

# SUSTAINABILITY STATEMENT

## ABOUT THIS STATEMENT

The MNRB Group began its financial year 2023 or FY2023 (1 April 2022 to 31 March 2023) just as the Malaysian Government began the transition to the endemic phase in managing the COVID-19 pandemic. This transition to endemicity meant that the country no longer had to contend with the economic impact of conducting extensive contact tracing and managing the various degrees of lockdown measures in the futile attempt to eradicate the virus. Having undergone two painful years of different COVID-19 containment strategies, the value of health and wellness has become firmly entrenched in the minds of Malaysians as a whole. This has had the effect of increasing receptiveness towards takaful and insurance products and solutions as people and businesses seek out adequate protection and the means to be financially resilient during adverse events.

The MNRB Group is deeply committed to supporting Malaysians to build a healthier, greener, and more resilient economy and society. As we continue our sustainability journey, the Group remains committed to balancing our economic performance with social and environmental considerations. Our goal in our sustainability journey is to deliver long-term value creation while delivering sustainable performance and good stakeholder value.

Despite the increasing frequency of climate-related events, we intend to keep doing our part to assist Malaysians and our stakeholders to meet these challenges. We shall carry on incorporating sound environmental, social, and governance (“ESG”) considerations into our business and operations, while continuing to provide takaful and reinsurance solutions and invest in a responsible manner.

The MNRB Group is providing financial protection and risk management solutions to both corporate clients and retail customers through our reinsurance/retakaful and takaful subsidiaries, respectively. Our aim is to assist them in returning to their lives, livelihoods,

health, and wealth after experiencing much adversity and catastrophe. We strive to establish an equilibrium in the economy by balancing out our focus on long-term profitability with activities that underscore our commitment to social and environmental responsibility. Whether serving our corporate clients or retail customers, we offer tailored solutions that address their unique circumstances and demonstrate our ongoing dedication to their financial well-being and broader societal impact.

In this Sustainability Statement (“Statement”), we continue to disclose our sustainability initiatives, performance, and accomplishments during the FY2023 reporting period. This Statement covers the operations of MNRB Holdings Berhad and its subsidiaries (collectively referred to as the “MNRB Group” or “the Group” or “we” or “our” or “us”). Our sustainability framework and reporting methodology is governed by the Sustainability Reporting Guide (3<sup>rd</sup> Edition) and Toolkits issued by Bursa Malaysia Securities Berhad (“Bursa Malaysia”). Comparable data from previous years has been included where applicable.

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## MNRB GROUP

<b>Reinsurance/ Retakaful</b>	<b>Malaysian Reinsurance Berhad (“Malaysian Re”)</b> Malaysian Re is involved in the underwriting of all classes of general reinsurance business as well as general and family retakaful businesses through its Malaysian Reinsurance Retakaful Division (“MRRD”).	<b>Malaysian Re (Dubai) Ltd. (“MRDL”)</b> MRDL is engaged in developing business for Malaysian Re in the Middle East. MRDL provides services and underwriting support to its reinsurance and retakaful clients within the region.
<b>Takaful</b>	<b>Takaful Ikhlas Family Berhad (“Takaful IKHLAS Family”)</b> Takaful IKHLAS Family manages the Family Takaful business, which offers an extensive selection of products and services.	<b>Takaful Ikhlas General Berhad (“Takaful IKHLAS General”)</b> Takaful IKHLAS General manages the General Takaful business, which includes a vast array of products and services.

## FY2023 HIGHLIGHTS

Waste Management <b>~240% Increase</b> in Recycled Waste	<b>2.5%</b> Green Energy Incentive Discount	Enhancements to <b>5 IKHLAS GO</b> Digital Ecosystem Solutions	<b>23%</b> Reduction in Coal Exposure
Geophysics Exploration and Implementation of <b>Tube Well and Water Treatment System</b>	Development of <b>Crop Micro-Takaful</b>		Addition of <b>6 Virtual IKHLAS Points</b> (Virtual Branches)
<b>6</b> Products under Perlindungan Tenang	<b>&gt; 49,000</b> Training hours for professional development	<b>&gt; RM2.3 million</b> Contribution towards CSR programmes	<b>~60</b> Net Promoter Score
<b>88% Score</b> Employee Engagement Index	Customer Journey <b>CXM Transformation</b>		<b>Virtual Interactive Process</b> for Flood Claims Settlement
Launched <b>Net Zero Carbon</b> Commitment	Established Group <b>Sustainability Fund</b>	Established Group <b>Code of Ethics</b>	Enhanced Group <b>Procurement Policy</b>
Revised <b>Underwriting Guidelines</b> for General Takaful	Enhanced Group <b>Personal Data Protection Policy</b>		Intensified <b>Sustainability Awareness and Capacity Building</b>

During FY2023, there was a 9% increase in the total of in-force participants who contributed to the Family and General Takaful funds compared to the previous year. Of the total participants, 53% were contributors to the General Takaful fund and the balance were contributors to the Family Takaful funds.

Over the same period, our takaful participants collectively assisted their fellow participants who were in need. Takaful IKHLAS facilitated the settlement of the various claims that benefited our affected participants and enabled them to return to their normal lives and livelihoods and recover from the adversities they faced. These included:

- **Death & PA Claims:** In FY2023, Takaful IKHLAS paid RM156.6 million for death claims, assisting 3,813 families in recovering from the loss of loved ones.
- **Motor Claims:** During the year, Takaful IKHLAS settled an amount of RM220.2 million to alleviate the hardships of 46,453 participants involved in motor vehicle accidents.
- **Fire Claims:** During the same period, RM32.4 million was disbursed to 3,391 participants, which helped individuals and business owners to recover from fire and flood losses.

Takaful IKHLAS also distributed a portion of the surplus arising from the positive balance of our Participants' Risk Funds to eligible participants, based on the provisions of our Surplus Management Policy. Takaful IKHLAS General provided RM6.63 million to 901,612 participants in FY2022.

**CONTINUING OUR SUSTAINABILITY JOURNEY**

During the year, we progressed to integrate ESG considerations into our business and operations. At the same time, we concentrated our efforts on enhancing our Group Sustainability Roadmap and developing a more structured approach to implement our sustainability aspirations.

Acknowledging the need to elevate and align our commitment to the global sustainability agenda to create a greater positive impact on the environment and society, we responded

to the global call by charting our own journey to becoming a Net Zero Carbon Organisation by 2050. This sees us committing to limiting global temperature increases below 2°C above 'pre-industrial' levels with an aspirational 1.5°C limit.

**GROUP SUSTAINABILITY FRAMEWORK**

The Group Sustainability Policy was established and updated in FY2020 to include references to relevant guidelines, guidance notes, and best practices, such as the update to the Malaysian Code on Corporate Governance ("MCCG"), which expands Board leadership and oversight of sustainability integration across our business operations.

During FY2023, we strengthened our approach to sustainability and initiated the development of the Group Sustainability Framework ("the Framework"). The Framework which strengthens the current Group Sustainability Policy, will serve as the primary reference for all operating entities in driving sustainability efforts through more structured planning, implementation, measurement, monitoring, and disclosure of the sustainability-related initiatives. The Framework is founded on Maqasid Shariah, which promotes well-being and prevents harm to all by upholding the Five Essentials of Shariah. This is consistent with our corporate core value of 'We Protect Everyone'.



**Protection of Faith**

Safeguarding the fundamentals of faith, which govern our relationships with God Almighty and with one another.



**Protection of Life**

Responsibility to safeguard, preserve, and value the right to life of all living beings, including society at large, flora, and fauna.



**Protection of Lineage**

Protection of lineage involves the right to develop a proper and safe environment for the protection of our offspring, as well as the ability to raise them in a noble and respectable manner.



**Protection of Mind**

Preserving the human intellect (mentally and spiritually) free of all that is harmful in order to ensure the harmony of all living beings, whereas an unsound mind is the root of afflictions and ailments.



**Protection of Wealth**

Ensuring that the processes of acquiring, accumulating, preserving, purifying, and distributing wealth are legitimate and beneficial to everyone, without oppression and persecution.

Diagram 1: Five Essentials of Shariah

# SUSTAINABILITY STATEMENT

## GROUP SUSTAINABILITY COMMITMENT

The Framework outlines the Group Sustainability Commitment (“the Commitment”) to become a Net Zero Carbon Organisation by 2050. This reflects nine (9) commitments, three (3) under each of the ESG pillars.

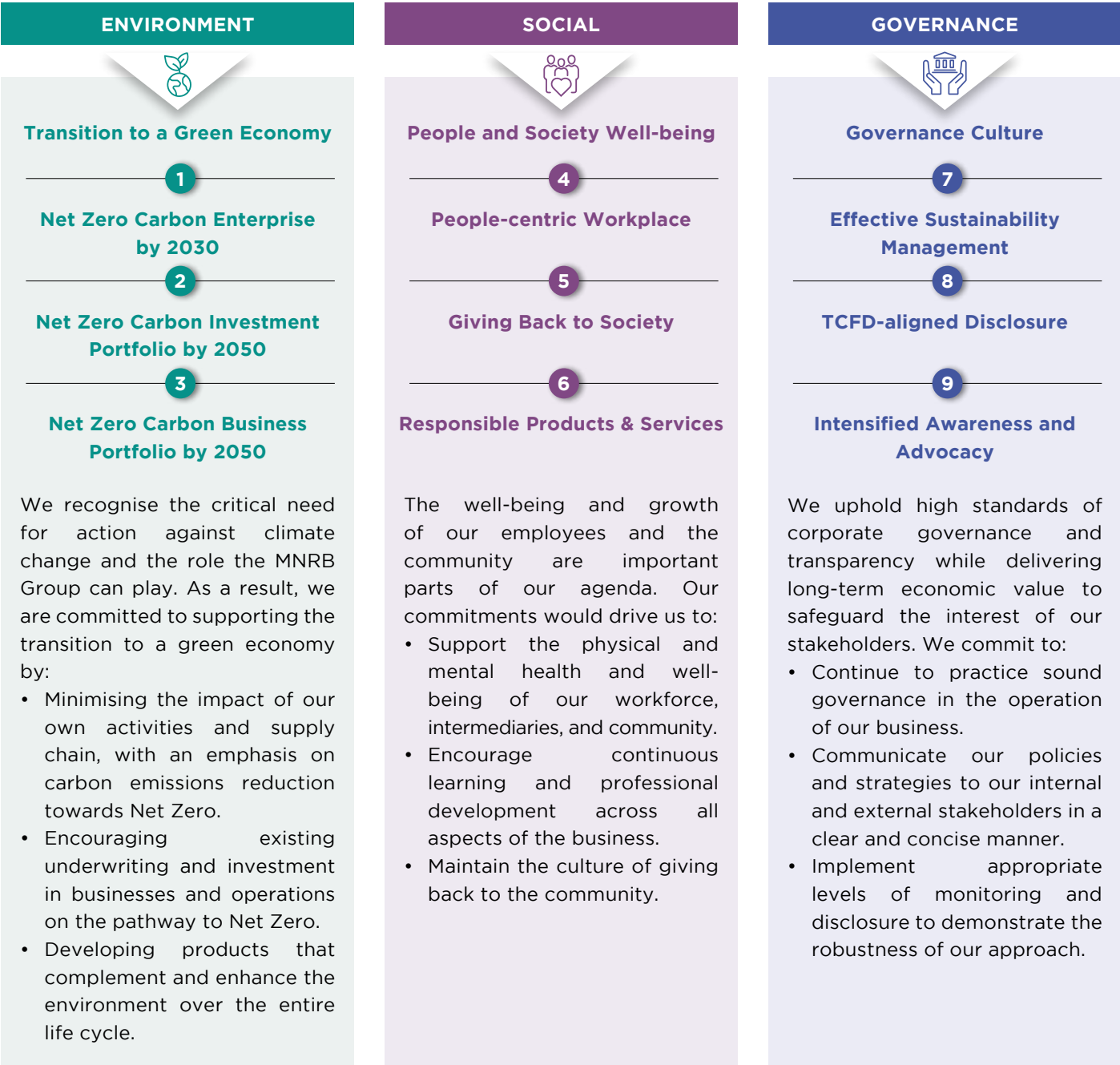


Diagram 2: Group Sustainability Commitment

The Framework will continue to be enhanced, adjusted as necessary, and reviewed periodically to complement the Group’s business strategy and associated risks.

**SUSTAINABILITY UNDERPINNING THRUSTS**

The MNRB Group has committed to the following underpinning thrusts to guide our sustainability integration throughout the business operations to create positive value and long-term impacts for our stakeholders.

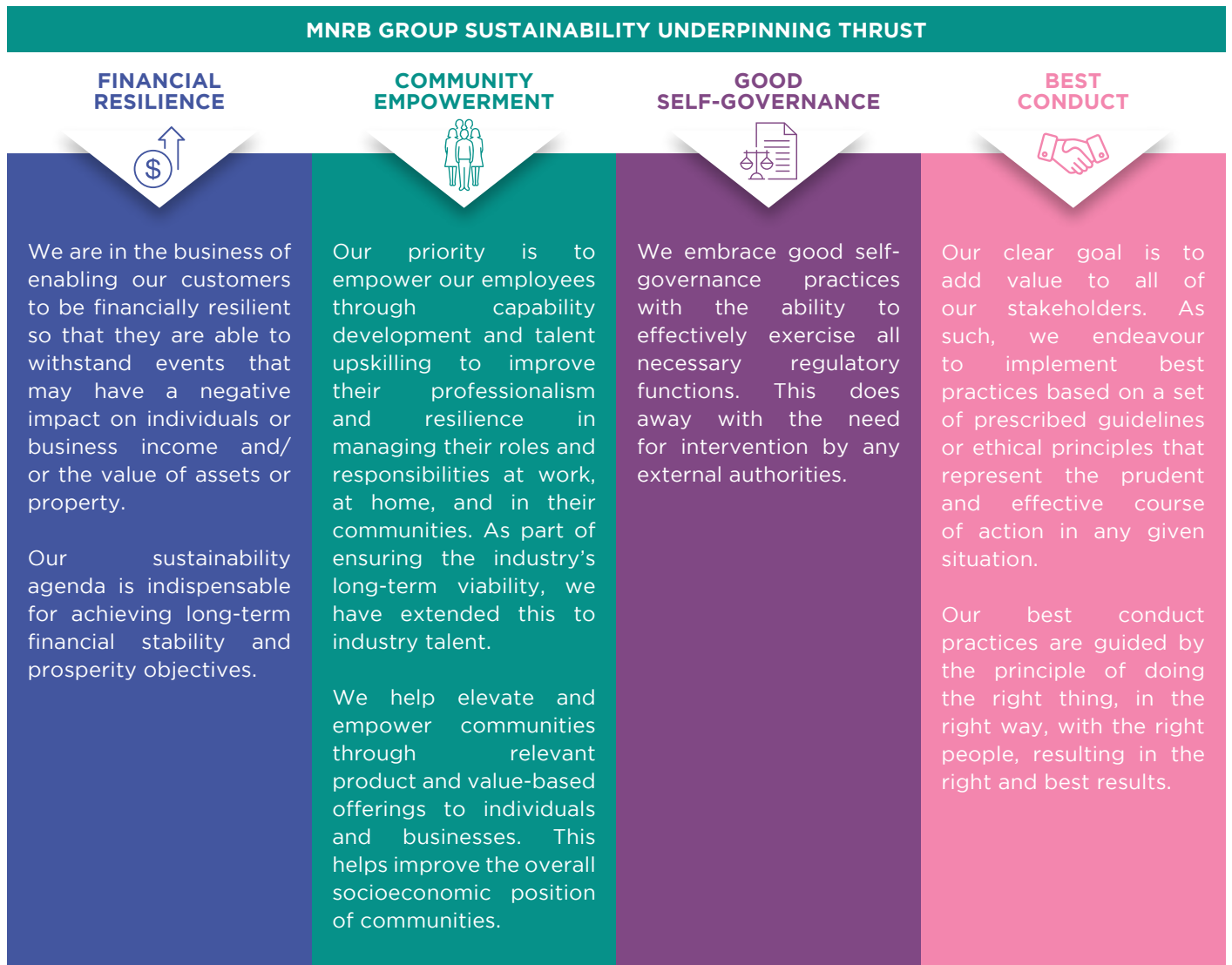


Diagram 3: Sustainability Underpinning Thrust

**SUSTAINABILITY IMPLEMENTATION APPROACH**

The MNRB Group continues to approach our sustainability implementation in accordance with the recommendations of the United Nations Sustainable Development Goals (“UN SDGs”); the United Nations Environment Programme Finance Initiative Principles of Sustainable Insurance (“UNEP PSI”); Bank Negara Malaysia or BNM’s Value-Based Intermediation Framework (“VBIF”); and the Malaysian Takaful Association or the MTA’s Value-Based Intermediation for Takaful Framework (“VBIT”).

