

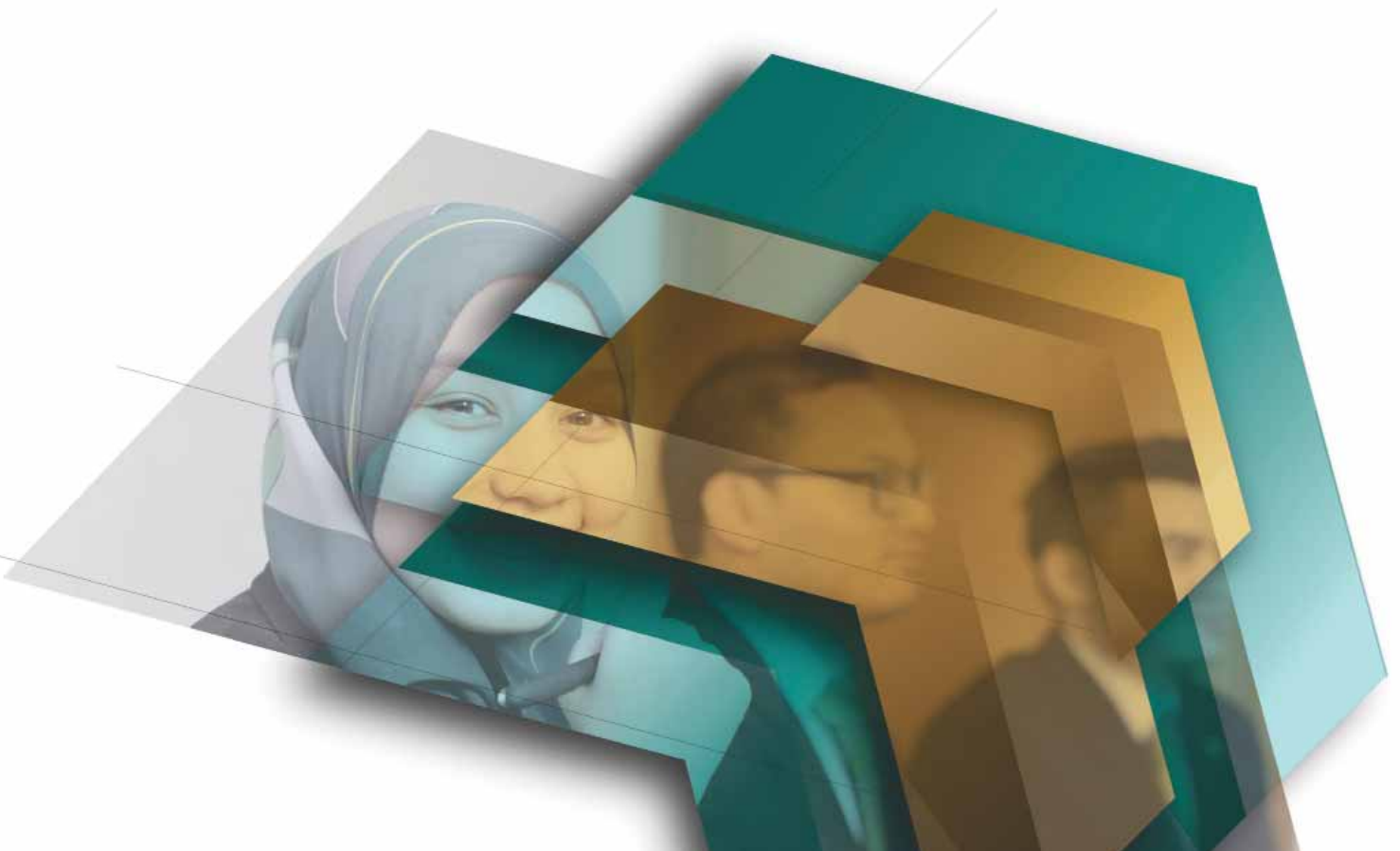
## SUSTAINABILITY STATEMENT

### ABOUT THIS STATEMENT

This inaugural Sustainability Statement (the Statement) serves as a channel for MNRB Holdings Berhad (MNRB) to communicate our sustainability initiatives, performance and achievements for the financial year ended 31 March 2018 (FY2018), unless otherwise stated. The Statement covers MNRB and the following three wholly-owned subsidiaries, located in Malaysia and Dubai (collectively referred to as the “MNRB Group” or “we” or “our”):

- Malaysian Reinsurance Berhad (Malaysian Re);
- Takaful Ikhlas Berhad (Takaful IKHLAS); and
- Malaysian Re (Dubai) Ltd (MRDL).

This Statement has been prepared in accordance with the Main Market Listing Requirements on Sustainability Reporting by Bursa Malaysia Securities Berhad (Bursa Malaysia). As this is our first step toward establishing a structured sustainability framework, our primary focus is to enhance the existing processes for sustainability management and reporting. These include ways to identify, assess, monitor and report on MNRB Group’s sustainability performance.



## OUR SUSTAINABILITY JOURNEY AND HOW WE CREATE VALUE

We play a major role as the national reinsurer and leading takaful operator in contributing towards economic stability in markets we operate in. We do this by providing financial relief in the event of the happening of unfortunate fortuitous events. In addition to providing financial relief, the MNRB Group has, over the years, undertaken many initiatives to continuously contribute towards the development of the industry and the community as part of our economic, environmental and social (EES) contribution.

Diagram 1 below illustrates MNRB Group's sustainability journey and our contribution to the growth of the industry.

