system performance following refrigerant loss due to leakage. The activity data include refrigerant topped up during servicing in the reporting period.*

*[*3] Refers to refrigerant recovered from retired equipment, which is the quantity of refrigerant extracted and captured during the decommissioning of HVAC equipment to prevent release to the atmosphere.*

*[*4] Internal claim records are originated from value-chain activities and are therefore considered as part of primary evidence of value-chain activity.*

Assumptions made in GHG calculations

The table below summarises the assumptions applied in the calculation of greenhouse gas emissions across Scope 1, Scope 2 and relevant Scope 3 categories for the reporting year. It also outlines any additional calculation tools used in the estimation process.

GHG Emission Sources	Assumptions made
Scope 1	
Mobile combustion	No assumptions were applied in the GHG quantification
Fugitive emission	(activity data is 0 for reporting year 2025)
Scope 2	
Electricity purchased	No assumptions were applied in the GHG quantification
Scope 3	
Category 3-3	No assumptions were applied in the GHG quantification
Category 3-5	According to World Bank data, approximately 1% of municipal solid waste (MSW) in Malaysia is treated via composting. For an office-based operation, composting is assumed to be limited to organic waste generated from pantry activities, such as food scraps and other biodegradable residues, as well as a limited portion of non-recyclable, soiled paper arising from daily office operations.
Category 3-6	i. As the GreenView Hotel Footprinting Tool does not provide Malaysia-specific emission factors for 1-star hotels, emissions per night were conservatively assumed to be equivalent to those of 2-star hotels in Malaysia. ii. Short-distance land transport involving round-trip travel below 10 km is assumed to contribute negligibly to total business travel emissions and has therefore been excluded from quantification. This represents a minor methodological cut-off and does not affect overall Scope 3 boundary completeness.
Category 3-7	i. All employees, including new joiners, are treated as full-year employees for the purpose of calculating employee commuting GHG emissions for 2025. ii. In the absence of commuting data for non-respondents, it is assumed that their commuting patterns are broadly similar to those of survey respondents. iii. For carpooling responses, emissions were conservatively allocated using a 50% adjustment factor, representing shared vehicle occupancy, in the absence of specific vehicle activity data. iv. Where survey responses were incomplete or inconsistently reported, data was reviewed and adjusted using conservative assumptions (application of average values) to ensure completeness of the employee commuting GHG inventory. No responses were excluded.

Emission factors

Emission factors applied in the calculation of greenhouse gas emissions are sourced from internationally recognised databases using the most recent publicly available information. Selection of these sources considers relevance to the geographic context of the activity, including the use of Malaysia grid electricity emission factors from the Malaysia Energy Information Hub (MEIH).

Where available, sector specific or activity specific emission factors are used to improve the accuracy of emissions estimation. In addition, all selected sources are derived from internationally recognised databases and are aligned with the principles and methodologies set out in the GHG Protocol Framework.

GHG Emission Sources	Emission Factor Applied	Justification for EF Selection	Version
Scope 1			
Mobile combustion *Company van*	DESNZ*[1] (UK)	Recognised database for fuel combustion EF	10-Jun-2025
Fugitive emission *Refrigerant gas*	-	-	-
Scope 2			
Electricity purchased *Grid*	MEIH*[2] (MY)	Official Malaysia grid EF reflecting the national electricity generation mix	Year 2022 grid EF
Scope 3			
Category 3-3 *Fuel and Energy related activity*	World Bank Group (US)	Provides country-level T&D losses %	Year 2023
	MEIH (MY)	Official Malaysia grid EF reflecting the national electricity generation mix	Year 2022 grid EF
	DESNZ (UK)	Recognised database for energy WTT EF	10-Jun-2025
Category 3-5 *Waste Generated in Operations*	World Bank Group (US)	Provides country-level MSW treatment distribution to estimate waste treatment pathways	20-Sep-2018
	US EPA (US)	Provide activity-specific EF for waste treatment	15-Jan-2025
	DESNZ (UK)	Provide activity-specific EF for waste treatment	10-Jun-2025
Category 3-6 *Business Travel*	USEEIO*[4] (US)	Recognised database for spend-based EF	15-Jan-2025
	DESNZ (UK)	Recognised database for distance-based travel EF	10-Jun-2025
Category 3-7 *Employee Commuting*	DESNZ (UK)	Recognised database for distance-based travel EF	15-Jan-2025

Note:
[1] DESNZ - Department for Energy Security and Net Zero.
[2] MEIH - Malaysia Energy Information Hub.
[3] USEPA - United States Environmental Protection Agency.
[4] USEEIO - US Environmentally-Extended Input-Output.