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As we implement our sustainability agenda, we continue to adopt the UN SDGs as a guide for our sustainability approach. We continue to integrate sustainability into our business and operations, guided by the UNEP PSI, so that all activities in the takaful and reinsurance/retakaful value chain, including interactions with stakeholders, are conducted in a responsible and proactive manner by identifying, assessing, managing, and monitoring the risks and opportunities associated with ESG issues. This aims to reduce risk, develop innovative solutions, improve business performance, and contribute to the long-term ESG-centric sustainability of the organisation.

VBI is an intermediation function that aims to achieve the intended outcomes of Shariah through the preservation of wealth, faith, lives, posterity, and intellect. VBIT seeks to achieve the intended objectives of Shariah (the Maqasid Shariah), within the ideals of economy, community, and environment. These goals are to be met through practices, conduct, and offerings that have a positive and long-term impact on the economy, community, and environment, while also aligning with shareholders' long-term interests and sustainable returns.

We demonstrate our commitment to delivering sustainability propositions in our corporate and business activities through the Corporate Value Intent ("CVI"). The CVI incorporates sustainability-underpinning thrusts into our business operations, conducts, and offerings. This serves as the foundation for the formulation of all business strategies, operational models, and corresponding management policies.

### GROUP SUSTAINABILITY ROADMAP

The Group Sustainability Roadmap depicts the ongoing implementation of our sustainability action plan. During FY2023, we focused our efforts on the following initiatives:

#### Establishment of the Group Sustainability Commitment

The Group Sustainability Commitment was established and approved by the Board of Directors ("the Board") in November 2022. The Group Sustainability Commitment serves as the foundation for the development of the Group Sustainability Framework and charts our path to becoming a Net Zero Carbon Organisation by 2050.

A structured approach to ESG implementation was established, with nine (9) ESG Leads identifying key areas and managing action plans for each of the nine (9) Sustainability Commitments. The ESG Leads collaborate with the ESG Champions and members of the implementation teams from various departments within the MNRB Group.

The Group Sustainability Commitment was communicated to our employees in an internal soft launch event in January 2023 with a briefing during a Group Townhall session and inaugurated with the distribution of plantable seed cards to symbolise the start of our sustainability journey towards Net Zero.

#### Establishment of the Group Sustainability Fund

The Group Sustainability Fund ("GSF") was established to consolidate sustainability-related funds and manage funding for sustainability-related efforts across the MNRB Group, including VBIT and Corporate Social Responsibility ("CSR") initiatives.

A GSF Committee was formed, and it is responsible for providing guidance on the GSF's management, operations, and performance, including administering its distribution and locating an appropriate source of funding for it.

The GSF Committee collaborates with the Ikhlas Barakah House ("IBH") Committee to coordinate the planning and execution of the Group's sustainability focus areas.

#### Enhancement of the Group Sustainability Roadmap

As we pursue our sustainability journey, we also intend to ensure that our Group Sustainability Roadmap is comprehensive, aligned with relevant guidelines and recommendations, and meets regulatory requirements.

The MNRB Group has engaged an external consultant to review our current sustainability management and enhance the Group Sustainability Roadmap. The engagement scope includes gap analysis against various guidelines, recommendations, and regulatory frameworks, including the Task Force on Climate-related Financial Disclosures ("TCFD"), benchmarking against identified peers, recommending areas for improvement, and reviewing our current Sustainability Statement against Bursa Malaysia's Sustainability Reporting Guide and TCFD criteria. The project scope also includes capacity building for relevant business units.

**Assessment of Investment Portfolio**

The Group Investment team has further enhanced the assessment of our investment portfolio by incorporating the recommendations of BNM’s Climate Change and Principles-Based Taxonomy (“CCPT”). The classification and categorisation approach would provide a consistent and rigorous evaluation of the environmental aspects of our investment portfolio.

**Sustainability Awareness and Capacity Building**

Several awareness sessions led by external sustainability professionals were held in FY2023 as part of the strategy to strengthen our directors, senior management, and employees’ knowledge and understanding of sustainability issues and development. Several topics were discussed, among which were ‘Embracing a Sustainable Future’, ‘Sustainability at Work’, and ‘Our Role in the ESG Agenda’.

In addition to the awareness programme, relevant staff also participated in various capacity building programmes, such as webinars, trainings, and sharing sessions conducted by MTA, Permodalan Nasional Berhad (“PNB”), Bursa Malaysia, Rating Agencies, the Securities Commission, and BNM’s Joint Committee on Climate Change (“JC3”), to improve their ESG-related technical knowledge and skills.

MNRB Group also participated in BNM’s CCPT Implementation Group, the Public Listed Transformation (“PLCT”) Programme of Bursa Malaysia, and the MTA’s Financial Sector Blueprint (“FSB”)-VBIT Initiative. This helped keep our employees up to date on developments in the industry, at the national and global levels.

**SUSTAINABILITY GOVERNANCE STRUCTURE**

The MNRB Group is committed to maintaining a high standard of sustainability governance through a comprehensive governance framework that includes the Board, senior management, and the business units (comprising multi-functional expertise from different departments and operating entities).

The Group’s sustainability strategy and performance are continuously monitored by the Board and reinforced by the Risk Management Committee of the Board (“RMCB”), Group Shariah Committee (“GSC”), Group Management for Risk and Compliance Committee (“GMRCC”) and the Sustainability Working Group (“SWG”).

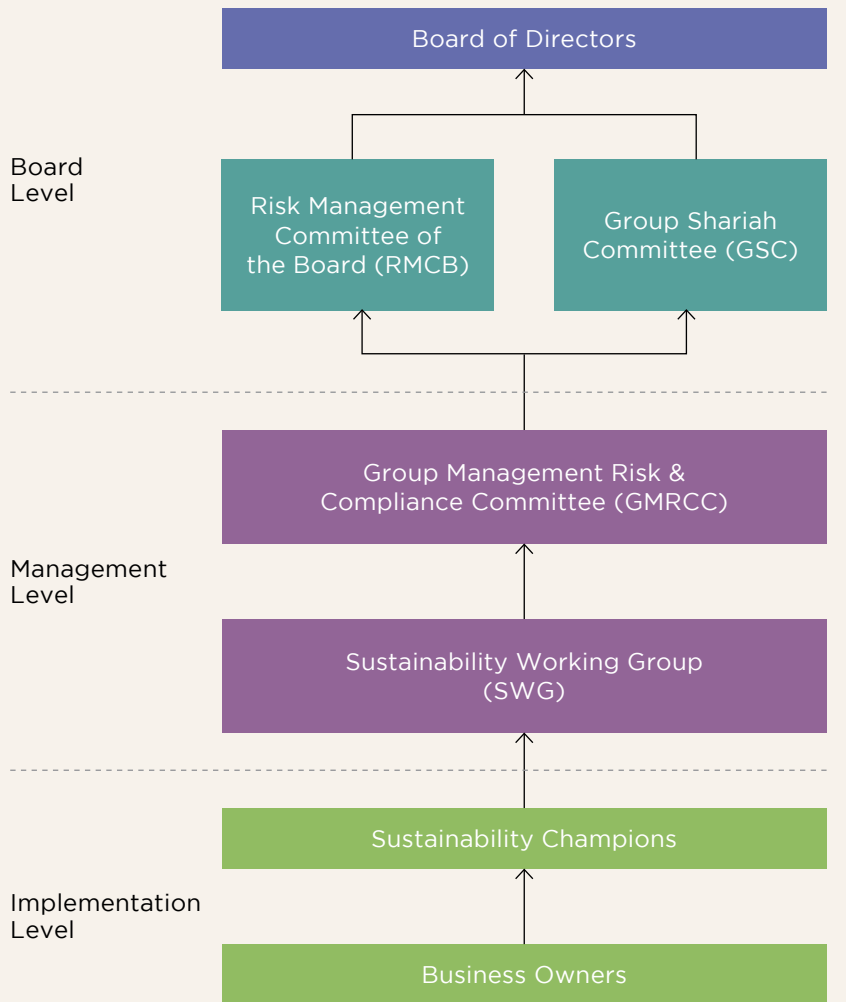


Diagram 4: Sustainability Governance

# SUSTAINABILITY STATEMENT

## ROLES AND RESPONSIBILITIES

### Board of Directors

Within the MNRB Group, the boards of the respective entities meet at least six (6) times annually, mainly to review and approve strategic or business plans, financial objectives, major capital and operating budget and matters of policy proposed by the respective management teams.

Each board is tasked with oversight for the performance of management, and is responsible for ensuring that principal risks are identified and that

the appropriate mitigation plans are in place. In addition, the Board for MNRB Holdings Berhad has the final authority to approve the Group Sustainability Framework and the annual Sustainability Statement disclosure.

The Board's roles and responsibilities are documented in the Board Charter, which is published on our official website.

### Risk Management Committee of the Board

The Risk Management Committee of the Board ("RMCB") is a board-level committee that meets on a regular basis, at least once every quarter to fulfil its responsibilities delegated to it by the Board, which are mainly related to effective risk and compliance oversight.

The RMCB reports to the Board to keep the Board abreast of the RMCB's activities, key deliberations and decisions regarding the matters delegated to them. One of the primary responsibilities of the RMCB is to assist the Board in providing effective oversight in addressing sustainability risk and opportunities, including the management of climate-related risk to safeguard the Group from the adverse impacts of climate change.

The respective Head of Risk Management at each of the operating entities provide the RMCB with quarterly updates on risk assessments, including trends for potential catastrophic and climate change events.

### Group Shariah Committee

The GSC oversees the delegation of duties by the Board relating to the Shariah aspects pertaining to the implementation of strategies. Within the MNRB Group, the Shariah Governance Policy has been established specifically for the takaful and retakaful businesses, with the primary objective of enhancing the efficacy of Shariah governance.

### Group Management Risk & Compliance Committee

In fulfilling their oversight responsibilities related to the risk and opportunities associated with the Group's strategy and strategic decision-making, the GMRCC assists the RMCB on risk management-related matters, and the Audit Committee of the Board ("ACB") on compliance management-related matters.

The GMRCC conducts at least four (4) meetings annually to discharge its responsibilities. One of the primary responsibilities of the GMRCC is sustainability management, in which it provides effective oversight in addressing sustainability risk and opportunities, including the management of climate-related risks to safeguard the Group from the adverse impacts of climate change.

The Group Risk Management function routinely reports to the GMRCC on key trends and developments in major risk areas, such as the trend of catastrophe losses, which have a substantial impact on MNRB's company's financial performance.



**Sustainability Working Group**

The MNRB Group's sustainability management is supported by a dedicated SWG, chaired by the Group Corporate Strategy Officer. The SWG is responsible for the development and implementation of the Group's sustainability roadmap and initiatives to address the Group's sustainability matters. This includes facilitating the adoption and integration of sustainability into our business and operations to ensure that relevant risks and opportunities are considered.

The SWG is also responsible for establishing metrics, targets, and key performance indicators as part of the measurement, monitoring, and reporting of sustainability performance. The ESG Champions, Sustainability Champions, and respective ESG Implementation teams serve to ensure proper implementation of sustainability integration and commitments.

In addition, the SWG coordinates the development of the Sustainability Statement disclosure in the Annual Report in line with the Bursa Malaysia's Sustainability Reporting Guide and obtaining the necessary recommendations and approvals from the GMRCC, RMCB and the Board.

The SWG meets quarterly to discuss the progress of the action plans and achievements. All key decisions that require endorsement will be presented to the GMRCC and then to the RMCB for approval or notation.

**ESG Champions and Sustainability Champions**

ESG Champions are responsible for steering the overall implementation of the Group Sustainability Commitments and providing quarterly updates to the SWG. They provide guidance and recommendations to ESG Implementation teams, each of which is managed by an ESG Team Lead. The ESG Implementation teams establish metrics, implement action plans, and report to the ESG Champions.

As the Group is composed of different operating entities with distinct natures and risks, Sustainability Champions are appointed as a dedicated Subject Matter Experts representing each entity. They are members of the SWG and provide guidance and advice to the ESG Implementation teams and the respective management team on sustainability-related matters.

The Sustainability Champions facilitate and coordinate the integration of sustainability into the commercial and operational activities at the operating entity, in alignment with the Group sustainability strategy. They are responsible for reporting and updating each entity's management on sustainability initiatives and accomplishments.

The ESG Champions and Sustainability Champions participate in various capacity-building programmes and undergo training to increase their awareness and knowledge of sustainability topics, particularly with regard to understanding climate-related risks and other sustainability-related matters and developments.

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## SUSTAINABILITY MATERIALITY ASSESSMENT

The Group maintains a structured approach to sustainability materiality assessment as recommended by the Bursa Malaysia’s Sustainability Reporting Guide. In FY2023, we conducted an annual evaluation of our business conditions and reviewed our sustainability materiality assessment.

In order to align business requirements with stakeholders’ interests, we have adopted a four-step approach to identify the most important sustainability issues for our business. This procedure is depicted in **Diagram 5** below. The goal is to evaluate our business conditions and decide whether to revise our materiality assessment process.

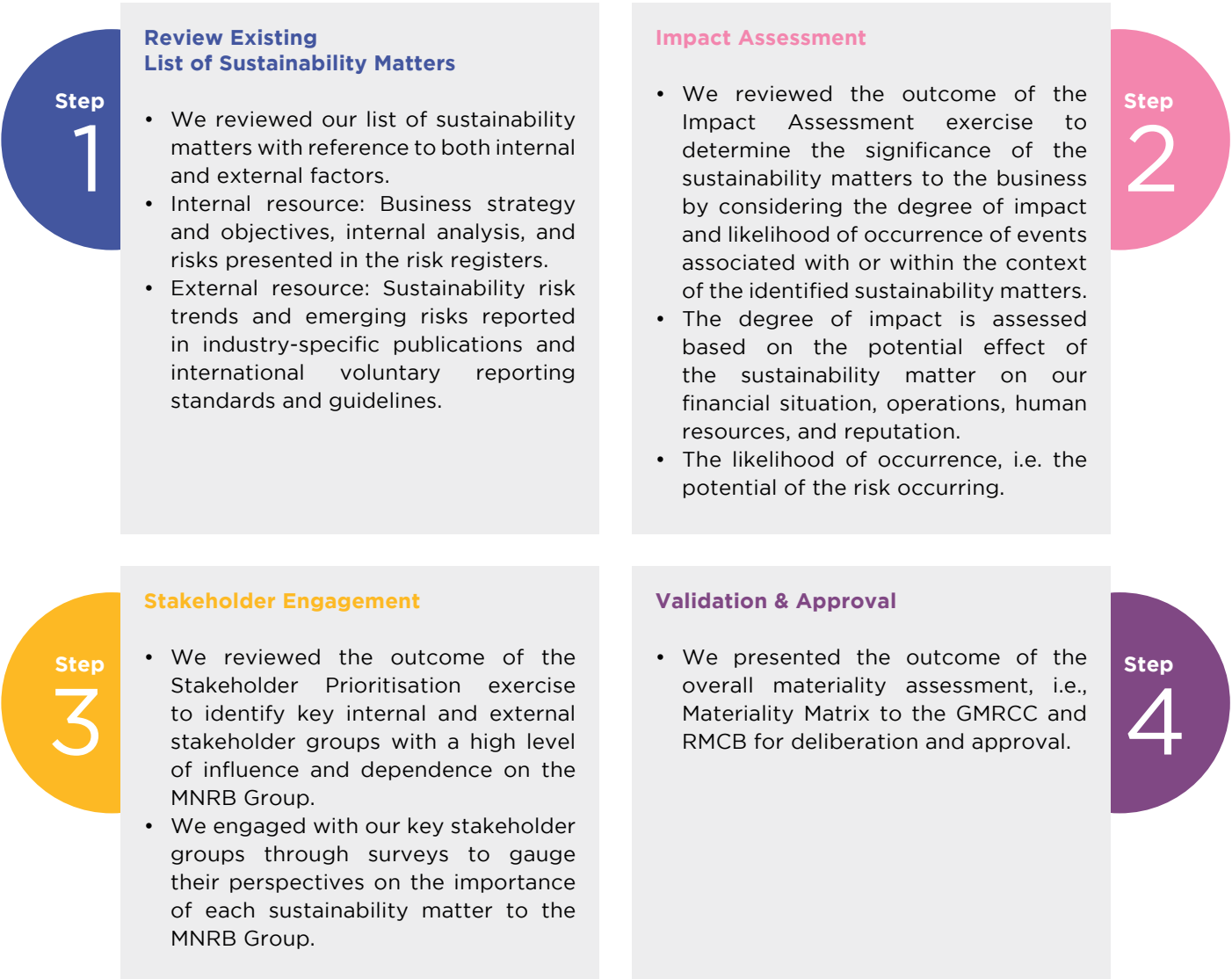


Diagram 5: Materiality Assessment Process

SUSTAINABILITY MATTERS

Our sustainability matters are classified into three (3) pillars: ‘Environment: Transitioning to a Green Economy’, ‘Social: Empowering our People and Society’, and ‘Governance: Advancing Governance Culture’.