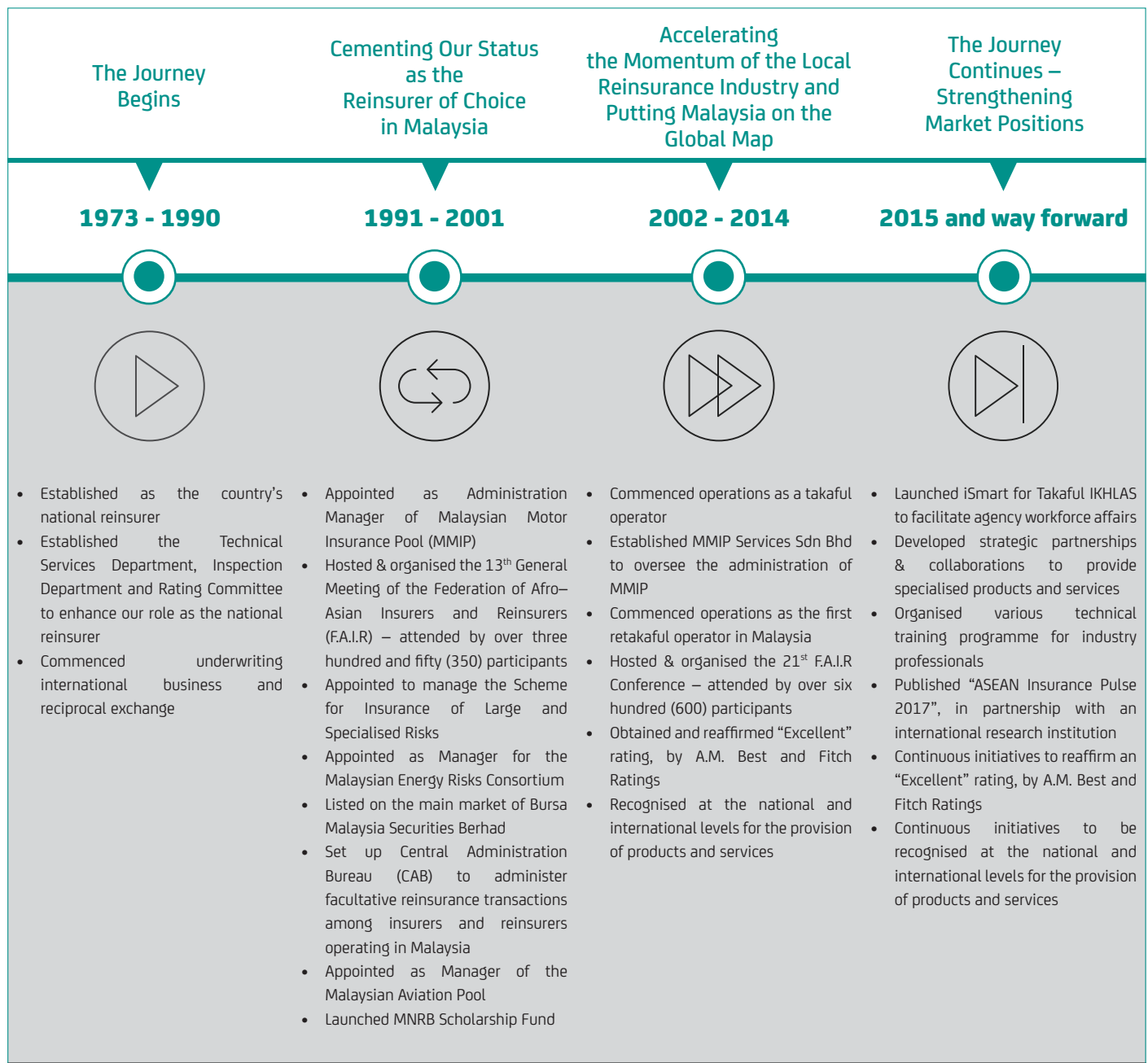
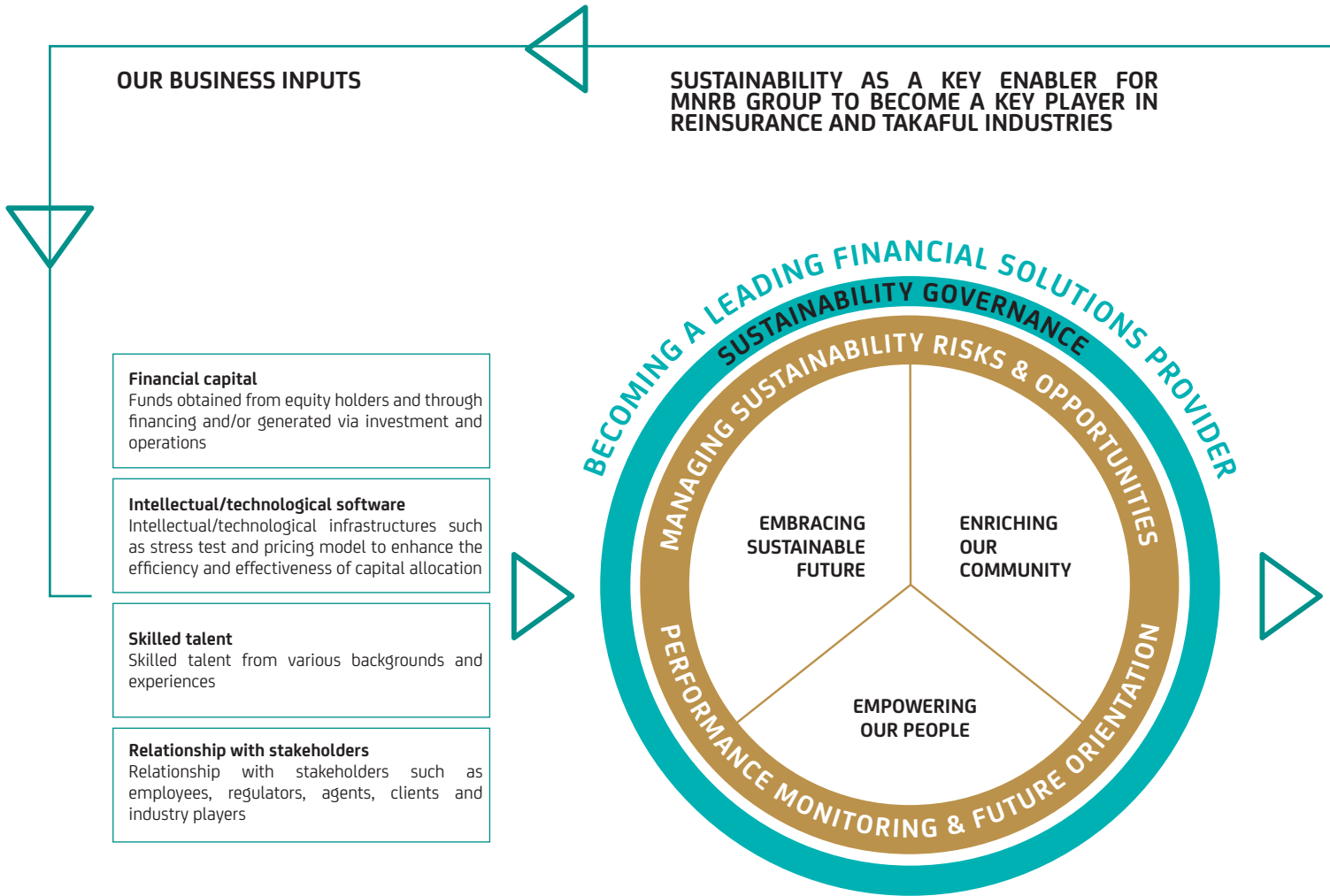


Diagram 1: Our sustainability journey

## SUSTAINABILITY STATEMENT

As we strive to strengthen our business strategies by embedding EES related considerations, we also took into consideration the United Nations Sustainable Development Goals (SDGs) and the Eleventh Malaysia Plan (11MP). The SDGs, also known as the global sustainability goals, came into effect in January 2016. The SDGs consists of seventeen (17) goals related to sustainable economic growth, social justice and environmental preservation. Locally, Malaysia has rolled out the 11MP, a national agenda to operationalise the SDGs.



### United Nations Sustainable Development Goals (SDGs)



Diagram 2: How we create value through sustainability

As illustrated in Diagram 2 below, our approach to achieving sustainable business is through allocating our capital in various forms (e.g. financial capital, intellectual/technological capital and human capital) into our business operations to create value for various stakeholder groups. Throughout this Statement, icons representing the relevant SDGs and Strategic Thrusts of the 11MP will identify the MNRB Group's intrinsic connection with the sustainability matters being discussed in the respective sections of this Statement.