Global warming potential (GWP) values

Global Warming Potential (GWP) and Supporting Tools for GHG Calculation	
GWP-100 year	IPCC AR6
Flight distance measurement	ICAO carbon emission calculator
Hotel Stayed	GreenView Hotel Footprinting Tool
Inflation / Deflation Calculator for spend-based GHG calculations	U.S. Inflation Calculator
Other supporting references and guidance for GHG calculations	
GHG Protocol	Measurement and Estimation Uncertainty of GHG Emissions
	GHG Protocol guidance on uncertainty assessment in GHG inventories and the calculation of statistical parameter uncertainty
	Quantitative Inventory Uncertainty
World Bank	Electric power transmission and distribution losses (% of output)
	What a Waste 2.0 country-level dataset
BNM	Exchange Rates

c. Metrics and Overall decarbonisation targets

The GHG targets established align with science based decarbonisation pathways and national transition plans supporting the journey towards net zero. These targets guide the organisation's long term ambition to achieve net zero greenhouse gas emissions by 2050.

GHG Target Setting Information	
i. Target Setting Boundary	Applies to the Group's entire operations within the defined organisational boundary, under the operational control approach. **Head Office:** • Syarikat Takaful Malaysia Keluarga Berhad 198401019089 (131646-K) **Subsidiary:** • Syarikat Takaful Malaysia Am Berhad 201701032316 (1246486-D) **Branches:** • 23 branches (as of 1 January 2026); details refer to Appendix A
ii. Base Year	Year 2024
iii. Time Horizon Definition by the Group	The Group has defined entity-specific time horizons for the short, medium, and long term to support its strategic planning and climate-related risk and opportunity, as outlined below: • **Short-term:** 1-2 years • **Mid-term:** 3-5 years • **Long-term:** Beyond 5 years
iv. Long-term target	Achieve operational net zero GHG emissions (Scope 1 and Scope 2) by 2050 through deep emissions reductions and the neutralisation of residual emissions using renewable energy certificates (RECs) and high-quality carbon credits
v. Third-party verification / validation	The Group's GHG target-setting is subject to validation by the Board members.
vi. Type of GHGs covered for reduction	The GHG reduction target covers all seven GHGs as defined under the GHG Protocol and ISO 14064-1, including CO_2, CH_4, N_2O, HFCs, PFCs, SF_6, and NF_3
vii. Target review process	Reviewed internally on an annual basis as part of the Group's management review process
viii. Revision / Version	No revisions to date; Version 1.0
ix. Metrics Measured	The metrics below define the key indicators used to assess progress towards the GHG reduction targets • Scope 1 and Scope 2 gross GHG emissions (tCO_2e) • Annual electricity consumption from Grid & Solar (MWh) • Electricity consumption intensity (kWh/employee/year) • Operational emissions intensity (tCO_2e/employee/year) • Percentage of total electricity consumption supplied by non-renewable energy (%)
x. Use of RECs and carbon credits	Operational emissions reduction will be prioritized through internal decarbonisation initiatives. Residual emissions that cannot be abated through feasible internal measures will be neutralised by 2050 through the use of renewable energy certificates (for Scope 2 emissions) and high-quality carbon credits (for Scope 1 emissions)

Note:
This GHG reduction target currently excludes Scope 3 Category 15 (Investments). The Group has recognised Category 15 as material to the organisation. The target framework will be updated to incorporate Investment emissions upon completion of the emissions assessment, which is expected by 2027.

As disclosed in the 2024 Integrated Annual Report, the Group has established a long-term target to achieve net zero GHG emissions across Scope 1 and Scope 2 by 2050. This target aligns with Malaysia's national aspiration to achieve net zero emissions by 2050, as well as its NDC commitments under the Paris Agreement.

The target is expected to be achieved through the implementation of deep decarbonisation measures, with any residual emissions to be neutralised using high-quality carbon credits and RECs.