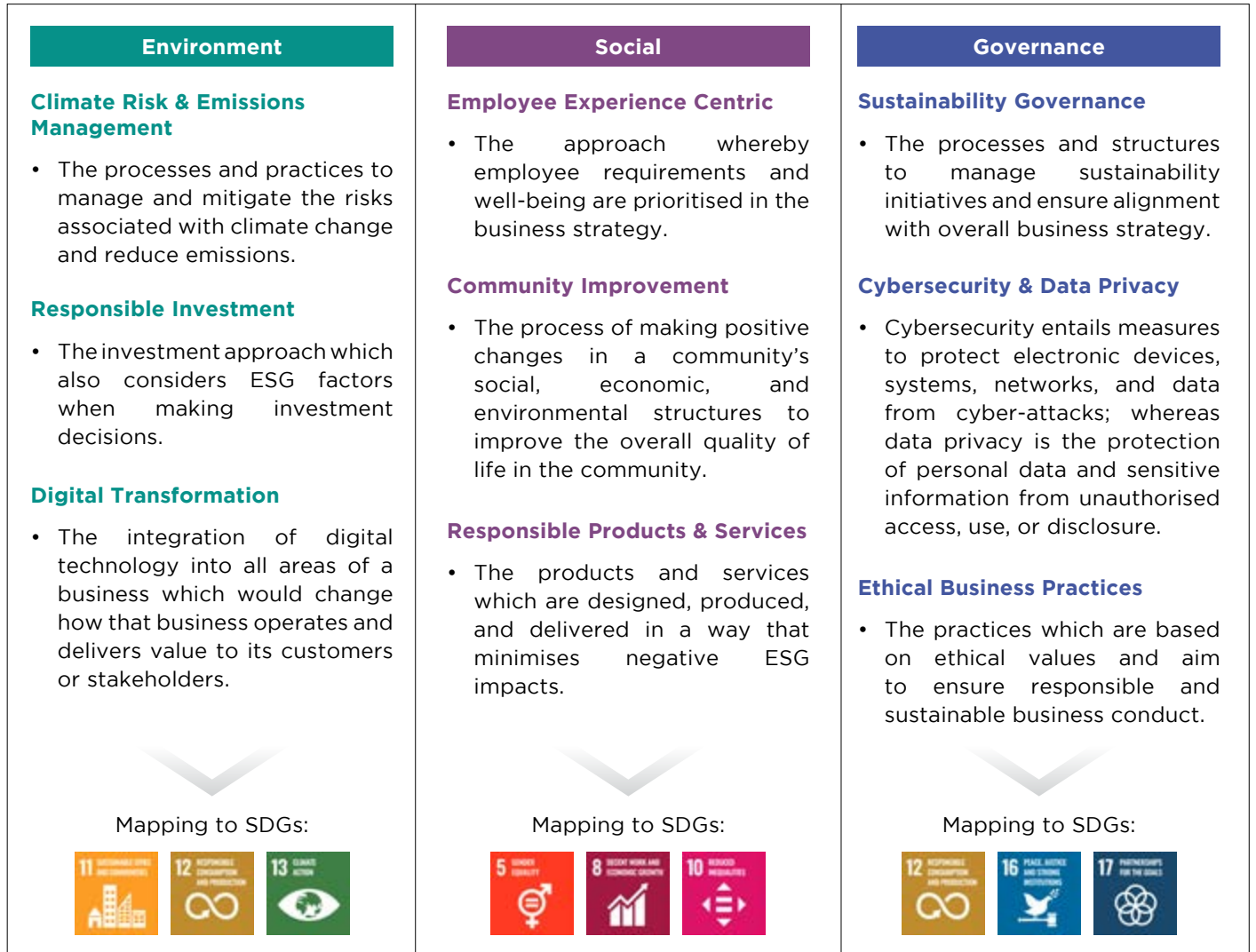


Diagram 6: Sustainability Matters FY2023

# SUSTAINABILITY STATEMENT

## STAKEHOLDER PRIORITISATION

As depicted in **Diagram 7**, Employees, Clients, Business Partners/Intermediaries, Investors/Shareholders and Communities are perceived as key stakeholder groups with a high degree of influence and dependence on the MNRB Group.

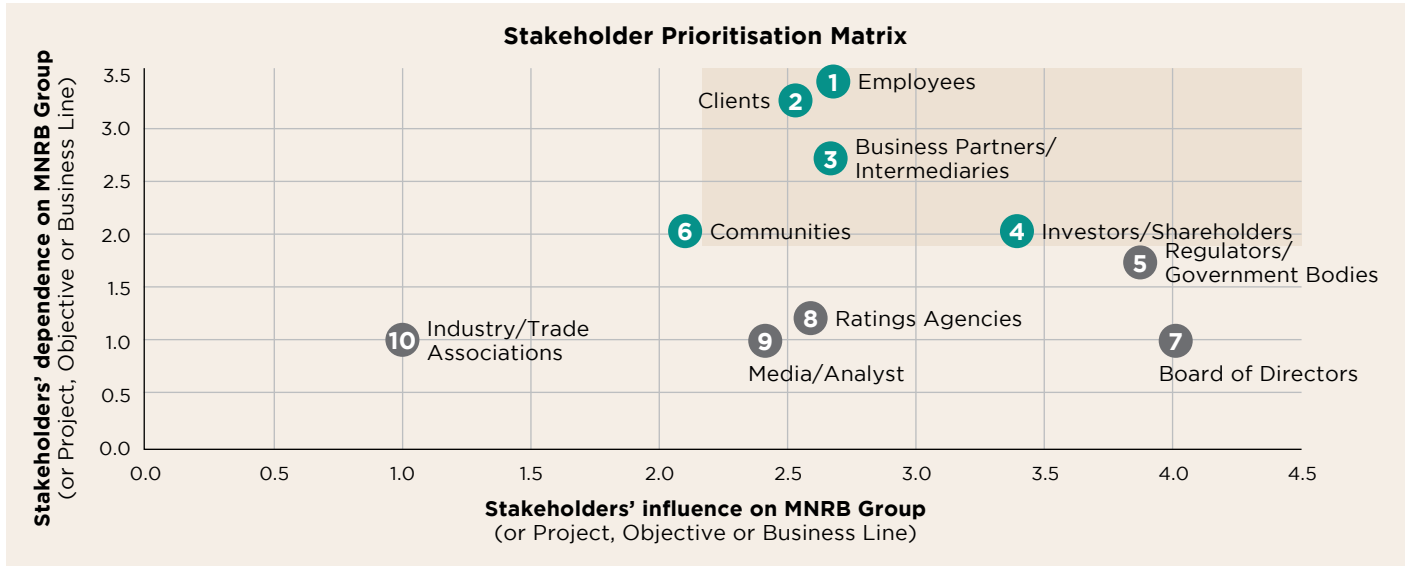


Diagram 7: Stakeholder Prioritisation Matrix

## SUSTAINABILITY MATERIALITY MATRIX

As depicted in **Diagram 8** below, our top six (6) material sustainability matters are Climate Risk and Emissions Management, Ethical Business Practices, Responsible Products and Services, Employee Experience Centric, Cybersecurity and Data Privacy, and Digital Transformation. The following sections of this Statement address efforts to manage and monitor the Group’s performance on these sustainability matters.

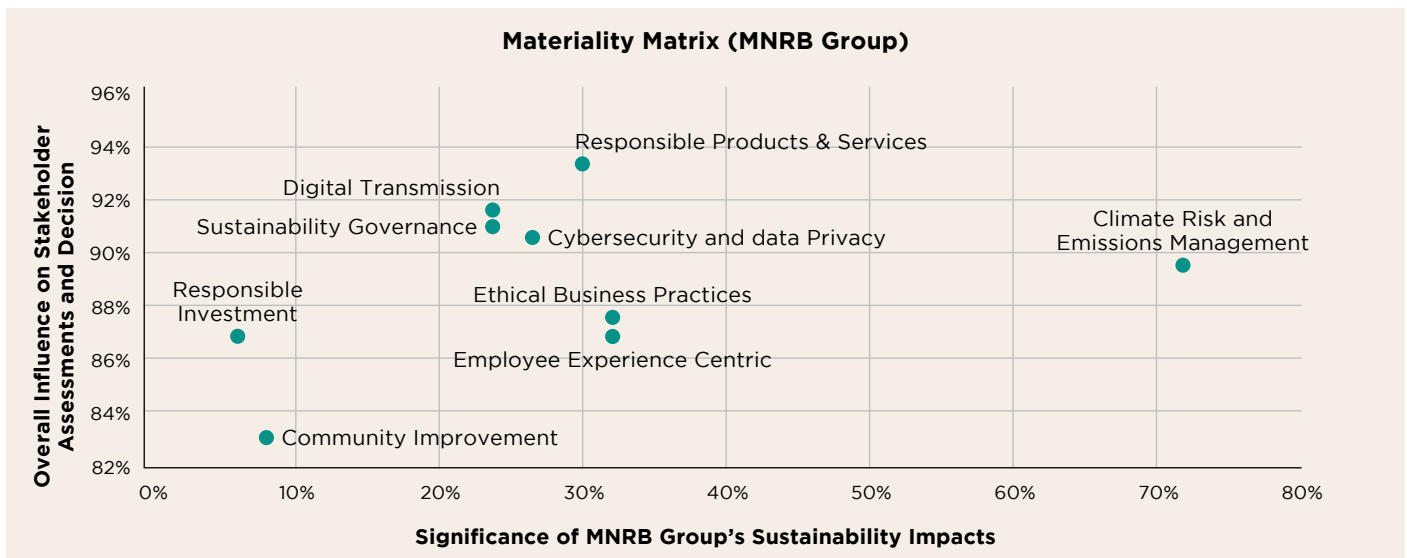


Diagram 8: Sustainability Materiality Matrix

## SUSTAINABILITY VALUE CREATION

## TRANSITIONING TO GREEN ECONOMY

## ① Climate Risk and Emissions Management



Climate Risk and Emissions Management has been identified as one of our sustainability matters for FY2023. In the past, we have implemented some initiatives to reduce our carbon footprint and manage the environmental impact of our business operations. Following the identification and implementation of action plans under the Group Sustainability Commitment by the ESG Implementation team, we intend to intensify our efforts to further reduce the carbon emissions generated by our activities and supply chain.

### Managing Our Climate Risk

The MNRB Group has established a Group Risk Management Framework and Policy (“Risk Management Framework”), which is based on the risk appetite defined by the Board and is in line with the principles of risk governance stipulated in the BNM Risk Governance Guidelines. The Group adopts a comprehensive approach to risk management that is embedded in the Risk Management Framework. This includes the process of identifying, assessing, measuring, controlling, mitigating, and continuously monitoring the risks that affect the Group as a whole. It includes regular self-assessments of all reasonably foreseeable and material risks faced by the Group.

With the growing importance of ESG issues, especially climate change and its impacts on business operations and financial performance, the Group has included ESG risk as part of the Group Risk Landscape. The Group has been closely managing adverse climate events resulting from physical climate risk, which has a direct effect on financial performance and more so on operational risk. The catastrophe risk exposure resulting from physical climate risk is modelled and monitored using the AIR Worldwide CAT Modelling Tool (“AIR”) and Risk Management Solution (“RMS”).

Further risk assessment is performed on a quarterly basis, with any risk exposure being integrated into sensitivity analysis, scenario analysis, and stress testing models to evaluate and quantify its effect on the Group’s profitability and solvency. The results of this assessment and measurement, as well as the trend and development of the large losses, are then presented to the GMRCC and RMCB.

The Group is committed to implementing sound risk management and governance practises. The Group Risk Management function reviews the Risk Management Framework and other applicable frameworks and policies, at least annually, to ensure their efficacy in addressing the emerging risks.

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Further and ongoing discussions will be held with stakeholders and relevant governance bodies to enhance the Risk Management Framework and incorporate ESG and climate-related risks consideration, and their corresponding definitions.

By doing so, the Group aims to enhance the business' resilience and long-term sustainability while contributing to the broader environmental objectives of sustainable development.

## Enhancing Our Operational Practices

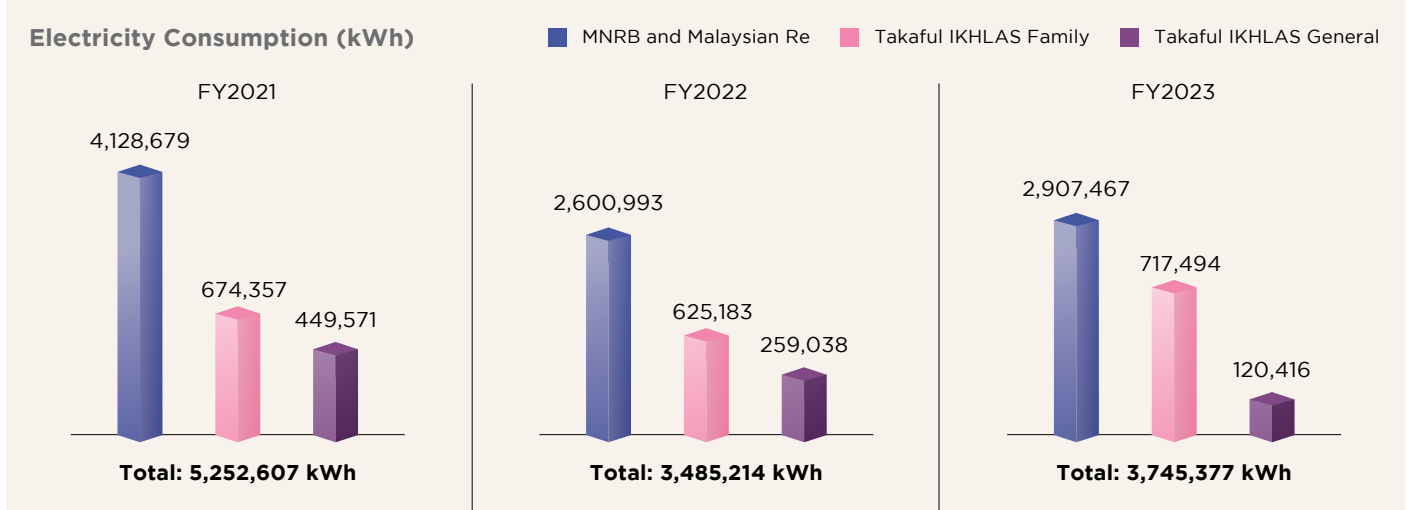
We aim to reduce the environmental impact of our operations, from the energy and resources we consume to the waste we generate, by implementing energy-efficient practises in our office buildings and closely monitoring our consumptions.