## OUR BUSINESS OUTPUTS/VALUE CREATED

### Embracing sustainable future

		Having business dealings with all conventional general insurance companies and a majority of general Takaful operators in the local market	
		Understanding clients' expectations and maintaining credibility of our products and services	
		Upholding corporate governance practices across the MNRB Group	
		Strengthening our IT systems and protection of confidential information belonging to our stakeholders	
		Providing specialised products and services for various segments of the market	
		Applying technological innovation to enhance process efficiency and support comprehensive business analysis	

### Empowering our people

		<b>Local talent hired</b> 99.9%	
		<b>Employee Engagement Index</b> 79%	
		<b>Employee turnover rate</b> Decreased across all operating entities	
		<b>Training to uplift the capabilities of talent</b>	

### Enriching our community

		<b>Market Training Programmes</b> Create a skilled workforce specialised in reinsurance and takaful industries	
		<b>Community Development Programmes</b> Improve well-being of local communities through provision of quality education and human capital development, including Scholarship Fund	
		<b>Environmental Management</b> Strive to reduce environmental impact created from our business operations	

### 11<sup>th</sup> Malaysia Plan (11MP)

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# SUSTAINABILITY STATEMENT

## OUR SUSTAINABILITY GOVERNANCE: SUSTAINABILITY ON THE AGENDA

We believe a successful organisation stems from a robust governance framework, driven by a committed Board. In our effort to embed sustainability into our business operations and corporate culture, we have established a sustainability governance structure with the roles and responsibilities detailed in Diagram 3 below:

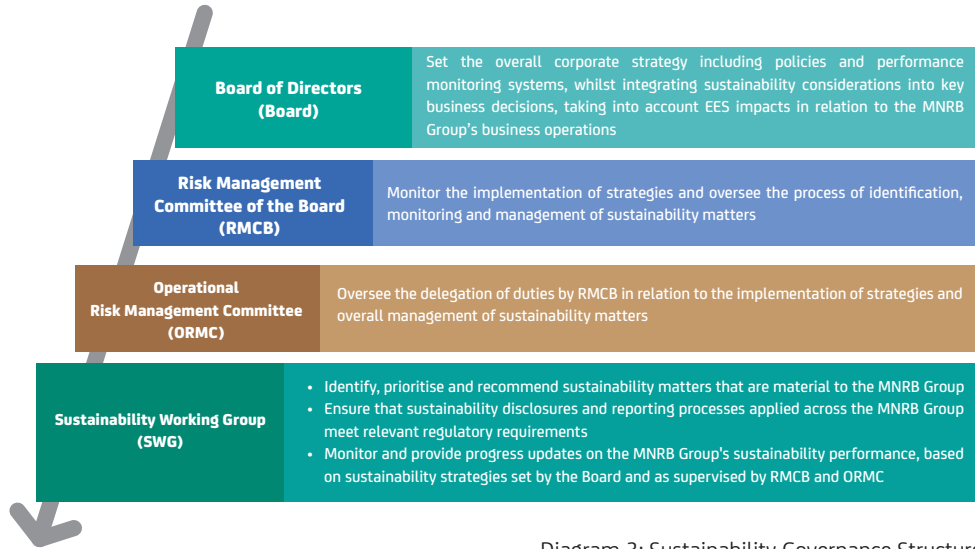


Diagram 3: Sustainability Governance Structure

## OUR STAKEHOLDERS: FILLING THE EXPECTATION GAP

We consistently communicate with our stakeholders to address issues that are important to our business and operating environment. As we actively listen to their concerns, we better understand and identify new opportunities for collaboration and areas for improvement. For this reporting year, we have implemented a structured Stakeholder Prioritisation exercise to identify our stakeholders based on their level of influence and dependence over MNRB Group's operations. Diagram 4 below illustrates the outcome of the Stakeholder Prioritisation exercise.

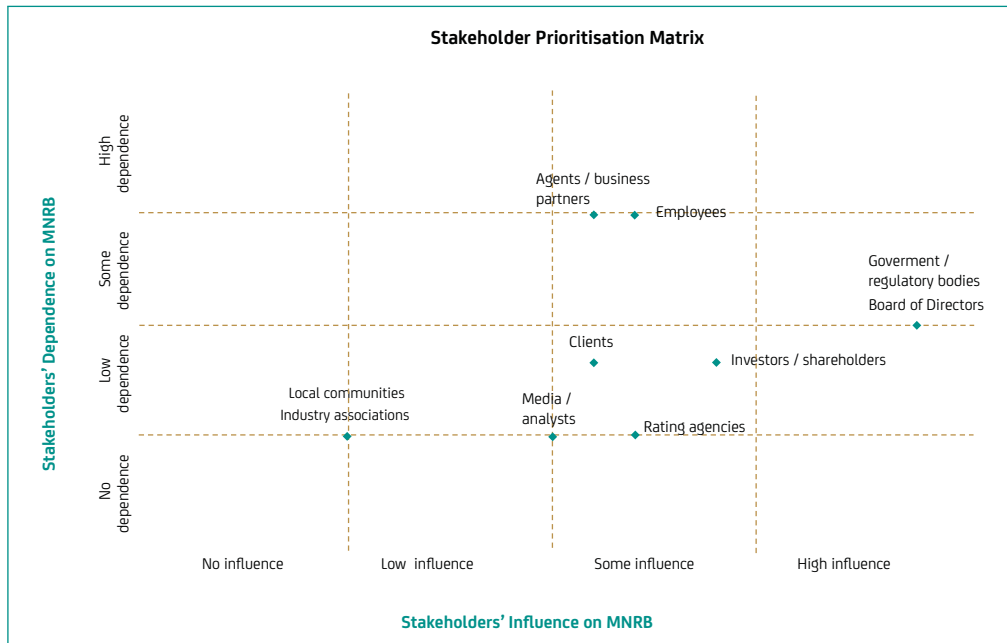


Diagram 4: Stakeholder Prioritisation Matrix

### MATERIALITY ASSESSMENT: FINDING THE CONNECTION BETWEEN BUSINESS & SUSTAINABILITY

Following the Stakeholder Prioritisation exercise, we conducted a structured Materiality Assessment exercise to identify and assess the significance of sustainability matters to our business and stakeholder groups. The process begins with us developing a comprehensive list of sustainability matters relevant to our business by taking into account both internal and external factors, i.e. consideration of our operating environment and emerging global risks associated with the reinsurance and Takaful industries. We referred to several industry-specific publications such as the SDGs Industry Matrix for Financial Services and Global Reporting Initiative (GRI) Standards.

In addition to our existing stakeholder dialogue channels, we engaged with our key internal stakeholders, namely the Board and employees, through surveys to gauge their perception of the importance of the identified sustainability matters. We endeavour to expand our scope

of engagement to external stakeholders in the coming years. This is followed by the Sustainability Risk Assessment exercise which covers representatives from Management across various business functions to determine the significance of each sustainability matter to the MNRB Group. We took into account the degree of impact and likelihood of occurrence of events associated with these sustainability matters. The outcome of our Materiality Assessment – Materiality Matrix is illustrated in Diagram 5 below.