Short- and mid-term targets are currently under development and will be reviewed in 2026, given that 2024 represents the Group's base year and no comparative data is available prior to this.

d. Metrics performance

This section presents the Group's key performance metrics used to monitor progress against its operational GHG reduction targets through comparison with the base year. These indicators support internal performance tracking and year-on-year comparability.

Performance Indicator	
1. Intensity Ratio – Operational Emissions intensity * *This intensity ratio measures operational GHG emissions relative to total employees and serves as an indicator of the company's operational carbon efficiency over time.*	
• Total Operational Emissions (Scope 1 + Scope 2)	3,077.61 tCO_2e
• Total no. of employees (2025)	1,115
• Operational Emissions per employee, per year	2.76 tCO_2e/employee/year
2. Intensity Ratio – Electricity Consumption Intensity * *This indicator measures electricity consumption per employee and reflects how efficiently the company manages its energy use relative to workforce size.*	
• Total electricity consumed (Grid + Solar)	4,085.63 MWh
• Total no. of employees (2025)	1,115
• Electricity intensity (kWh) per employee, per year	3,664.24 kWh/employee/year
3. Percentage of total electricity consumption supplied by non-renewable energy (%)	98.24%

8. EVENTS AFTER THE REPORTING PERIOD

No transactions, other events or conditions occurring after the end of the reporting period and before the date of authorisation of issue of this report have taken place that need to be disclosed in this sustainability report.

ISSB SUSTAINABILITY STATEMENT

9. PRESCRIBED TABLE

Syarikat Takaful Malaysia Keluarga Berhad
IFRS S2

Date & Time: 2026-04-17T17:29:18
FYE 31/12/2025

Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance	Remarks
Climate Change & Environmental Impacts	Total energy consumption	Megawatt-hour (MWh)	4,021.26	-	No assurance	Grid Electricity Consumption from Peninsular, Sabah and Sarawak
Climate Change & Environmental Impacts	Total volume of water used	Megalitres (ML)	16.818	-	No assurance	
Climate Change & Environmental Impacts	Total waste generated	tonnes	70.50	-	No assurance	
Climate Change & Environmental Impacts	Total waste diverted from disposal	tonnes	18.51	-	No assurance	
Climate Change & Environmental Impacts	Total waste directed to disposal	tonnes	51.99	-	No assurance	
Climate Change & Environmental Impacts	Gross Scope 1 GHG Emission	Metric tonnes of carbon dioxide equivalents (tCO2e)	0.39	-	No assurance	
Climate Change & Environmental Impacts	Gross Scope 2 emissions (location based)	Metric tonnes of carbon dioxide equivalents (tCO2e)	3,077.22	-	No assurance	
Climate Change & Environmental Impacts	Net Scope 1 and 2 GHG Emissions	Metric tonnes of carbon dioxide equivalents (tCO2e)	3,077.61	-	No assurance	(2025) Total Scope 1 + 2 = 3,077.61 (2024) Total Scope 1 + 2 = 3,988.09
Climate Change & Environmental Impacts	Absolute reduction against baseline	Percentage (%)	22.83	-	No assurance	Baseline year 2024 (Scope 1 and 2)
Climate Change & Environmental Impacts	Scope 3 GHG Emissions - Category 3 Fuel- and Energy-Related Activities	Metric tonnes of carbon dioxide equivalents (tCO2e)	397.40	-	Internal	

Syarikat Takaful Malaysia Keluarga Berhad

IFRS S2

Date & Time: 2026-04-17 17:29:18

FYE 31/12/2025

Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance	Remarks
Climate Change & Environmental Impacts	Scope 3 GHG Emissions - Category 5 Waste Generated	Metric tonnes of carbon dioxide equivalents (tCO2e)	27.87	-	Internal	
Climate Change & Environmental Impacts	Scope 3 GHG Emissions - Category 6 Business Travel	Metric tonnes of carbon dioxide equivalents (tCO2e)	194.69	-	Internal	
Climate Change & Environmental Impacts	Scope 3 GHG Emissions - Category 7 Employee Commuting	Metric tonnes of carbon dioxide equivalents (tCO2e)	1,221.05	-	Internal	