Our efforts to date/plans entail:

- Reducing our operational carbon footprint through digitalisation of our front-end, internal processes, and distribution channels; considering ESG elements in our technology decisions and measuring our carbon emissions.

- Using energy-saving electrical appliances, renewable energy sources, and smart technology to create an energy-efficient building.
- Optimising business travel through hybrid working arrangements and virtual meetings.
- Incorporating ESG considerations into our underwriting, investment, and procurement procedures, as well as advocating the same for our supply chain while phasing out non-sustainable providers.
- Adopting sustainability-themed investments through divestment and capital reallocation.
- Developing sustainability-linked solutions to help manage and mitigate climate-related risks, as well as provide reinsurance support for green underwriting.
- Continuing collaboration with counterparties on sustainability-based practises.
- Considering carbon offset arrangements by investing in carbon-reduction initiatives and purchasing carbon offsets on difficult-to-abate assets.

## Our Electricity Usage

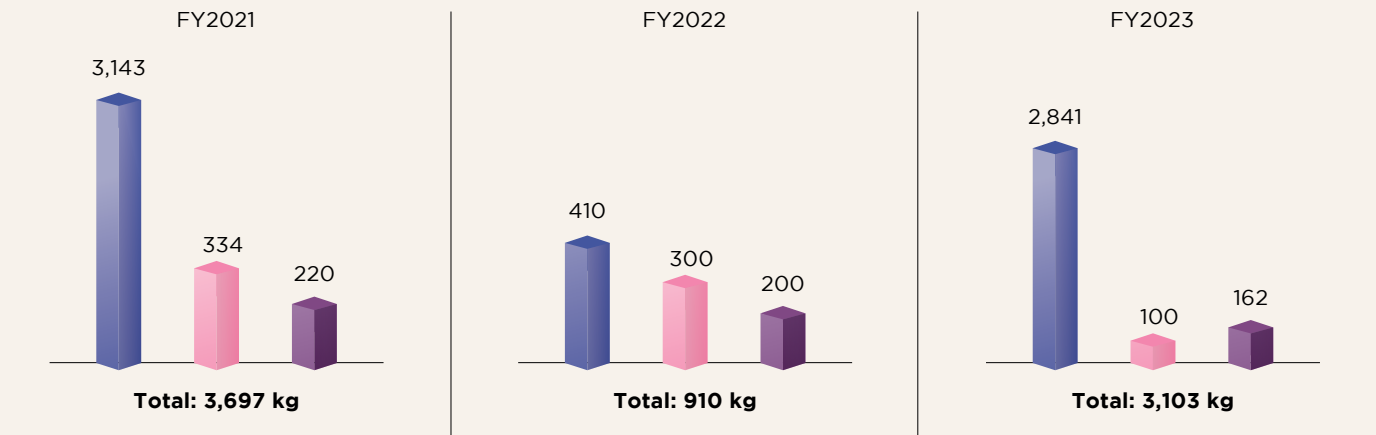


FY2022: 34% reduction | FY2023: 7% increase.  
 The rise in electricity usage in FY2023 corresponded with the increase in the number of employees working at the office.

**Our Waste Management**

**Waste Recycled (kg)**

■ MNRB and Malaysian Re ■ Takaful IKHLAS Family ■ Takaful IKHLAS General

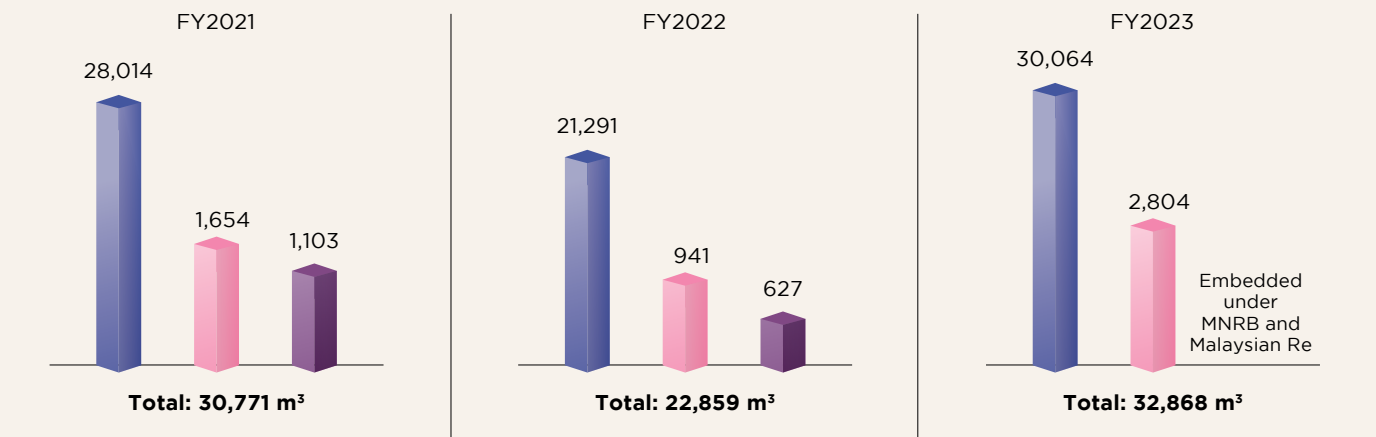


FY2022: 75% reduction | FY2023: 240% increase.  
The increase in waste recycled was attributable to the recycling of old documents.

**Our Water Conservation**

**Water Consumption (m<sup>3</sup>)**

■ MNRB and Malaysian Re ■ Takaful IKHLAS Family ■ Takaful IKHLAS General



FY2022: 26% reduction | FY2023: 44% increase.  
The increase in water consumption was attributable to the increase in the number of employees working at the office.

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## Our Emissions Management

The following reflect some of the initiatives implemented in FY2023 to manage our emissions:

<b>Sustainable Investing</b>	<p>Gradually building an ESG portfolio with a certain target commitment by using ESG analysis, an enhanced approach and third-party scoring to enhance our investment process.</p> <p>As of 31 March 2023, our listed equities are 82% ESG-compliant while Bonds are 56% ESG-compliant. Both assets are above our ESG target level for FY2023.</p>
<b>Family Takaful Online Training for Agents</b>	<p>The Learning Management System (“LMS”) and the Training Management System (“TMS”) were launched on 1 March 2022 to provide the Family Takaful agency force with training management and modules. All reports and materials can be retrieved and downloaded as necessary.</p>
<b>General Takaful Merimen e-Claims</b>	<p>Electronic claims processing via the Merimen e-Claims system:</p> <ul style="list-style-type: none"> <li>• 100% of Own Damage and Windscreen claims are processed in the Merimen e-Claims system.</li> <li>• 90% of claims for all other classes are processed in the Merimen e-Claims system.</li> <li>• The claims integration process between the front-end and back-end systems for Non-Motor Claims is scheduled to be implemented by the first quarter of FY2024.</li> <li>• The ability to facilitate claims notifications and document submissions via website and mobile apps was deployed in September 2022.</li> </ul>
<b>General and Family Takaful e-Certificates</b>	<p>General Takaful customers who subscribe to our Motor, Fire, Personal Accident, or Travel PA receive system-generated e-certificates by email. In FY2023, this facility was expanded to include other products.</p> <p>This has increased the speed by which certificates are delivered and resulted in savings in printing costs for FY2023.</p> <p>For Family Takaful, the e-certificate capability was implemented in FY2023 for all advisory products promoted by Agency distribution. Effective April 2023, we have implemented 100% e-certificate which will ultimately lead to more savings in printing expenses.</p> <p>Today, our customers are given the option of hard copy documents or e-certificates. In FY2023, we achieved approximately 10% savings in printing expenses.</p> <p>On top of this, information such as production reports are today made available via the platform, thereby reducing the need to print and deliver hardcopy reports to intermediaries even further.</p>
<b>General Takaful Green Energy Incentive</b>	<p>2.5% Green Energy Incentive discount for eligible risks</p> <ol style="list-style-type: none"> <li>a) For manufacturing risks with a Sum Covered (“SC”) of more than RM50 million where alternative or renewable energy is produced from green initiatives such as solar, hydropower, etc., the risk may be eligible for a discount of up to 2.5% off the rates, subject to the Underwriting Department’s overall risk assessment.</li> <li>b) For non-manufacturing risks with a SC of more than RM50 million that use comparable alternative energy, the allowable discount is subject to the Underwriter’s risk assessment and discretion.</li> </ol>



## 2 Responsible Investment



Investment remains a critical component of our operations. We invest to maximise returns while balancing the risks, ultimately creating value for our stakeholders. The Group's investment management strategy focuses on capital preservation, liquidity management, and return optimisation through a systematic and organised investment process.

The Board oversees the investment process through the Group Investment Committee, which also considers sustainable investment criteria.

Our Group Investment Department and Group Investment Management Committee maintain effective risk management by prudently monitoring existing investment portfolios and screening potential investment portfolios, in accordance with our Investment Policy Statement ("IPS"). The Investment Department safeguards the portfolios by adhering to approved Strategic Asset Allocations that have been thoroughly reviewed and approved by the Board.

### Sustainable Investing

We uphold responsible investing practices with the inclusion of Sustainability Investing criteria in our IPS. This considers sustainability factors to better manage risk and generate sustainable long-term returns in the investments we make. As part of our commitment to a more sustainable future, we regularly analyse the investment process to improve our sustainability investing.

The FTSE4Good Bursa Malaysia ("F4GBM") Index is an index that adheres to internationally recognised standards of responsible investment. The investment team adopts good sustainable investing practises by referring to the constituents of the F4GBM Index, which are screened in accordance with the transparent and defined ESG criteria.

We are also increasing our exposure to sustainable assets in tandem with the growth of sustainable bonds/sukuk in the fixed income market. Sustainability bonds/sukuk are based on the Securities Commission of Malaysia's guidelines which are aligned with the SRI Sukuk Framework. These bond/sukuk are also evaluated by third-party credit rating agencies in Malaysia.

### Climate Change Alignment

Effective July 2022, financial institutions must submit their half-yearly exposure reports to BNM in accordance with the CCPT classification. The CCPT classification exercise provides us with better insights into our portfolio's exposure to climate risks and their impacts. In accordance with this, we have classified climatic assets in the portfolio based on the classification guidance provided by BNM.

### Shariah-Compliant Investing

All our investments must also conform to Shariah-compliant instruments and avoid exposure to sectors that contravene our commitment to responsible investment, such as gaming and alcohol-related industries. Investments are made only with approved counterparties that satisfy the required rating and other relevant criteria, while remaining within the approved credit limits specified in the investment policies and guidelines.

In addition, the Investment Department ensures that our investments adhere to Shariah principles in accordance with the requirements of our takaful funds. The takaful contributions are exclusively invested in Shariah-compliant instruments. The Compliance Management Department (Shariah Review) regularly verifies compliance and reports to the Group Shariah Committee.

## 3 Digital Transformation



The MNRB Group recognises that digital transformation plays a significant role in addressing ESG concerns, such as the use of document management systems that reduce paper usage, the use of social media for stakeholder engagements, the provision of data analytics to identify risks and opportunities, and so on.

Digitalisation is critical if the insurance and takaful businesses are to thrive now and in the future. The MNRB Group has high expectations of the opportunities that digitalisation presents in providing solutions to our stakeholders. The adoption of new technologies with

ongoing development is advantageous since it allows us to meet our duties and pursue excellence.

In FY2023, our digital transformation continued with the expansion of the Digital and Innovation department's activities and the relevant projects under the Group Transformation Programme. We continue to work on various Robotic Process Automation ("RPA") initiatives to enhance the operational efficiency of our back-office processes, including claims management, operations, and finance.

### IKHLAS GO Ecosystem

Over the course of FY2023, we intensified our efforts to improve the IKHLAS GO ecosystem since its introduction in FY2021 to facilitate the following:

#### GO Partner

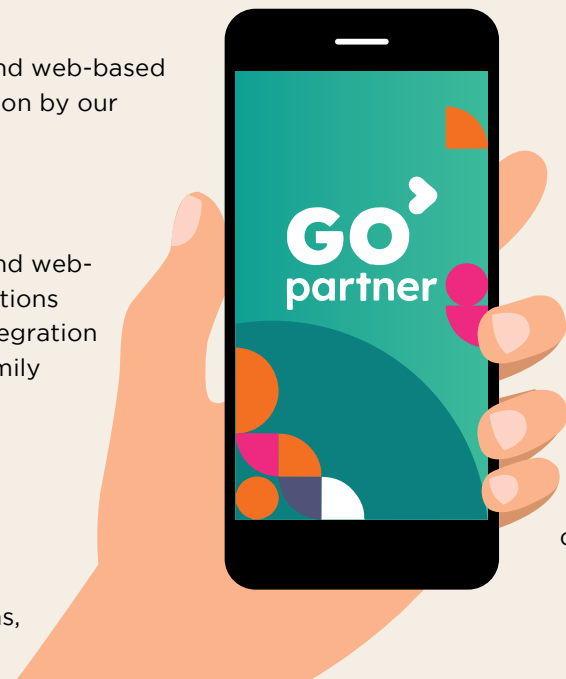
Enhancements to mobile apps and web-based functionalities to increase adoption by our General Takaful agents.

#### GO Prime

Enhancements to mobile apps and web-based functionalities for e-quotations and e-submissions, as well as integration with the main system for our Family Takaful intermediaries.

#### GO Serve

Enhancements of web-based services for customers and agents, such as claim submissions, enquiries and payments.



#### GO Direct

Enhancements to the onboarding experience for online takaful participants.

#### GO Connect

Integration of the open API platform with new digital partners.

#### GO Financial

Additional product development and deployment with identified bancatakaful partners to facilitate sales onboarding.

In FY2023, five (5) more enhancements to the IKHLAS GO solutions were deployed including GO Serve claims submissions, GO Financial integration with new bancatakaful partners, GO Partner functionalities for General Takaful agents, as well as GO Financial and GO Direct Motor and PA product deployment.

All of these are supported by comprehensive security measures to ensure that our customers are treated fairly, and their personal data is protected.

<p><b>Operational Automation</b></p>	<p>Several digital transformation projects were undertaken throughout FY2023 to facilitate operational automation of the Group and its operating entities, with the goal of improving internal process efficiency, fraud mitigation, and product innovation. In addition, the Group is developing a new CRM Suite and customer portal for Takaful IKHLAS. The continuing development of the Enterprise Data Warehouse (“EDW”) is also essential to ensure appropriate and reliable access to customer data.</p>
<p><b>Branch Transformation - Virtual IKHLAS Points</b></p>	<p>During the year, Takaful IKHLAS General continued to expand its Virtual IKHLAS Points, known as “VIP Branch” as part of the Branch Transformation project. This effort would enhance our outreach to agents and customers through non-physical branches. To date, ten (10) VIP branches have been established nationwide. We plan to open five (5) more VIP branches in FY2024.</p>
<p><b>Reducing Carbon Emissions</b></p>	<p>Leveraging digitally-enabled facilities has also reduced the need for physical meetings, thereby reducing business travel for meetings or conferences or long-distance travel to the offices of international counterparts. Similarly, digital technologies have enabled efficient remote and hybrid working capabilities, reducing the need for physical space even as we increase our workforce to meet rising production demands, and reducing the scale of commuting to work. Furthermore, the digitalisation of documents and processes significantly reduces paper consumption, leading to lower deforestation and minimising water and energy requirements for paper production and disposal. All of these are positively correlated with carbon emission levels, thereby mitigating our environmental impact and contributing to a more sustainable future.</p> <p>Possessing a digital presence provides us flexibility which in turn improves our customers’ accessibility and accords them personalised experiences. We will continue our journey towards making a positive impact on communities and the environment by embracing new technologies such as cloud computing, machine learning and artificial intelligence for both front-end applications and back-end processes.</p>

## EMPOWERING OUR PEOPLE AND SOCIETY

### 4 Employee Experience-Centric



At the MNRB Group, we are committed to nurturing a culture of excellence and sustainability. This is achieved through an integrated approach to employee wellness, diversity, equity, and inclusion (“DE&I”), employee experience (“EX”), and operational excellence (“OE”). We believe that this starts with our people, and we are committed to investing in them through human capital initiatives that support ESG considerations.