Details of our initiatives geared towards managing these sustainability matters, are categorised across three main themes i.e. Embracing Sustainable Future, Empowering Our People, and Enriching Our Community. Efforts undertaken to manage these sustainability matters are discussed in the subsequent sections of this Statement.

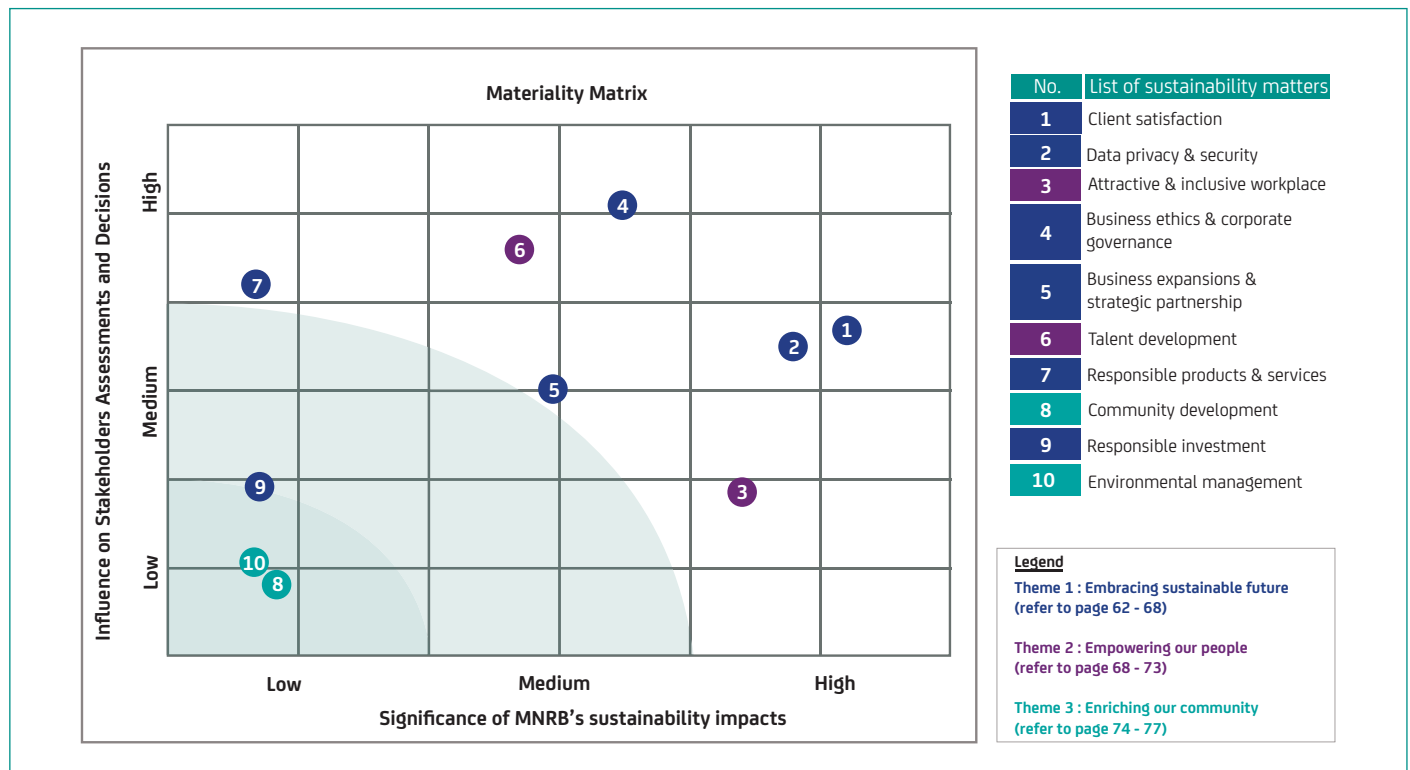





Diagram 5: Materiality Matrix

## SUSTAINABILITY STATEMENT

## EMBRACING SUSTAINABLE FUTURE

We remain astute in responding to various emerging risks and have set strategies for further expansion of sustainable product offerings. We are continuously working towards embedding EES considerations in the development of our products and services, as well as investment decisions. Accompanied by our Underwriting Guidelines and Pricing Policy, our Group Enterprise Risk Management (ERM) Framework outlines a comprehensive process to identify, monitor and control risks to ensure that they are adequately managed. The key highlights of our initiatives are summarised below:

	Sustainability initiatives 	Outputs 	Value created for our business and stakeholders 
<b>Client Satisfaction</b> (page 63)	<ul style="list-style-type: none"> <li>● Retrocessions and Claims Department</li> <li>● Customer Relationship Management Department</li> <li>● Policies and procedures to engage and manage clients' expectations</li> <li>● Various communication channels to engage with clients</li> <li>● Clients complaint handling process</li> </ul>	<ul style="list-style-type: none"> <li>● Ongoing initiatives to attend to our clients' enquiries and concerns</li> </ul>	<ul style="list-style-type: none"> <li>● Understanding clients' needs by aiding them in building resilience to EES-related occurrences, such as climate change and health-related risks</li> <li>● Maintaining the credibility of our products and services at the global level and ultimately, strengthening our country's position on reinsurance and Takaful</li> </ul>
<b>Data Privacy &amp; Security</b> (page 63)	<ul style="list-style-type: none"> <li>● Dedicated department to manage information technology (IT) related matters</li> <li>● IT related policies</li> <li>● Installation of IT infrastructures, controls over the access of highly confidential information, IT audits and IT penetration test</li> </ul>	<ul style="list-style-type: none"> <li>● Ongoing initiatives to strengthen our IT systems and protect confidential information belonging to our stakeholders</li> </ul>	<ul style="list-style-type: none"> <li>● Supporting local and global policies on cybersecurity governance</li> </ul>
<b>Business Ethics &amp; Corporate Governance</b> (page 64)	<ul style="list-style-type: none"> <li>● Group Compliance Management Department, Compliance Review Committee, Shariah Department and Group Shariah Committee</li> <li>● Group Compliance Management Framework</li> <li>● Compliance reporting system</li> </ul>	<ul style="list-style-type: none"> <li>● Ongoing initiatives to instil corporate governance practices across the MNRB Group</li> </ul>	<ul style="list-style-type: none"> <li>● Developing effective, accountable and transparent principles at all levels within the MNRB Group</li> </ul>
<b>Business Expansions &amp; Strategic Partnerships</b> (page 64-65)	<ul style="list-style-type: none"> <li>● Partnership with research institutions</li> <li>● Collaboration with various stakeholder groups such as regulators, industry players and industry associations</li> </ul>	<ul style="list-style-type: none"> <li>● Reach out to new clients from various community segments within Asia Pacific, Middle Eastern, and North African regions</li> <li>● Thought Leadership publications</li> <li>● Develop and enhance our products and services</li> </ul>	<ul style="list-style-type: none"> <li>● Developing and enhancing the level of technical expertise within the Malaysian reinsurance and Takaful industries</li> <li>● Developing innovative solutions to further close the gap between economic and insured losses</li> <li>● Developing practical solutions to expand social protection and affordable products for underserved groups</li> </ul>
<b>Responsible Products &amp; Services</b> (page 65-67)	<ul style="list-style-type: none"> <li>● Risk assessment and mechanism to detect and report on emerging risks</li> <li>● Stress test model, data analytics and pricing system</li> <li>● Digitisation and automation of claims and underwriting processes</li> <li>● Easy-to-understand marketing material</li> <li>● Agency Transformation Programme</li> </ul>	<ul style="list-style-type: none"> <li>● Strong business analytics</li> <li>● Offer concise documentation and maintenance of claims in a more secured and organised database</li> <li>● Enhanced marketing materials</li> <li>● Improved agents' productivity</li> </ul>	<ul style="list-style-type: none"> <li>● Advancing the MNRB Group's operations, maximising process efficiency and facilitating effective agency workforce</li> <li>● Increasing social protection for specific segments of communities such as underserved communities, women, people with disabilities &amp; foreign workers</li> <li>● Absorbing disaster shocks by minimising the economic impacts of catastrophes and accelerating economic reconstruction and recovery</li> </ul>
<b>Responsible Investment</b> (page 68)	<ul style="list-style-type: none"> <li>● Group Investment Management Committee (GIMC)</li> <li>● Investment screenings and assessments process</li> <li>● Compliance with Shariah requirements, where applicable</li> </ul>	<ul style="list-style-type: none"> <li>● Awareness on aspects relating to anti-money laundering and fraud</li> <li>● Avoid exposure to issuers involved in the gaming, alcohol and tobacco industries</li> </ul>	<ul style="list-style-type: none"> <li>● Promote social and environmental resilience through responsible investments to generate positive social and environmental impacts whilst achieving financial returns in parallel</li> <li>● Protecting the MNRB Group's and maintaining the credibility of its business activities</li> </ul>