The Group prioritises an employee experience-centric approach. Our aim is to improve employee retention, attract top talent, and create a positive work environment that fosters innovation, productivity, and organisational success. Concurrently, we are evaluating our employee benefits to ensure they are competitive and support our sustainability agenda.

#### Employee Well-Being

We recognise that promoting the physical, mental, and emotional health of our employees is essential to establishing a sustainable workplace, which is why we have implemented a variety of programmes and initiatives to do so.

During FY2023, no work-related fatalities or substantiated reports of human rights violations were reported. Our Occupational Health and Safety (“OSH”) team is well-versed with our OSH Policy, and currently seventeen (17) employees are certified First Aiders.

#### Hybrid Working Arrangement (“HWA”)

The MNRB Group is dedicated to supporting environmentally friendly practices, and one way we do so is by providing a hybrid working arrangement. This arrangement allows our employees to work remotely or on-site, reducing the need for daily commutes and, as a result, reducing our carbon footprint. During FY2023, approximately 80% of the Group’s employees utilised this arrangement, while all employees currently benefit from our flexible working hours arrangement.

By providing our employees with flexible work options, we are not only reducing our environmental impact but also assisting them to find a better balance between work and life, which leads to increased job satisfaction, productivity, and well-being. We believe that by promoting sustainable work practices, we can contribute to a more sustainable future for communities and our planet.

The HWA initiative, which was introduced in April 2022, allows Heads of Departments to plan their respective work arrangements subject to the needs of the business and its operations.

**Wellness Awareness and Mental Health Support Programme**

The Group Human Capital Management has implemented several initiatives designed to promote mental health and well-being. We also promote Naluri, a third-party provider, as part of the Employee Assistance Programme in order to offer counselling on mental stress issues.

The following are among some of the Wellness and Support Programmes that we undertook in FY2023:

Programme	No. of Attendees
1. Webinar On World Obesity Day 2022: Everybody Needs to Act	256
2. Webinar on Vitiligo (“Sopak”): When Colour Matters	251
3. Workplace Health Awareness Programme	650
4. Webinar on Metabolic Health - Food as Medicine & Intermittent Fasting	721
5. Mental Health by Naluri: Alamak! Stress LAH (Learn, Adapt, Handle)	668

**Employee Activities**

We believe that the health and well-being of our employees are crucial for establishing a sustainable future. As such, the Group is committed to providing a work environment that promotes a healthy way of life and sustainable living. For instance, we provide:

- An on-site gymnasium facility for the convenience of all employees, thereby promoting regular physical activity and wellness.
- Sport activities including Zumba classes conducted by a certified instructor to promote a fun and engaging method of staying physically active.

By promoting employee well-being, we aim to foster a supportive, inclusive, and empowering workplace culture.

**Employee Engagement**

We recognise that active employee engagement is essential for the development of a sustainable business. In order to achieve this goal, we have organised a wide variety of engagement activities to encourage participation. These activities have contributed to a positive and collaborative workplace culture by fostering a sense of community and connection among our employees.

For FY2022, the Employee Engagement Scorecard indicated an overall Engagement Index of 88%.

Operating Entity	MNRB	Malaysian Re	TIFB	TIGB	MNRB Group
Engagement Index	85%	93%	88%	87%	88%

## SUSTAINABILITY STATEMENT

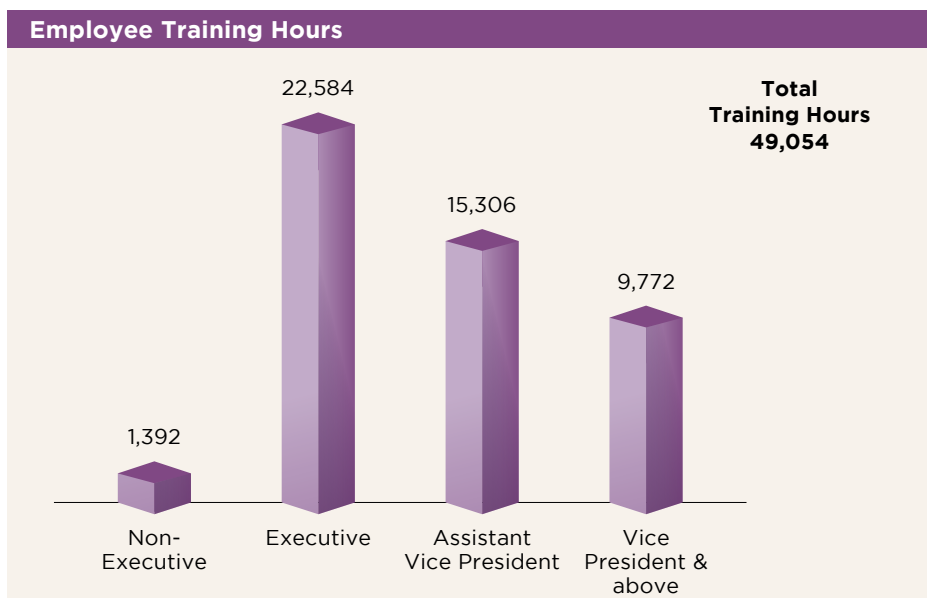
Some of FY2023's engagement activities included the following:

Programme	Description
1. <b>Quarterly Town Hall</b>	This is a quarterly event where senior leaders provide updates on developments within the Group, discuss business strategies, and engage in conversations with employees. It is an opportunity for employees to pose questions, share feedback, and keep abreast of the company's future.
2. <b>Merdeka and Malaysia Day Celebration</b>	These are cultural events that commemorate Malaysia's Independence Day (Merdeka Day) and Malaysia Day. These are occasions to celebrate the rich cultural heritage and national pride of Malaysia. In FY2023, we held a Tik Tok video competition and a Malaysia Day Brisk Walk event.
3. <b>Coffee sessions with PGCEO and PCEO</b>	These informal coffee sessions between the company's PGCEO/PCEO and employees serve as a platform for employees to engage with senior leaders in a relaxed setting. Participants can pose questions, exchange feedback, and gain insights into the company's vision and strategies at these sessions.
4. <b>Engagement Sessions with Departments</b>	These department-specific engagement sessions aim to improve communication, collaboration, and engagement within each department. These sessions typically include updates on department-specific goals and discussions on best practices as well as provide opportunities for employees to ask questions and give feedback.
5. <b>Futsal Tournament</b>	In the month of December 2022, the Group's sports club organised this team-building activity to foster camaraderie and healthy competition among employees.
6. <b>World Cup Fever: Now Is All! – Creative Photo Contest</b>	This photography contest challenged employees to creatively capture their excitement for the upcoming World Cup. It was a fun activity that encouraged creativity and collaboration among employees.
7. <b>Team Building Programmes</b>	Team-building programmes are conducted at the company and departmental levels within the Group. They serve to improve teamwork, communication, and problem-solving skills among employees as well as are designed to foster collaboration and build stronger teams.
8. <b>Chinese New Year Celebration</b>	To celebrate the arrival of the Lunar New Year, MNRB Group hosted a festive Chinese New Year ("CNY") celebration for its employees on 27 January 2023. The event featured a variety of engaging activities, including a lucky draw with exciting prizes, a Yee Sang tossing ceremony, a CNY quiz to test staff's knowledge of the Chinese culture and traditions, staff performances showcasing our employees' talents, and a delicious hi-tea spread of festive delights. Around 200 staff participated in FY2023's CNY event onsite at the head office in Bangunan Malaysian Re, while many more joined virtually.
9. <b>Table Tennis and Carrom Tournaments</b>	Sports tournaments were held for employees to compete in the games of table tennis and carrom. This team-building activity helped foster camaraderie and friendly competition among employees.

Programme	Description
10. <b>Onboarding and Induction Programme</b>	This programme is designed to onboard new employees and provide them with an introduction to the company’s culture, values, and processes. It is also an opportunity for new employees to meet their colleagues as well as learn about the Group’s vision and strategies.
11. <b>International Women’s Day Celebration</b>	In FY2023, MNRB celebrated International Women’s Day, a global event that honours women’s social, economic, cultural, and political achievements. From 8-10 March, we hosted a series of engaging activities to honour and empower women in our organisation. A mix of internal and external speakers were invited to speak on the topics of ‘Innovation & Technology’ and ‘Leadership: Demonstrating Care through Inclusive Leadership’.
12. <b>Football Friendly Matches</b>	The MNRB Group is not short of talent when it comes to football. We regularly organise friendly matches with other teams including other insurance or takaful operators to foster camaraderie within the Group and the industry.
13. <b>Ramadhan Care to Share</b>	Ramadhan is a month of reflection, gratitude, and altruism. At MNRB Group, we believe in living these ideals and creating a positive impact in our community. To that end, we continue to run our Ramadhan Care to Share Programme. This entails organising a range of activities throughout Ramadhan to promote spiritual reflection and giving back to our community. Tazkirah Zohor sessions and Friday iAwareness programmes are intended to deepen our understanding of Islam and strengthen our faith, while Tadarus Al-Quran programmes re-connect us with the holy book and inspire us to do good. Employees also receive Iftar packs and Mangkuk Tingkat as part of our giving back to community. In FY2023, we invited all employees to participate in this meaningful programme, as we came together to care and share with our community.

**Employee Development**

As part of our efforts to create a workforce that is skilled, motivated, and adaptable to change, we are committed to supporting our employees’ professional development through training programmes that provide them with opportunities to learn and grow. Our aim is to create a workforce that is skilled, motivated, and adaptable to change.



## SUSTAINABILITY STATEMENT

The following are among of the programmes that were conducted throughout FY2023:

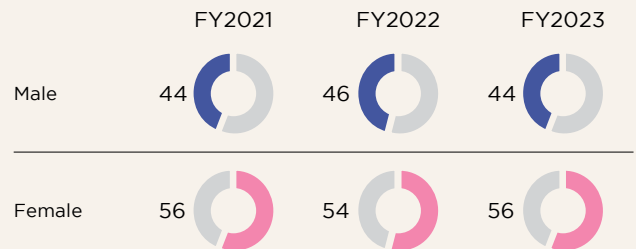
No.	Programme
1.	Webinar on Cyber Security Awareness
2.	The Future of Work: Embracing Change & Transitions
3.	Managing Hybrid Teams
4.	Shariah Structured Training: Fundamentals of Shariah
5.	Fraud & Financial Scandals
6.	Webinar on Shariah Structured Training (SST) Webinar Session for Module 2 - 'Business Models in Takaful'
7.	Workplace Health Awareness Programme
8.	Webinar on Sustainability Awareness by KPMG: Our Role in ESG Agenda
9.	Kursus Pengajian Syariah & Muamalat
10.	Education Assistance Programme ("EAP")
11.	Professional Membership
12.	Talent Forum

### Employee Profile

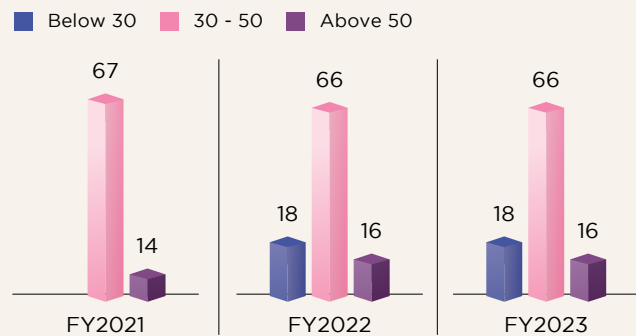
Our Recruitment Policy governs all aspects of our employment practices. We recognise the value of having diverse talent across different gender and age groups, thereby enabling us to leverage the wealth and breadth of experience and industry exposure of the more experienced talent and the more creatively inclined mindsets of younger personnel.

**Diagram 9** illustrates our current employee profile. Our initiatives to support the development of local talent underscores our commitment to strengthening the Malaysian economy and fortifying the growth of the local reinsurance and takaful industry. We are also committed to supporting gender diversity by working towards an equal representation of both men and women, thereby creating an inclusive environment that embraces diversity and promotes gender balance.

### Employee Profile - Gender (%)



### Employee Profile - Age Band (%)



### Employee Profile - Women in Management Roles (%)

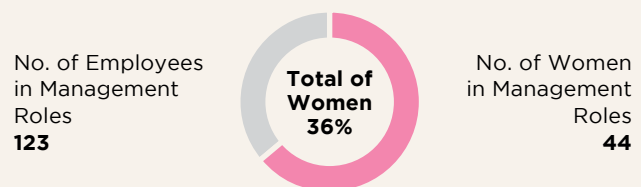


Diagram 9: Employee Profile

### Employee Turnover Rate

Employee Category	Turnover Rate
Senior Vice President	10%
Vice President	5%
Assistant Vice President	17%
Executive	15%
Personal Assistant	18%
Clerk	9%
Uniform	7%

In FY2023, we had 54 contract employees but no temporary employees.



**Operational Excellence**

The MNRB Group believes in nurturing a mindset of continuous improvement among our people to improve the efficiencies and productivity of the overall organisation. We are committed to providing a supportive work environment that enables our employees to perform at their best, while also embracing innovative solutions.

As part of the Group Transformation Programme, we embark on Digital & Innovation initiatives within MNRB to increase efficiency and productivity while keeping costs competitive. This has indirectly led to a reduction in employee workloads as more processes are simplified and automated, allowing employees to free up their time and focus on more core value-added activities.

By automating our processes, we also reduce the risk of employee burnout and ensure that our employees can maintain a healthy work-life balance. Our goal is to create a workplace that empowers our employees to excel in their roles while also enabling them to have fulfilling personal lives.

We believe that our Automation Initiative will benefit not only our employees, but also our customers and other stakeholders. By increasing our productivity and efficiency, we can meet customer demands more quickly, resulting in better customer experiences, while simultaneously reducing expenses and enhancing our bottom line.

During FY2023, about RM2.0 million in savings was attributed to automation. The following are examples of initiatives that have been implemented successfully:

Process	Benefits
1. KPI Moderation	TAT: 10 days to 2 days in a year
2. Post-Implementation User Rating Survey	TAT: 5 days to 2 days An estimated 25 submissions/year
3. Technical Services Billing Process CR	TAT: 3 days to 1 day An estimated 25 submissions/year
4. Treaty Admin Service Request	TAT: 30 days to 14 days An estimated 50 submissions/year
5. Journal Interface for Inward and Outward Businesses	FTE savings of RM20,930
6. Bloomberg Exchange Rate Extraction	FTE savings of RM17,710
7. Hospital Income Benefit Claims Automation	FTE savings of RM108,092
8. Claims Loss and Reserve Updates	FTE savings of RM27,600
9. Immediate Death Benefits Claim Automation	FTE savings of RM43,237
10. Business Partner Rating Extraction	FTE savings of RM161,000

*Note: TAT denotes turn-around time.*

**Continuous Improvement**

We recognise that the transformation of our workplace culture is key to building a sustainable business that can adapt to changing market conditions while remaining competitive. To that end, we have embarked on a culture transformation initiative with the goal of cultivating a culture of continuous learning, innovation, and excellence.

We have introduced our Continuous Improvement (“CI”) programme, as part of this effort, which encourages our employees to identify opportunities for improvement in our business processes and operations. Through this programme, we strive to achieve substantial improvements in efficiency, quality, and customer satisfaction.

Two (2) workshops were conducted in February 2023 and twenty-nine (29) employees from various departments and job levels across the Group participated in the workshops. After the completion of the programme, each participant had ten (10) hours of additional coaching to help them sharpen their skills.

We believe that by promoting a culture of sustainability and excellence through initiatives that prioritise employee well-being, engagement, development, and continuous improvement, we are building a business that will last. We are committed to continuing to invest in our people and culture to achieve our long-term goals and are proud of the progress we have made so far.

## 5 Community Improvement



The MNRB Group aspires to actively contribute to community improvement by improving the standard of life and well-being of our employees, intermediaries, industry talents, customers, and the communities in which we operate. Through our corporate social responsibility and value-based intermediation efforts, we continue the Group's culture of giving back to society.

### Nurturing Industry Talent

As a market leader in reinsurance, retakaful, and takaful, the MNRB Group remains committed to sustaining industry growth while also contributing to societal needs. We share the responsibility for nurturing the industry's development by preparing and equipping professionals with the necessary knowledge, skills, and competencies.

Our aim is to create a pool of skilled young talent capable of leading the industry in the near future. The Group has continued to leverage technology to provide talent with the required industry knowledge. At the same time, we strive to support communities and build up their ability to transition to economic resilience. These goals are achieved through the implementation of our initiatives and events throughout the year.

Malaysian Re also continues to organise technical training courses for our corporate clients' underwriters in order to scale up their risk analytics capabilities. These courses are offered to both local and international participants. Our Annual Cedants' Workshop provides additional opportunities to discuss current market issues and share our expertise with the market.

Some of our key market training programmes are as follows:

Market Training Programmes		
Young Emergent Leadership Showcase ("YouLead!")	Programme for Insurance Executive Development ("PIED")	Technical Courses in Fire Risk Assessment and Special/Self-Rating ("FRA")
<p>A leadership programme for young emerging managers with high potential that focuses on effective leadership fundamentals, deciphers key industry issues and provides knowledge-sharing/regulatory updates on the insurance industry by experts in their fields. A continuous support group is formed for each batch after the programme.</p> <p>In FY2023, the programme entitled 'YOULEAD: Being Ready for Agile Leadership Transformation' was held from 5 to 9 September 2022 involving forty (40) participants from Malaysia and other ASEAN nations.</p>	<p>This is designed for executives with at least two (2) years of work experience in the insurance industry, as well as for those who are well versed in the knowledge of the four (4) classes of insurance (i.e., Marine, Engineering, Fire &amp; Property and Liability).</p> <p>In FY2023, the programme was held virtually from 1 to 4 August 2022 with eighty-four (84) participants from Malaysia and other ASEAN nations as well as Pakistan and India.</p>	<p>A programme designed to educate underwriting and marketing professionals from insurance companies with at least two (2) years of experience. Participants are expected to conduct fire risk surveys and have a good grasp of the special / self-rating rules and computation.</p> <p>For the financial year under review, the annual FRA programmes for the industry were held on 27 February - 1 March 2023 and 20-22 March 2023 respectively with twenty (20) domestic participants for each of these sessions.</p>

**Other impactful Market Training Programmes conducted in FY2023**

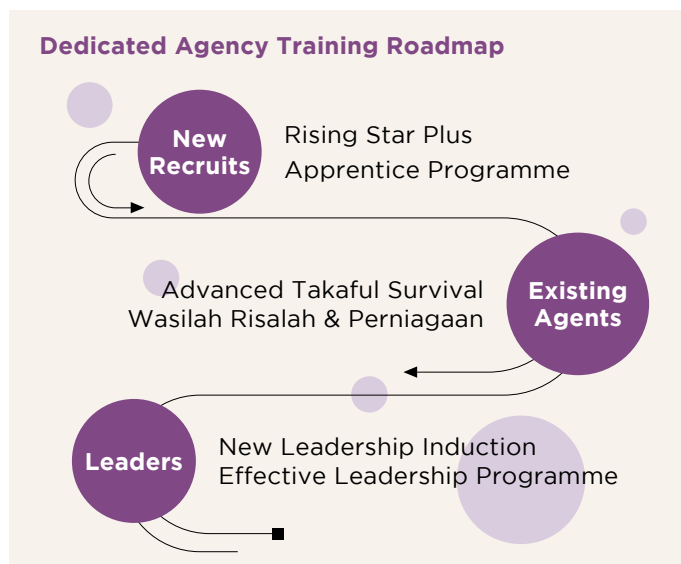
1.	Seminar on Reflect, Reimagine, Reset: The Insurance Innovation Imperative (Collaboration with Pacific Life Re)
2.	Great Malaysian Flood (“GMF”) Event: Lessening The Impact to the Insurance & Takaful Industry
3.	Malaysian Re’s Webinar - ‘Property Underwriting’
4.	SILSR Seminar - ‘Intricacies of Hull Underwriting and Market Perspectives’
5.	Global Training Initiatives - Webinar on Cardiac Arrhythmias (Collaboration with Pacific Life Re)
6.	Claims Rendezvous -‘Climate Change: A Game Changer in Claims Management?’
7.	MRDL Clients’ Workshop - ‘Reinsurance Simulation Programme’
8.	MRRD Webinar - ‘Empowering the Takaful Industry Through Shariah-Value Creation’

The webinars and training sessions were attended by both local and international participants. In FY2023, a total of 659 participants from the industry benefitted from these programmes.

**Intermediary Enrichment**

We continuously train our Takaful IKHLAS agents and other intermediaries in sales techniques and product knowledge. Our agents go through a variety of competency training sessions to improve their business strategy and management.

At Takaful IKHLAS Family, managing the training needs of agents is the responsibility of the in-house training division, IKHLAS Academy. The academy has developed a customised Agency Training Roadmap for our intermediaries.



The IKHLAS e-Academy continues to provide e-training and management to the Family Takaful agency force. The training management system was made available to enable agents to attend our online training, manage training schedules and prepare reports and analyses. We foresee that this will increase the percentage of our agents who have completed the Continuing Professional Development (“CPD”) hours and compulsory training, as required by the MTA.

Takaful IKHLAS provides our agents with knowledge of general advising principles, contract documentation, underwriting information disclosure and ethical market conduct. It also runs development programme such as ‘New Aspiring Leaders’, to build future Family Takaful business leaders.

In addition, we strive to ensure that our agents always adhere to the industry’s Agency Code of Ethics, Shariah principles, and regulators’ requirements. Among the regulatory trainings provided to Agents are as follows:

**Regulatory Training for Agents**

- Anti-Money Laundering and Anti-Terrorism Financing Act
- Personal Data Protection (“PDP”) and Management of Customer Information and Permitted Disclosure (“MCIPD”)
- Etika Perniagaan Yang Di Larang
- Group Anti-Bribery and Corruption Policy
- Shariah Requirements for Takaful
- MACC Section 17A
- Group Code of Ethics and Whistleblowing Policy

# SUSTAINABILITY STATEMENT

## Giving Back to Society

The MNRB Group aspires to create impactful initiatives benefitting society through sound governance and prudent fund management. We embrace the value of giving as a potent force for promoting positive values and nurturing a sense of connection and community among individuals and society.

By participating in our takaful funds, an individual is not only preparing to protect his financial standing in the event of unforeseen events, but also seizing an opportunity to give back to society by assisting those in need. Even if you do not require such protection, you could demonstrate altruism by contributing to the fund that pays out claims to those affected by adverse events. Even if you do not have much to give, your contribution enables you to fulfil your social responsibility and goes a long way in helping those in need.

## IKHLAS Barakah House

In relation to this, we have established the IKHLAS Barakah House or IBH, a Shariah-compliant platform for pooling funds from a variety of sources prior to their distribution in accordance with Shariah-compliant procedures. IBH programmes and projects are centred on the five (5) primary pillars of health, education, community enrichment, economic empowerment, and the environment.

The IBH was established in line with Value-Based Intermediation for Takaful or VBIT. The goal is to deliver positive and lasting impact through good governance and prudent fund management in support of socially beneficial projects. IBH distribution priority areas include:

- **Health:** Access to healthcare treatment and services
- **Education:** Access to a good education.
- **Community enrichment:** Access to a better quality of living.
- **Economic empowerment:** Access to economic empowerment training and growth.
- **Environment:** Access to preserved natural resources and energy from renewable sources.

IBH funds are derived from a variety of sources, including:

- **Charity Fund:** Consists of surplus distribution funds, IKHLAS Rider contributions, and contributions from employees and the public for charitable purposes.
- **Zakat Wakalah:** The delegation of authority to zakat payers to distribute zakat money to qualified asnaf groups through refund of the zakat amount paid, based on specified conditions. It comprises of the Zakat Wakalah amounts payable by the TIFB, TIGB, and MNRB.
- **IWE Handover:** Takaful IKHLAS offers a further advantage to individual participants of a general takaful plan called IKHLAS Waqf & Endowment ("IWE"). The IWE distribution will go to beneficiaries or initiatives with Waqaf or endowment purposes.

### IBH Distribution in FY2023





#### Education

- BUDI-IKHLAS MARA for fifty (50) MRSM pupils chosen from B40 families.
- Sponsorship Programme for APIUM student.
- Financial Assistance for school upgrading at SK Danau Kota 2 and SMKA Kuala Selangor.
- Financial Assistance to SK Saujana Utama for the Marquee Tent.
- UM Research Grant on Takaful's Potential for Halal Food and Beverage Industry Sustainability.
- Financial Assistance for Surau and Library upgrading for SK Chuah.



#### Community Enrichment

- Financial Assistance for redevelopment of Surau Hj Ambia Kg Selemak, Bongek.

IBH Distribution in FY2023	
 <p><b>Economic empowerment</b></p> <ul style="list-style-type: none"> <li>• UniSZA Research Grant for Crowdfunding-Waqaf Takaful Micro Crop Development.</li> <li>• Protégé - To support the government’s mission of developing the potential of youth.</li> </ul>	 <p><b>Environment</b></p> <ul style="list-style-type: none"> <li>• UKM Geophysics Exploration and Implementation of Tube Well and Water Treatment System.</li> </ul>

**IKHLAS Waqf & Endowment**

The IWE programme offers complimentary Waqf and endowment benefits to all individual participants of our general takaful plans. Upon the participant’s accidental demise, the IWE benefits in the participant’s name, will be distributed to the relevant Waqf or endowment recipients.

Since its inception in April 2019, the IWE programme has donated RM24,000 to three (3) Waqf and endowment organisations on behalf of twenty (20) of our participants.

Year	No. of Eligible Certificates	No. of Beneficiaries (IWE Distribution)	Amount of IWE Benefit
FY2020	699,621	3	RM3,000
FY2021	1,535,411	6	RM8,000
FY2022	2,430,172	11	RM13,000
FY2023	3,683,164	25	RM25,000
<b>Total</b>	<b>8,348,368</b>	<b>45</b>	<b>RM49,000</b>

Initiatives
A total of RM3,000 was paid to UM AWQAF in December 2019 for three (3) participants.
Another RM8,000 was distributed to Hospital Canselor Tuanku Muhriz UKM in December 2020 for six (6) participants (two of them had two certificates each).
On 20 September 2021, some RM13,000 was distributed to Hospital Ampang Kuala Lumpur as part of donations of health equipment/ necessities for COVID-19 treatment purposes. This distribution involved thirteen (13) certificates with eleven (11) participants.

**IKHLAS Waqf Facility**

The Takaful IKHLAS Waqf facility was established to facilitate the settlement of Family Takaful death benefits designated for Waqf. For the settlements, we currently have agreements with Waqf institutions such as Perbadanan Wakaf Selangor, Yayasan Wakaf Malaysia, and JCorp Waqaf Annur. Over FY2023, several new collaborations were made with Majlis Agama Islam Negeri Sembilan, Majlis Agama Islam Perak and Majlis Agama Islam Negeri Pulau Pinang.

**Corporate Responsibility Programmes**

The MNRB Group continues to prioritise education in its corporate responsibility initiatives. We believe that education has the transformative potential to sustainably strengthen communities and build their resilience. Our corporate responsibility initiatives aim to improve the quality of life for unserved and underserved communities while promoting the social inclusion of all communities.

In FY2023, the MNRB Group contributed RM2.3 million towards its CSR programmes.

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### MNRB Scholarship Fund

The MNRB Scholarship Fund seeks to contribute to the growth of the Malaysian insurance and takaful industries by providing promising students with access to quality education, thereby fostering the development of insurance and takaful professionals of the highest calibre.

The identified areas of study include actuarial science, insurance and risk management, accounting/ACCA, Shariah, and information technology.

Since the MNRB Scholarship Fund's inception in 1998, a total of more than RM18.6 million has been invested in this initiative.

### Minggu Saham Amanah Malaysia

Minggu Saham Amanah Malaysia or MSAM is an annual investment education programme organised by PNB to raise Malaysians' awareness of the significance of investment and financial planning. Since the event's inception in 2000, the MNRB Group has been one of its partners and has supported its goals through financial literacy and corporate social responsibility initiatives.

Due to the COVID-19 pandemic in 2020 and 2021, MSAM was rebranded with a digital adaptation, Minggu Saham Digital ("MSD"). Through online engagement activities, the MNRB Group continued our participation in MSD and highlighted the significance of takaful protection.

As Malaysia entered the endemic phase in 2022, MSAM 2022 was held on-site under the theme 'Melestarikan Pelaburan Ke Arah Masa Hadapan Mampan' (Sustainable Investment towards a Net Zero Future).

As part of MNRB's endeavour to support MSAM's goal, the Group organised two (2) CSR programmes:

- 'MNRB Bijak Menabung': A part of MNRB's CSR efforts which aims to encourage primary school students to cultivate a culture of savings from a young age through fun and exciting games and activities.
- MNRB Ringgit Savvy: Aims to educate and inculcate interest in financial literacy among secondary school students. This programme provides early exposure to students on matters related to financial management, including investment, takaful protection, and other financial responsibilities.

Disbursement of Business Zakat	
Zakat Majlis Agama Islam Negeri Sembilan ("MAINS") 26 November 2022	Takaful IKHLAS Family, on 26 November 2022, presented business zakat amounting <b>RM92,575.60</b> , at a handover ceremony held during the MSAM2022 in Port Dickson, Negeri Sembilan.
PPZ-MAIWP 22 December 2022	Takaful IKHLAS General and Takaful IKHLAS Family, on 22 December 2022, presented business zakat amounting to RM185,556.60 and <b>RM261,278.40</b> , respectively, at a handover ceremony held in Kuala Lumpur.
Majlis Agama Islam dan Adat Melayu Terengganu ("MAIDAM") 28 December 2022	Takaful IKHLAS General, on 28 December 2022, presented business zakat amounting to <b>RM174,185.60</b> to MAIDAM at a handover ceremony held in Kuala Terengganu.
Zakat Melaka 3 February 2023	Takaful IKHLAS Family, on 3 February 2023, presented business zakat to Zakat Melaka in a ceremony held at Zakat Melaka's headquarters amounting to <b>RM123,704.40</b> .
Ramadan Aid to Asnaf in Kelantan 27 March 2022	Takaful IKHLAS General, in collaboration with Majlis Orang-Orang Besar Diraja Kelantan, organised a Ramadan assistance programme for selected asnaf in the state of Kelantan.  Through this programme, Takaful IKHLAS General contributed <b>RM40,000</b> from its zakat wakalah to help 150 less fortunate families in ten (10) selected areas in Kelantan to prepare for their needs during the fasting month.

6 Responsible Products and Services



In keeping with our vision of ‘**We Protect Everyone**’, MNRB Group continues to provide takaful, reinsurance and retakaful solutions that protect our customers against emerging economic, environmental, and social risks.

From a sustainability standpoint, we emphasise financial protection of all our customers including the underserved and unserved groups. We identify responsible products and services as takaful, reinsurance, and retakaful solutions that effectively address our stakeholders’ economic, environmental, and social challenges.

**Responsible Products**

Our Underwriting Guidelines and Product Management Framework serve as standards for the design and development of our products and services, including those that address the economic and environmental impact on various stakeholders, including the underserved and unserved segments of the population.

While our Product Pricing Policy provides a comprehensive guideline to ensure that the pricing of our products is fair to our participants, it also considers any changes in actual exposure and experience.

We monitor the actual experience of the takaful funds by assessing its Tabarru’ Utilisation Ratio (“TUR”), which reflects the utilisation of the funds towards the settlement of claims and benefits. The TUR indicates that the pricing of products commensurate to the risks borne by the pool of participants in the takaful funds, while ensuring the solvency and sustainability of funds to continuously serve participants in times of need.

Takaful IKHLAS provides a wide variety of family and general takaful products through a network of highly informed and well-trained agents, brokers, financial institutions, franchise holders, and cooperatives. Our representatives uphold high moral and ethical standards. This encourages honesty and accountability as reflected in the manner in which our people keep their promises and remain committed to fulfilling their responsibilities.