Legend:

● Group-wide

● Takaful IKHLAS

● Malaysian Re





**CLIENT SATISFACTION**

It is of utmost importance for us to maintain our clients’ trust in our brand, products and services. Hence, clients’ satisfaction is our top priority and we strive to maintain strong and long-term relationships with them.

At Malaysian Re, the Retrocessions and Claims Department is responsible to handle claims in a professional and expeditious manner. The Customer Relationship Management (CRM) Department in Takaful IKHLAS is the custodian of the Customer Service Charter. The Customer Service Charter serves as a key enabler to

promote positive customer experience at every touchpoint. CRM has been actively involved in various projects such as the New Family Core System (i-Family) and the new Call Management System (CMS) to improve customer engagement. Online Customer Account (OCA) and face-to-face meetings are examples of communication channels to increase our touchpoints for client interactions.

Enquiries received from our clients touch upon areas such as turn-around time for claims processing and quality of agents’ services.

During the reporting year, we have undertaken relevant measures to improve these processes.

In the coming years, we intend to roll out our Client Satisfaction Survey. We also intend to undertake internal workshops to map our clients’ journey. During the mapping exercise, participants – comprising members of various departments across the MNRB Group, step into our clients’ shoes and go through specific processes to better understand the pain and delight points when dealing with us.

**DATA PRIVACY & SECURITY**



As our business is susceptible to cyber-risks, it is imperative for us to shore up our defences to ensure information security systems are well protected in accordance with all regulatory requirements. Relevant policies and procedures have been put in place to manage data transfer, access and connection in a responsible manner, as well as to keep our stakeholders’ confidential information from being disclosed without consent. Our key initiatives in relation to managing data privacy and security are illustrated in Diagram 6 below.

Governance structure	Policies & procedures	Key measures
<p><b>Group Information and Communication Technology (ICT) Department</b></p> <p><b>Responsibilities:</b></p> <ul style="list-style-type: none"> <li>Ensure compliance with the Personal Data Protection Act 2010</li> <li>Monitor adherence to requirements governing data privacy</li> <li>Assess cyber-related risks</li> <li>Manage the implementation of company-wide security policies &amp; procedures</li> </ul>	<ul style="list-style-type: none"> <li>IT Security Policy</li> <li>Company Information Protection Policy</li> <li>Incident Reporting &amp; Computer Incident Response Policy</li> <li>Mobile Devices &amp; Mobile Computing Policy</li> </ul>	<ul style="list-style-type: none"> <li>Annual IT penetration testings to assess the vulnerability of our IT infrastructure</li> <li>Encryption exercise and core system database preventive maintenance to protect clients’ data</li> <li>Annual IT audits to ensure compliance with internal information security related policies</li> <li>A dedicated system to monitor traffic in the MNRB Group’s network and provide alerts for abnormalities and suspicious activities</li> <li>A software to filter emails and protect against spam, viruses and other cyber security threats</li> <li>Disaster Recovery Plan is established to keep the business operations up and running in the event of a disaster</li> </ul>
<p><b>Group Information Technology Steering Committee</b></p> <p><b>Responsibilities:</b></p> <ul style="list-style-type: none"> <li>Ensure effective implementation of IT plans in alignment with overall corporate strategies</li> <li>Define strategic priorities and oversee the implementation of related plans by monitoring and reviewing performance and progress</li> <li>Raise employees’ awareness on information security</li> <li>Recommend IT policies &amp; procedures including IT governance framework for Board’s approval</li> </ul>		

Diagram 6: Key initiatives for managing data privacy and security



# SUSTAINABILITY STATEMENT



## BUSINESS ETHICS & CORPORATE GOVERNANCE

An organisation’s sustainable growth is built on effective and accountable principles. We foster an ethical culture through the implementation of policies and procedures anchored on MNRB Group Compliance Management Framework. Our Group Compliance Management Department (GCMD) and Compliance Review Committee are responsible to ensure internal controls are put in place to manage compliance risks, while our Shariah Department and Group Shariah Committee are responsible to ensure compliance with Shariah principles and requirements. Diagram 7 on the right illustrates our key initiatives in inculcating business ethics and corporate governance across the MNRB Group.