Our FY2023 efforts to provide responsible products included RM1.84 million in takaful contributions towards IKHLAS Perlindungan Tenang Takaful products designed for underserved communities.

Affordable Takaful Products	
<i>Agro Madani</i>	Affordable Group Term Takaful (“GTT”) and Group Personal Accident (“GPA”), specifically for Agrobank customers.
<i>Takaful Prihatin</i>	Affordable GTT for business owners.
<i>Takaful Amani Plus</i>	Affordable GTT and GPA, specifically for Bank Rakyat customers.
<i>IKHLAS Basic Term Takaful</i>	Affordable Term Takaful.
<i>IKHLAS Value Term Takaful</i>	Affordable Term Takaful.
<i>IKHLAS Basic Critical Illness Takaful</i>	Basic critical illness coverage.
<i>IKHLAS Basic Hospital Income Benefit Takaful</i>	Basic hospital income benefit.

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<b>Affordable Takaful Products</b>	
<b><i>IKHLAS Motor Comprehensive Plus Takaful</i></b>	An affordable and comprehensive motor takaful plan.
<b><i>IKHLAS Home Protect Takaful</i></b>	Affordable and comprehensive coverage designed for homeowners.
<b><i>IKHLAS Ilhamku</i></b>	Provides protection in the event of death to the person covered before the certificate matures.
<b><i>M-Kasih Keyman</i></b>	Provides a protection plan introduced exclusively for customers of Bank Muamalat.

<b>Products for Specialised Communities</b>	
<b><i>Agro Mabur-i</i></b>	A GTT product that provides coverage for the underserved segment qualified under Perlindungan Tenang.
<b><i>IKHLAS Bus Safe Ride</i></b>	Provides travel protection for bus passengers during their journey.
<b><i>Agro Nurani</i></b>	GTT and GPA products that provide coverage for disabled individuals registered with the Social Welfare Department.
<b><i>IKHLAS PTP Plus Takaful</i></b>	Private car comprehensive coverage specially designed for Perodua vehicles.
<b><i>IKHLAS Wanita Elegance Takaful</i></b>	A protection and financial assistance plan designed specifically for female illnesses and cancers, including childbearing risks.
<b><i>Long-Term Houseowner Plan for Government Employees</i></b>	A plan that protects government employees' residential properties during periods of financing.
<b><i>Long-Term Fire Plan for Government Employees</i></b>	A plan exclusively designed for civil servants in the public sector.
<b><i>Takaful Kasih Plus</i></b>	Affordable Personal Accident coverage designed for Agrobank customers.
<b><i>IKHLAS E-Hailing Takaful</i></b>	Provides motor vehicle coverage for e-hailing drivers.
<b><i>IKHLAS Bersama</i></b>	Provides a comprehensive protection plan.
<b><i>IKHLAS Dariku</i></b>	Provides a comprehensive hibah plan.
<b><i>IKHLAS Masjid Protect Takaful</i></b>	Provides protection to mosques and suraus.
<b><i>IKHLAS SME Protect</i></b>	Provides crucial protection for small and medium enterprises. Not only does it help protect business assets, but it also provides a financial safety net.
<b><i>Halal Care</i></b>	Provides protection for halal products.



Products for Underserved Communities	
<b><i>IKHLAS Perlindungan Tenang Takaful</i></b>	A GTT product that provides coverage for the underserved segment qualified under Perlindungan Tenang.
Products to Address Climate-Related Risks	
<b><i>Property &amp; Engineering Reinsurance (Treaty &amp; Facultative)</i></b>	Reinsurance that protects property against natural disaster risks.

**Responsible Services**

Takaful IKHLAS continues to offer our value-based IKHLAS Waqf & Endowment or IWE initiative for the community. The IWE provides complimentary Waqf and endowment benefits to individuals who participate in any of our general takaful plans. The IWE allocates RM1,000 for each general takaful certificate for subsequent donation to Waqf and endowment, under the participant’s name, upon their accidental demise.

The IWE significantly benefits the community and reflects good deeds of the named participants. It is a component of Takaful IKHLAS’ Shariah-compliant fundraising platform, IKHLAS Barakah House or IBH, which seeks to contribute to a positive and sustainable community through five main pillars - education, healthcare, economic empowerment, community enrichment and the environment.

All individual participants of our general takaful plans will receive a complementary Waqf and endowment benefit. As of March 2023, a total of 3,683,164 individual certificates were eligible for IWE benefits.

Takaful IKHLAS also continues to offer a 2.5% Green Energy Incentive on eligible general takaful risks in accordance with the Underwriting Guidelines, in an effort to support initiatives aimed at tackling the issue of climate-related risks and their impact on environmental sustainability. From an underwriting standpoint, we anticipate that this move will contribute to mitigating the effects of climate change.

Malaysian Re, our reinsurance and retakaful arm, is expanding its support (capacity) for green initiatives, such as the ASEAN Green Pool initiative. The initiative,

led by Malaysian Re, will provide insurance and takaful capacity and support for renewable energy products in ASEAN, with an emphasis on solar and wind energy.

Malaysian Re has also integrated its licenced AIR Catastrophe Modelling Tool into its underwriting, risk management, and claims estimation processes to support our corporate clients in assessing the likelihood of natural catastrophe events.

The MNRB Group aims to meet the demand for responsible products and services from our stakeholders, as this is essential to our long-term viability, competitive market position, and financial security. Overall, our business sustainability requires meaningful convergence between our long-term business interests and sustainability considerations.

Our reputation is founded on the trust that our stakeholders have in us. This depends heavily on the quality and credibility of our products and services, the advice and recommendations we provide to our customers, and the personal conduct and competence of our intermediaries. We continuously ensure that our products and services are promoted responsibly and that our customers are given the right advice and information regarding the coverage that best suits their needs.

**Customer Experience**

Providing exceptional customer experiences are key to our business growth and long-term sustainability. We spend much effort to remain responsible and responsive in providing servicing platforms that serve as customer touchpoints. These aim to meet the specific needs of our customers, including increasing the value

## SUSTAINABILITY STATEMENT

of the products and services that we offer. Continuous improvements will be undertaken to ensure that all consumers receive an exceptional customer experience.

Providing an exceptional customer experience is critical to the long-term development of the Group and our sustainable growth. We make a significant effort to remain responsive and accountable in providing efficient servicing platforms that serve as effective customer touchpoints to meet our customers' specific needs. We are deeply committed to making continuous improvements - including increasing the value of the products and services that we offer - to ensure that all our customers have delightful and memorable experiences when dealing with us.

### Customer Touchpoints

Our Customer Experience Management ("CXM") Department at Takaful IKHLAS and Customer Relationship Department at Malaysian Re are exuberant in providing excellent customer experiences, which we deem a crucial business factor.

Since its implementation a few years ago, the Customer Relationship Management ("CRM") system at Malaysian Re has enabled the company to centralise its management of customer information and monitor customer relationship interactions. It fosters strong relationships with customers and a greater understanding of their requirements.

Takaful IKHLAS is prepared to offer its consumers an exceptional experience, which will be managed by a CRM Suite as an omni-channel platform for customer engagement at key touchpoints. Continuous engagement with consumers and stakeholders, will allow us to better understand their expectations and improve the customer experience.

We strive to perform beyond our Customer Service Charter, which serves as a key guide for fostering lifelong relationships with consumers through positive customer experiences. As part of our diligent observance of the Fair Treatment of Finance Consumers, we make every effort to provide the necessary updates in response to inquiries and to resolve complaints within our target turnaround time.

We have continued to incorporate our customers' feedback relating to the enhancement of our offerings to provide solutions that satisfy their requirements based on the Customer Experience Framework. We believe that providing a seamless customer experience will be the primary impetus to drive customer loyalty.

### Customer Experience Measure

A key performance indicator based on the Net Promoter Score ("NPS") has been incorporated to measure our customer experience and loyalty at specific touchpoints, based on our customers' propensity to recommend Takaful IKHLAS to others. As of March 2022, the NPS was being measured quarterly at our critical customer touchpoints namely, branches and claims. Subsequently, the NPS has been expanded to additional touchpoints to increase the number of respondents and improve the credibility of the results.

For FY2023, the NPS has been deployed at the following customer touchpoints:

	Touchpoint	Deployment
1.	Branches	March 2022
2.	Claims	March 2022
3.	Salam IKHLAS - Direct business acquisition via e-mail	September 2022
4.	Go Direct - Direct online transactional portal	October 2022
5.	IKHLASCare - Contact Centre email channel	November 2022

The FY2023 NPS KPI target and results are as follows:

Company	KPI	Target FY2023	Actual FY2023
TIFB	Net Promoter Score (NPS)	40	63
TIGB	Net Promoter Score (NPS)	40	61

**Customer Fulfilment**

The following table summarises Takaful IKHLAS’s performance outcomes pertaining to the quality of our customer service over the three-year financial period from FY2021 to FY2023.

Company	Actual Turnaround Time (“TAT”)			Corrective Measures Taken			Remarks
	FY2021	FY2022	FY2023	FY2021	FY2022	FY2023	
TIFB	14 Days	14 Days	14 Days	14 Days	13 Days	12 Days	Consistent monitoring and follow-up with complaint handlers contributed towards shorter resolution time.
TIGB	14 Days	14 Days	2 Days	4 Days	4 Days	2 Days	

The following table summarises the number of customer complaints received and resolved by Takaful IKHLAS during the three-year financial period from FY2021 to FY2023.

Company	Number of Complaints Received			Number of Complaints Resolved			Remarks
	FY2021	FY2022	FY2023	FY2021	FY2022	FY2023	
TIFB	143	62	34	100% resolved	100% resolved	100% resolved	There was a significant reduction in the number of complaints cases in FY2022 as the result of an improved complaints handling process and close monitoring by the oversight team and Senior Management.
TIGB	61	29	51	100% resolved	100% resolved	100% resolved	There was a significant increase in the number of complaints cases relating to motor claims in FY2023. These included delays in processing claims, delays in payment, lack of updates and feedback to customers. Complaints cases were resolved continuously under consistent monitoring by the oversight team and Senior Management.

*Note: Customer complaints were recorded during the reporting period and resolved within the TAT.*

## SUSTAINABILITY STATEMENT

As part of our commitment to providing reliable and accessible products and services, we place a strong emphasis on customer-centricity. MNRB has formalised a CXM department to serve both Takaful IKHLAS Family and General consumers, under the Takaful IKHLAS brand. This is further evidenced by the implementation of key NPS touchpoints, such as branches.

The Group's management is strongly committed to ensuring the availability of the appropriate platforms and tools to better serve customers and the implementation of CRM Suite is rolled out by July 2023. Another initiative on the omni self-service customer portal will soon enable consumers to self-serve on products and services. The portal to serve all Takaful IKHLAS' customers is anticipated to go live by the end of FY2024.

### Customer Platforms

Takaful IKHLAS continues to engage with customers and the general public, primarily through frequent updates on our enhanced website and social media platforms. These platforms also provide public announcements on safety, health, and well-being promotions, as well as customer touchpoints and support, to motivate customers to conduct online transactions.

Takaful IKHLAS Family continues to offer its participants Online Customer Account ("OCA") services, allowing them to view their certificate information at their convenience. The OCA includes Investment-Linked Takaful Statements that are available online, for reference or inquiry.

As we improve our web functionality, we are expanding our customer reach and enabling a more seamless and efficient customer journey. These are part of our efforts to provide improved customer experiences. It is evidenced by the launch of our I.V.A. Chatbot and the implementation of the GO Serve self-service claims portal. CXM will continue to interact with all stakeholders to ensure that customer expectations on self-service platforms are met, through the customer journey mapping process.

Throughout FY2023, Takaful IKHLAS customers continued to have their flood claims paid within three (3) days by the appointed claim adjusters through the Virtual Interactive Process ("VIP"). The VIP enables virtual assessment of claims for House Owners/Householders and Home Protect Takaful certificates.

Within 24 hours of a notification, an adjuster is assigned and a claim assessment is made. Immediate approval is granted for claims up to RM10,000 in that time.

We further extended our assistance to customers devastated by the flood through the Bantuan IKHLAS Supreme ("BIS") programme. Customers who have subscribed to the BIS programme are eligible to receive an RM500 Inconvenience Allowance for flood-related vehicle damage.

In the midst of the adversity and distress following natural disasters, our fast and fair claims services are able to accord our customers much welcome financial relief.

### Value-Based Collaboration

As we harness new technologies, the Group acknowledges value-based collaboration through strategic partnerships with our brokers, cedants, intermediaries, and service providers, including insurtech partners. We leverage our relationships with industry players by actively participating in focus group discussions and activities organised by trade associations such as Persatuan Insurans Am Malaysia ("PIAM"), the Life Insurance Association of Malaysia ("LIAM"), and the Malaysian Takaful Association ("MTA").

The need for new ideas, skills, and opportunities has become more evident in light of the quickly evolving and competitive environment. We believe that consistent and effective communication and collaboration with our stakeholders will continue to be critical for the purposes of value creation and innovation.

Further collaboration with other strategic partners may be undertaken to expand our contribution as a value-driven solution provider to our stakeholders, especially in promoting our sustainability value perspective. We are still optimistic about improving our products and services, while looking forward to the return of a more stable market environment.

We will continue to educate the public on the significance of takaful and reach out to a broader segment of the population through constant engagements on digital and technological platforms. In addition to bridging the divide between the Group and the general public, digitalisation will reduce our carbon footprint and promote environmental sustainability while we continue to operate our business.

## ADVANCING A GOOD GOVERNANCE CULTURE

### 7 Sustainability Governance



#### Effective Sustainability Governance

The MNRB Group aims to strengthen effective ESG governance in light of the growing concern for sustainability, particularly climate-related risks, in the industry. The Group has recently enhanced the Terms of Reference (“TOR”) of the RMCB and GMRC to be consistent with our sustainability strategies.

We are committed to integrating sustainability practices into our business decision-making and strategy planning. As part of our commitment to effective sustainability management, the Group Risk Management function has incorporated ESG Risks into the Group Risk Landscape of Group Risk Management Framework and Policy to accommodate the dynamic nature of ESG-related matters.

#### TCFD-aligned Disclosure

The MNRB Group endeavours to provide transparent regulatory and market-aligned disclosures. During FY2023, the Group engaged an external consultant to conduct an independent review of our sustainability management and identify gaps in our Sustainability Roadmap based on regulatory guidelines and requirements. We will continue to enhance and strengthen our sustainability efforts, governance and disclosure following the identification of key improvement areas.

As part of improvement efforts, the Group Risk Management function plans to integrate principles and guideline of climate-related risk management into the risk framework and related policies, based on regulatory and industry guidelines and requirements such as the TCFD Application Guide and Policy Document on Climate Risk Management and Scenario Analysis.

This seeks to implement a robust risk management framework within the Group to address the growing threat of climate risks and provide a TCFD-aligned disclosure.

#### Awareness and Advocacy

The MNRB Group provides regular training to all staff throughout the organisation up to the Board level. One of the ESG Implementation Teams is in charge of advancing sustainability awareness and communication for the MNRB Group. The team’s objective is to establish and implement awareness and capacity-building programmes for the Board, management, and staff across the Group. During FY2023, Board members participated in training on sustainability-related topics to enhance their knowledge and awareness of sustainability management. In addition, the Group has engaged an external expert to train and educate all staff on sustainability.

Moving forward, the ESG Implementation Team will collaborate with the Group Human Capital Management Department to plan activities and training focusing on sustainability and climate related matters to increase our employees and the Board’s awareness and knowledge. As part of our efforts to build capability and reach our sustainability objectives, we continue to send representatives to various training, forums and courses.

For the other stakeholders, such as the Group’s suppliers and vendors, we intend to integrate sustainability-related criteria in the supplier selection and assessment process. This will be accomplished by enhancing our Group Procurement Policy. This will allow us to better manage potential sustainability risks while simultaneously advocating sustainability practices across our supply chain.