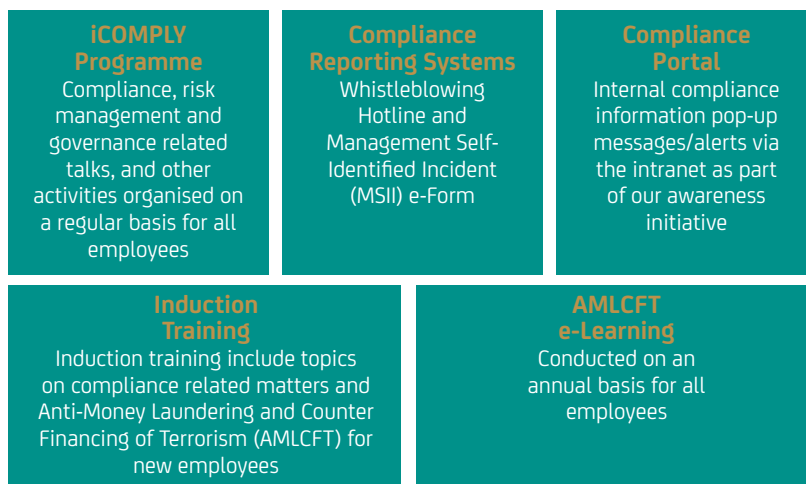


Diagram 7: Key initiatives in inculcating business ethics and corporate governance

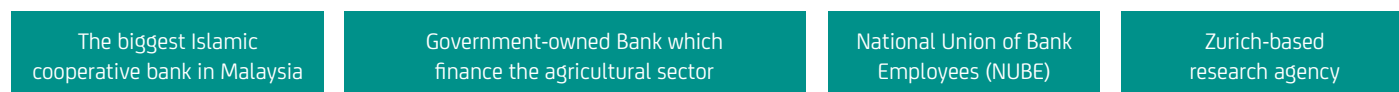
## BUSINESS EXPANSION & STRATEGIC PARTNERSHIP

As part of a dynamic business ecosystem, we believe that multi-stakeholder partnerships and collaborations allow us to grow and stretch boundaries for the development and enhancement of our products and services. Strategic partnership with key regulatory bodies and associations will accelerate the growth of the reinsurance and Takaful sector.

Over the years, we continue our commitment to improve and enhance our products through effective partnerships. Diagram 8 below and in the next page illustrates our key collaborations and partnerships, as well as our contributions to the industry.



### Our key collaborations/partnerships initiatives



**IKHLAS Takaful Gadai Janji – a home financing protection plan**

13,156 applications with satisfactory responses

**Agro Nurani**

Takaful protection plan specifically for people with disabilities, targeted to increase takaful penetration rates and designed to be affordable with convenient claim processes

**Agro Mabur-i**

Easy-to-understand family Takaful plan aimed at low to middle income groups

- NUBE Golden Retirement Scheme – A compulsory scheme requiring 100% participation by employees from banking institutions
- Assist Malaysians to increase their savings to support a comfortable retirement life
- May serve as supplemental retirement plan to employees' existing retirement plan

**Development of ASEAN Insurance Pulse 2017**

Exclusive partner of a research publication which takes on the perspective of thirty-five (35) senior executives in understanding what insurers, reinsurers and intermediaries expect from the integration of ASEAN countries into a single market by 2025.

Diagram 8: Our key collaborations and partnerships, as well as contributions to the industry

Highlights of our other contributions to the local industry

**Manager of the  
Malaysian Aviation Pool  
(MAP)**

- Provide underwriting services and insurance quotations with respect to the general aviation business in Malaysia
- Retained about RM109 million of gross premium locally on the aviation business for the past twenty-one (21) years with a net return of about 8.43%
- In 2017, retained about 4% of the gross premium locally as pool members increased their combined underwriting capacity to RM1.39 billion from RM338 million

**Secretariat to the Malaysian Energy  
Risks Consortium (MERIC)**

- Develop underwriting skills specifically in the energy business within Asia Pacific, Middle Eastern and North African countries
- Promote sharing of underwriting knowledge and skill amongst members
- Retained about RM738 million of gross premium locally on the oil and gas business for the past twenty-two (22) years with a net return to members of around 20.8%
- In 2017, maintained 13% of gross premium locally on the oil and gas business while members increased their participation capacity to RM72.25 million from RM38.25 million

**Secretariat to the Rating Committee**

- Set fair rates for Fire and Industrial All Risks (IAR) Insurances
- Streamline and control premium charges and policy wordings to improve the quality of products and services at competitive prices
- Ensure all activities are carried out in compliance with the terms and provisions of various Inter Company Agreements on General Insurance Businesses (ICAGIB)

**Manager of the Scheme for Insurance  
of Large & Specialised Risks (SILSR)**

- Appointed as the Scheme Manager by Bank Negara Malaysia
- Develop and enhance the level of technical expertise and professionalism within the Malaysian insurance industry
- Facilitate favourable coverage at internationally competitive terms and promote optimum retention within the country

**Inspection Department**

- Monitor and report on the number of non-compliance or breaches amongst member companies of General Insurance Association of Malaysia (PIAM)
- Focus on three areas, i.e. dealing with agents, motor and fire tariff
- During the reporting year, the number of breaches committed by member companies has reduced by 40%

**Central Administration Bureau  
(CAB)**

- Facilitate efficient administration of underwriting accounting and claims
- Simplify settlements for Facultative & Coinsurance business
- No delay in month-end settlements throughout the years
- Brokers functionalities are incorporated in CAB Facultative System
- To date, no outstanding/unreconciled claim items

Diagram 8: Our key collaborations and partnerships, as well as contributions to the industry

**RESPONSIBLE PRODUCTS & SERVICES**

At Malaysian Re, we provide reinsurance solutions to our clients. Our risk analysis tool and early warning systems allow us to minimise the economic impact of catastrophes and indirectly, accelerate reconstruction and recovery. At Takaful IKHLAS, we take pride in promoting inclusivity and improving accessibility to our products and services amongst urban and non-urban communities.



## SUSTAINABILITY STATEMENT

### Capitalising on Internal Capabilities

The central function of the MNRB Group Risk Management Team is to conduct risk assessments on all aspects of risk exposures, as guided by our Group ERM Framework.

Early identification of risks would provide opportunities for us to reduce the likelihood and severity of the impact. We have a structured process which enables us to detect, investigate and assess emerging risks. These identified risks will be deliberated by Management regularly. For the purpose of early detection, stress tests are performed to demonstrate the effect of 'shocks' which correlate to major parameters such as new business volumes, investment environment, mortality patterns, and lapse rates based on global and local financial cycles. We make use of this approach to ascertain if we are financially flexible to cover adverse claims and absorb losses in real-world scenarios. It enables us to identify post-stressed Capital Adequacy Ratio (CAR) levels and propose action plans to reduce, mitigate and eliminate potential risks.

To extend our risk mitigation activities, we strengthen our data analytics and pricing system to support a robust business analysis process. The notable shift from rule-based to risk-based pricing supports a liberalised market where our products are tailored to the clients' risk profiles. Additionally, we conduct continuous in-house training and knowledge sharing programmes to enhance our employees' technical knowledge.

### Bridging the Protection Gap

Malaysian Re offers traditional as well as structured reinsurance solutions to clients. In addition, we provide training for our clients on technical aspects of the products or services. To complement Malaysian Re's conventional reinsurance business, we also provide Retakaful solutions for both local and international general Takaful operators.

At present, Malaysian Re is the market leader in Malaysia, having business dealings with all conventional general insurance companies and a majority of general Takaful operators. We are also an established and credible leader in the ASEAN region. In the coming years, we are looking

### Staying Ahead of the Digital Curve

At the MNRB Group, the sheer amount of data and information we deal with on a day-to-day basis requires significant use of technology. The reinsurance business requires a significant amount of data and analytics. We, therefore, stress and prefer receiving data electronically as it not only makes analysis more efficient, but also reduces the usage of paper.