## 8 Ethical Business Practices



The MNRB Group follows stringent rules for conducting business in accordance with ethical standards and relevant regulatory requirements. In all our dealings, MNRB upholds the values of integrity, collaboration, and expertise, thereby protecting the interests of our stakeholders. Internal policies and procedures addressing bribery, corruption, and money laundering are conveyed to all employees on a regular basis. By adopting these policies and procedures, we strive to ensure that the Group and our employees continually conduct business in an ethical and faithful manner.

According to Section 17A of the Malaysian Anti-Corruption Commission (“MACC”) (Amendment) Act 2018, as well as the Companies Act 2016 and the Malaysian Code on Corporate Governance (“MCCG”) 2021, there is a growing demand for strengthened board oversight and the integration of sustainability considerations into company strategy and operations. To safeguard our businesses and ensure all commercial activities are carried out in an environment that is free of infringement, the Group continues to serve the best interests of our stakeholders through good governance and anti-bribery and corruption conduct.

### MNRB Group Code of Ethics

The Group Code of Ethics (“the Code”) is essential for preserving and enhancing confidence in MNRB. The Code provides general guidance on the Group’s underlying policies and procedures as well as specific ethical and legal guidance to assist the Group in making business decisions in a professional, prudent, and lawful manner. The Code is based on the Group’s guiding principles, which include the foundations of how we do business as a Group, the Group’s stance against corruption, dealings with stakeholders, as well as personal responsibility and guidance. This Code applies to all MNRB Group employees.

### MNRB Group Whistleblowing Policy

The Group is dedicated to conducting its business with the highest standards of professionalism, honesty, integrity, and ethics. Accordingly, the Group has established a Whistleblowing Policy to provide a secure and confidential avenue for directors, employees, and other parties to raise concerns about any unacceptable practice or improper conduct without fear of adverse action or unfair treatment.

Disclosure of improper conduct must be made in writing via email or letter to the following persons, as listed below:

Disclosure Matrix for Whistleblowing		
Person Being Reported	Person to whom the report is directed to	
	via Email	Via Alternative Channels
<p><b>Category 1:</b></p> <p><b>Any member of the Board of Directors including the Chairman of the Board or any Shariah Committee Members</b></p>	<p>Chairman of the Audit Committee: <a href="mailto:disclosure1@mnrn.com.my">disclosure1@mnrn.com.my</a></p>	<p>Telephone Call: Integrity Unit +603-2096 8174</p> <p>In Person: A person who wishes to whistle blow may come in person to meet the Whistleblowing Secretariat, MNRB Management team, or MNRB Group Management team, or any Board of Directors.</p>
<p><b>Category 2:</b></p> <p><b>Chairman of the Audit Committee or President &amp; Group CEO</b></p>	<p>Chairman of the Board: <a href="mailto:disclosure2@mnrn.com.my">disclosure2@mnrn.com.my</a></p>	
<p><b>Category 3:</b></p> <p><b>President and CEOs, Senior Management, Employees or Other Parties</b></p>	<p>Chairman of the Board, Chairman of the Audit Committee and President &amp; Group CEO: <a href="mailto:disclosure3@mnrn.com.my">disclosure3@mnrn.com.my</a></p>	

**Group Anti-Bribery and Corruption Policy**

In promoting ethical business practices, the MNRB Group is committed to establishing and implementing policies and procedures that will support its business operations and assist associated persons to understand their responsibilities in upholding the Group’s corporate integrity and reputation. The Group has a zero-tolerance policy toward all kinds of bribery and corruption.

Employees and members of the Board, including Shariah Committee members, are expected to follow all local anti-bribery and anti-corruption legislations as well as to remain vigilant against any wrongdoing, malpractice, or irregularities in the workplace. Every employee and director must annually declare his or her commitment to fighting bribery and corruption.

The Group’s bribery prevention and mitigation is managed by the Group Integrity and Governance Unit (“GIGU”), which fosters and upholds the principles and culture of anti-corruption, misuse of power, and malpractice.

GIGU is assigned the duties and authority to oversee the Group Integrity Programme’s implementation, with direct access to the Board and management for bribery and corruption issues.

**Anti-Money Laundering/Counter Financing of Terrorism**

The MNRB Group is committed to the highest standards of compliance with Anti-Money Laundering and Counter Financing of Terrorism (“AMLCFT”) regulations. Our AMLCFT Policy prohibits and actively prevents any activities that facilitate money laundering or the financing of terrorism (“ML/FT”). The Group continues to adopt and implement a continuous risk-based approach to identify, assess, and address its ML/FT risks.

The Group is fully committed to and strongly supports regulators’ efforts in combating ML/FT. It is everyone’s responsibility to report or be on alert for any sign of unusual transaction or behaviour involving ML/FT.

# SUSTAINABILITY STATEMENT

## Shariah Governance Policy

The MNRB Group has established a Shariah Governance Policy specifically for our takaful and retakaful businesses, with the primary objective of strengthening the effectiveness of Shariah governance arrangements that are well integrated within our business and risk strategies. The Policy outlines Shariah as the overarching principle that stipulates the oversight, accountability, and responsibility of the Board, the Group Shariah Committee, and the management in the implementation of Shariah governance.

The Policy emphasises the importance of implementing control mechanisms in all aspects of our takaful business operations to ensure that all our activities are Shariah-compliant. This is illustrated by the implementation of the following essential functions:

<p><b>Shariah Risk Management Function</b></p> <p>Identifies, measures, monitors, and reports Shariah non-compliance risks in the operations, business affairs, and activities of the entities.</p>	<p><b>Shariah and Business Advisory Department (“SBAD”)</b></p> <p>SBAD, as the Shariah subject matter expert, shall provide Shariah advisory services to the respective business owners as the first line of defence in ensuring Shariah-compliant products, processes, services, and others, as well as assist business units in establishing Shariah compliance controls.</p> <p>The SBAD is also in charge of Shariah training and awareness, as well as instilling and promoting Shariah-aligned behaviours in managing business, operations, affairs, and activities.</p>
<p><b>Shariah Audit Function</b></p> <p>Provides an independent assessment of the entity’s internal control and risk management systems and governance processes, as well as ensures overall Shariah compliance with regard to the entity’s operations, business, affairs, and activities.</p>	
<p><b>Shariah Review function</b></p> <p>Conducts regular assessments of the compliance of the entity’s operations, business, affairs, and activities in relation to Shariah requirements.</p>	



Key Initiatives to Preserve Ethical Business Practices and Compliance	
<b>MNRB Group Code of Ethics</b>	The Code of Ethics stipulates, among others, that all staff must conform to the regulatory rules and regulations as well as the underlying Group internal policies and procedures.
<b>Compliance Reporting Process</b>	All compliance matters, including non-compliance issues, are to be reported to the Group Management Risk & Compliance Committee and subsequently to the respective Audit Committees.
<b>Group Whistleblowing Policy</b>	The Group Whistleblowing Policy provides an avenue for employees and members of the public to report any improper conduct in accordance with the policy's procedures. It protects employees and members of the public so that they can disclose such allegations without fear of reprisal.
<b>Group Anti-Bribery and Corruption Policy</b>	The Group Anti-Bribery and Corruption Policy expresses our dedication to bribery and corruption prevention.
<b>Anti-Money Laundering/ Counter Financing of Terrorism and Targeted Financial Sanctions ("AML/CFTTFS")</b>	Regular AML/CFTTFS awareness and refresher sessions are conducted for all employees and agents. These are offered to all employees via e-Learning modules and as part of the induction programme for new hires.
<b>AML/CFTTFS Screening</b>	AML/CFTTFS screening and monitoring is undertaken to safeguard the Group from any illegal activities and illicit fund flows. This is in line with BNM's Policy Document on Anti-Money Laundering, Countering Financing of Terrorism and Targeted Financial Sanctions for Financial Institutions.
<b>Shariah Governance Policy</b>	This Policy ensures that the Group's operations and business activities adhere to Shariah principles, in accordance with the Shariah Governance Framework. The Policy specifies the oversight responsibilities of the Board, Group Shariah Committee, Management, and other functions responsible for Shariah governance.

The following were among the governance-related training and awareness programmes conducted in FY2023:

Month	Training/Awareness Activity
February 2022	Induction Training - AML, Personal/Customer Data Protection (PDP/MCIPD), Whistleblowing Policy, Code of Ethics, MACC Section 17A and Group Anti Bribery Policy ("ABC")
March 2022	TIGB Agents - AML, Personal/Customer Data Protection (PDP/MCIPD), Whistleblowing Policy, Code of Ethics, MACC Section 17A and Group ABC
	E-learning and Assessment PDP/MCIPD
June 2022	E-Learning and Assessment on Group Code of Ethics and Whistleblowing Policy
	Briefing on Anti-Bribery and Corruption Self-Attestation
	Uniform Staff Training - AML, Personal/Customer Data Protection (PDP/MCIPD), Whistleblowing Policy, Code of Ethics, MACC Section 17A and Group ABC

## SUSTAINABILITY STATEMENT

Month	Training/Awareness Activity
July 2022	Train the Trainer to TIGB Branch Managers - AML, Personal/Customer Data Protection (PDP/MCIPD), Whistleblowing Policy, Code of Ethics, MACC Section 17A and Group ABC
September 2022	Induction Training - AML and Personal Data Protection (“PDP”) and Management of Customer Information and Permitted Disclosure (“MCIPD”)
	Agents ABC, WB and Code of Ethics Training
October 2022	E-Learning and Assessment AML/CFTTFS
November 2022	Induction Training - Integrity
December 2022	ABC Awareness Workshop
February 2023	E-learning and Assessment PDP/MCIPD
March 2023	Induction Training - AML, Personal/Customer Data Protection (PDP/MCIPD), Whistleblowing Policy, Code of Ethics, MACC Section 17A and Group ABC

### Key Oversight Functions

In accordance with the Group Enterprise Risk Management and Compliance Management Frameworks, the Group Compliance Management Department (“GCMD”) and Group Management Risk & Compliance Committee or GMRCC, which serve as the MNRB Group’s oversight functions, are responsible for ensuring the mitigation of financial and reputational risks resulting from regulatory non-compliance. Back in 2020, a Group Integrity & Governance Unit or the GIGU was established to detect and validate corruption-related incidents in order to strengthen integrity and governance within the Group.

The Group’s adherence to Shariah principles is governed by the Shariah Governance Policy implemented by our Shariah and Business Advisory Department (“SBAD”) and supervised by the Group Shariah Committee. The Policy was established to ensure that our takaful and retakaful business operations, affairs, and activities comply with Shariah requirements. The Shariah compliance and risk reviews are performed

by the oversight functions, i.e., the Compliance Management and Risk Management departments, respectively, on top of the independent Shariah audit function.

The Group has implemented several additional mechanisms to ensure our operations are transparent and compliant. These include the dissemination of applicable regulatory guidelines to all management-level staff, awareness briefings on the latest regulatory developments, and attestation by the Heads of Departments via a compliance checklist for departmental self-assessment on processes and compliance monitoring mechanisms.

The Group remains committed to establishing trust and confidence and enabling shareholders to make informed investment decisions. On the MNRB Group Corporate website, we disclose relevant, impartial information, including the MNRB Group Corporate Governance Report. ([www.mnrb.com.my](http://www.mnrb.com.my)).

9 Cybersecurity & Data Privacy



Cybersecurity and data privacy are fundamental to the MNRB Group’s nature of business. In addressing the impact of cybersecurity and data privacy, we have benefited from a multifaceted approach and our ability to maintain, build, and deliver intended business outcomes in a sustainable manner. A properly sourced information security programme and governance that is integrated with the Group’s risk effort, business continuity, and education programmes have proven beneficial.

An integrated effort is achieved by the implementation of these processes:



**Cybersecurity**

The sustainability of our business depends on the confidence of our stakeholders and our ability to maintain a secure and confidential environment. Through deliberate investments in IT infrastructure and employee awareness programmes, we are working diligently to improve our cybersecurity control measures.

Our employees receive ongoing cybersecurity training and awareness programmes that cover a wide variety of security topics, ranging from password protection, social engineering, privacy, and compliance. Our Weekly ICT Security Advisory programmes, for instance, provide all our employees with helpful IT and Cybersecurity advice.

## SUSTAINABILITY STATEMENT

The Group has implemented an Annual Cyber Drill Exercise to test the effectiveness of the Group's Cyber Incident Response Plan ("CIRP"), based on various current and emerging threat scenarios, such as phishing, ransomware, and social engineering, with the participation of key stakeholders and the CERT team.

### Data Privacy

As personal data is of utmost importance to MNRB Group, we are committed to protecting the personal information of, among others, our customers, employees, candidates, corporate clients, and suppliers. To this end, we have established a Group Personal Data Protection Policy.

The Group respects everyone's rights and interests, and we will handle all personal data in an appropriate and lawful manner. Privacy Notices establishes the minimum compliance standards for collecting and processing personal data and provide consistent safeguards for the collection and use of personal data by the Group. Our Privacy Notices can be found on the websites of the respective operating entities.

We ensure that all personal data that we handle is collected, processed, and utilised in accordance with applicable laws and for the intended purpose. We take every necessary measure to ensure the accuracy, security, and confidentiality of stored personal data, and we retain it only for as long as is necessary to fulfil its business purpose. When transferring personal data to third parties, special care is taken to ensure an adequate level of protection.

The following are the Security Tools deployed to ensure Data Protection and Privacy:

- Hybrid Security Operations Centre ("SOC")
- Web Application Firewall ("WAF") and Load Balancer
- Multi-factor Authentication ("MFA")
- Distributed Denial of Services ("DDoS") Services
- Privileged Access Management
- Data Loss Prevention ("DLP") Solution
- Advanced Persistent Threat Solution
- Web Gateway
- Endpoint Protection Security Software Suite

### Looking Ahead

The MNRB Group had established a Group Sustainability Commitment with the objective of becoming a Net Zero Carbon Organisation by 2050. With this declaration, we will advance more rapidly on our journey towards sustainability and the management of associated risks and opportunities. In the near future, we will concentrate on implementing specific action plans to accomplish the Group's Sustainability Commitments for each Environment, Social, and Governance pillar.

### Environment: Transitioning to Green Economy

As we affirm our commitment to becoming a Net Zero Carbon organisation by 2050, we acknowledge that the issue of Climate Risk and Emissions Management ranks highest on our list of sustainability priorities. With this in mind, we intend to increase our efforts to reduce the carbon footprint of our business and operations.

Moving forward, we will operationalise our ESG Implementation plans and establish short, medium, and long-term goals with the appropriate metrics. These will include assessing, inventorying, and calculating our carbon footprint.

At the same time, we will strengthen our investment and business commitment to addressing environmental issues by promoting carbon-neutral and renewable energy developments. This will be done by increasing our capacity and product offerings to support the development of renewable energy (particularly wind, hydro, and solar energy), continuing our participation in the ASEAN Green Energy Pool, and expanding coverage of solar panels and electric vehicles.

**Social: Empowering Our People and Society**

We endeavour to accelerate our employees' professional development and advancement by providing a positive work environment, competitive benefits, training and development programmes, as well as opportunities for career growth. Simultaneously, we will continue to invest in our employees' physical, emotional, and spiritual well-being through more engagement, awareness programmes, and interactive activities.

We also aspire to increase our social influence through initiatives that address the financial resiliency and long-term stability needs of communities. We intend to encourage employee volunteerism and participation in community activities in order to make a meaningful and positive impact on communities.

**Governance: Advancing a Good Governance Culture**

We aim to continue advancing our governance culture to promote greater transparency, accountability, and ethical conduct, which in turn support our strategic goals and ensure that we continue to operate in an effective, efficient, and accountable manner.

Our efforts in the coming year will be focused on sustainability governance and the execution of our Sustainability Framework to ensure that our business and operations are carried out in a socially, economically, and environmentally responsible manner. This involves improving our disclosures

and transparency, increasing our knowledge and advocacy efforts, as well as more effectively managing our supply chain.

Overall, we anticipate contributing to the Net Zero Carbon Organisation objective and fulfilling Maqasid Shariah in our efforts to protect the well-being of our people and our planet. We are confident that our rollout of sustainable practises will not only serve to protect the environment, but will also have a positive effect on the economy and society.