To optimise efficiency at Takaful IKHLAS, we utilise an i-POS system to digitalise consumers' backgrounds. The said system enables us to assess the cost of our policies, ease our underwriting process, provide up-

to-date product information, monitor sales performance and reduce cases of fraud among claimants.

We are supported by an Electronics Claims Management system to analyse and organise complex data in claim reports. It offers concise documentation and maintenance of Takaful claims in a secured and organised database. We have also upgraded our SMART Underwriting system and i-SMART mobile application with new improved features such as payment gateways and credit card transactions to facilitate clients' payments.

## APPLICATION OF TECHNOLOGICAL INNOVATION TO IMPROVE PROCESS EFFICIENCY

### Point-of-Sales (i-POS) System

Provides direct linkage to quotation and sales illustrations, generates financial needs analysis and online underwriting and approval

### SMART Underwriting System

A simulation tool allowing underwriters to calculate and capture potentially extreme events and the associated losses

### i-Smart mobile application for Takaful IKHLAS

Manages Takaful IKHLAS' clients' records and documents in a paperless manner. In year 2017, we upgraded the system with new features, including payment gateways and credit card transactions to benefit clients and facilitate clients' payments

### Electronics Claims Management System

An initiative to digitalise claim management processes

at expanding our business offerings to Family Retakaful and introducing catastrophe modelling tools for selected markets.

At Takaful IKHLAS, we provide a wide range of Family and General Takaful products. During the year, Takaful IKHLAS has provided coverage for close to one (1) million certificate holders.

Diagram 9 in the next page illustrates the examples of protection schemes designed for specific segments of the market.



Diagram 9: Examples of our product and service offerings

### Marketing in a Responsible Manner

We adopt simple language in all our documents, contracts, forms and policies, and our marketing materials are easily comprehensible, with the aid of visuals to substitute lengthy information in a clear and concise manner.

Following the issuance of the new regulatory framework, the public is able to purchase some of our products online without the intervention of an agent. We enhanced our online platform to keep it simple with clear instructions to aid our clients in purchasing our products.

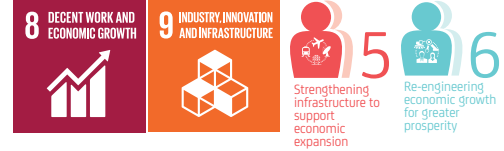
### Managing the Way Our Agents Work

At Takaful IKHLAS, our agents work closely with our clients, building a partnership created on trust and confidence. In line with our goal of delivering excellent products and unmatched services, we share the responsibility to groom our team of agents – maintaining a good understanding of the business, our products and becoming strong communicators for successful client engagements.

The agents are guided by the Agency Code of Ethics which set standards in accordance with Shariah principles. New agents are required to attend a specialised on-boarding programme on topics such as responsible and ethical marketing, as well as equip them with product knowledge. An Agency Minimum Qualitative Criteria or Maintenance of Contracts has been established to measure the performance of our agents.

Agency Transformation Programme (ATP), an enhanced and comprehensive recruitment and training programme was launched for Takaful IKHLAS' agency force to boost their production performance. This programme focuses on client service, marketing skills and product knowledge. The ATP continues to show encouraging results in terms of an improved Agency Force, higher Agency Productivity and improved Agency Activity Ratio.

# SUSTAINABILITY STATEMENT



## RESPONSIBLE INVESTMENT

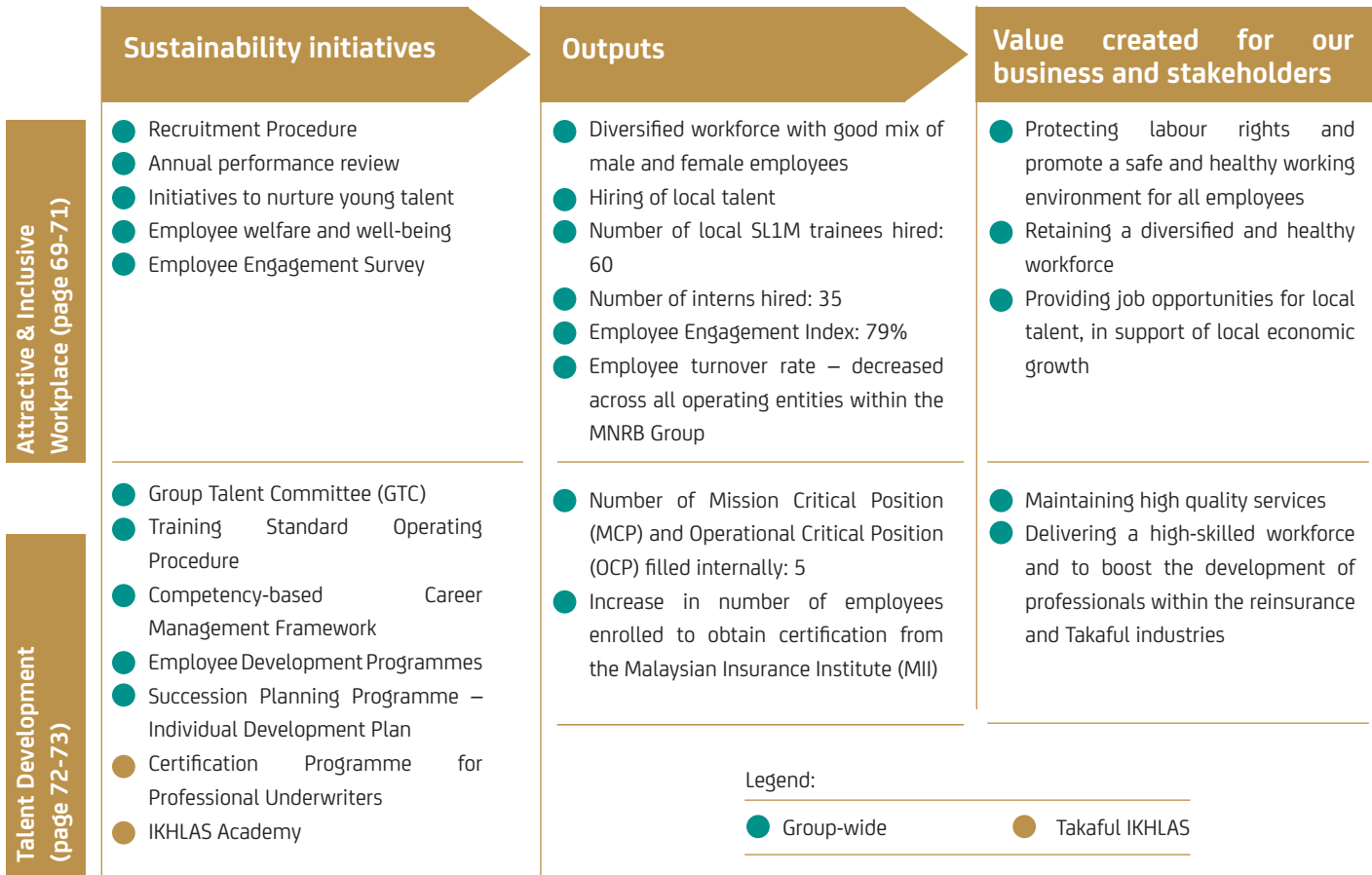
Investments have been the anchor of support to our business. At the MNRB Group, we strive for stable and attractive returns while taking into account the EES criteria. Guided by our existing policies and procedures, we have an established process which entails a comprehensive series of screenings and assessments.

Our Group Investment Management Committee (GIMC), guides our investment activities and decision making. The role of the GIMC is to examine strategic investment proposals based on optimising returns of our investments. We set in place investment policies to manage the potential impact of financial risks. It is our goal to work towards capital preservation and returns maximisation by investing largely in low-risk assets, debt, other marketable securities and deposits with licensed financial institutions. Potential new investments must undergo stringent processes, combining portfolio screenings and assessments to ensure there is no violation against our set policies.

For all our investment funds, we pay attention to aspects relating to anti-money laundering, fraud, and avoid exposure to entities involved in the gaming, alcohol and tobacco industries. In managing our Takaful and Retakaful funds, we also observe strict compliance with Shariah principles at all times.

## EMPOWERING OUR PEOPLE

Our achievements over the years are testaments to our employees' contribution, expertise, and relentless hard work in delivering success. In this increasingly competitive global landscape, there is a fundamental need for capable and resilient individuals. We advocate diversity in the workforce, strive to eliminate all forms of discrimination and provide equal opportunities to women in their professional development. The key highlights of our initiatives are summarised below:





## ATTRACTIVE & INCLUSIVE WORKPLACE

An attractive and inclusive work environment is essential for boosting employee productivity and creating great working experiences. We value our talent pool from various backgrounds and experiences as we believe diversity will broaden our perspectives and present new opportunities to accelerate our business growth. Diagram 10 below shows our employee profile across diverse gender and age groups, as well as our support towards hiring local talent:

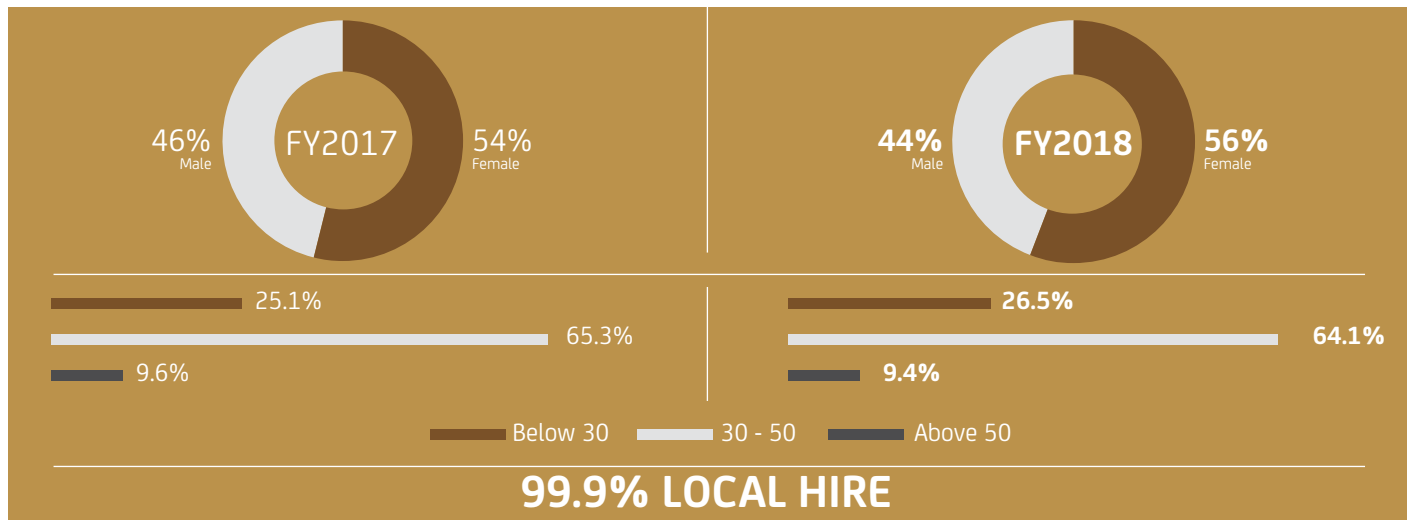


Diagram 10: Employee Profile

### Talent Attraction

We are always on the lookout for exceptional talent in our pursuit of becoming an organisation that is capable, resilient and adaptive. Our Human Capital Management Department is responsible for ensuring that we define concrete strategies to attract and retain talent in preparing our people and business to be disruptor-ready.

Our presence and visibility across external platforms, employment agencies and advertisements have generated desirable outcomes in attracting the right talent. This allows better access to talent across diverse background and expertise. We have in place a Recruitment Procedure that aims to hire talent with unique skills and competencies regardless of race, gender and religion.

### Performance Review

To ensure proper career advancement of our employees, we offer them annual performance reviews with their supervisors. This process highlights their strengths and potential areas for improvement and career development.

## Performance Review Process

### Promotion Policy & Processes

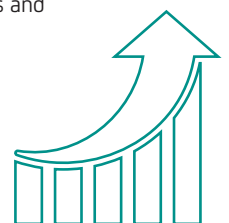
- Assist in managing talent and succession in fair and consistent manner

### Performance Appraisal (2 times a year)

- Assess our employees' performance to evaluate and develop their effectiveness and commitment to work
- Potential for future promotion
- Provide a basis for salary review based on projects undertaken by the employees and the performance planning for the year

### Balanced Scorecard (BSC), Leadership & Technical Competency Assessment Tools, Certification, Licensing & Specialised Training

- Performance-driven criteria for job promotions & upgrades
- Effectively monitor & measure employees' performance
- Appropriate qualifications and combination of interviews are taken into consideration



## SUSTAINABILITY STATEMENT

### Nurturing Talent

To improve productivity, support local employment and accelerate economic growth, we provide various programmes to prepare graduates for their transition into the working environment. We offer internship placements for undergraduates from universities. The internship programme will provide opportunities for the young graduates to learn new skills and have hands-on experience. In support of the Government's effort to enhance the employability and marketability of local graduates, we participate in the national training scheme (SL1M) which allows participants to improve their personal development and better equip them with relevant skills for job placements.

#### SL1M Programme

for local graduates to obtain technical knowledge and soft skills such as analytical skills, problem-solving and professional communication



**2 months intensive classroom training**

**10 months industrial attachment**



**Permanent positions are offered to qualified trainees, based on available vacancies**

**60** SL1M trainees



#### Internship Placements

for university students to gain hands-on working experience and skills to complement their classroom learning

**35** Interns



### Health & Wellbeing

The health and wellbeing of our employees is an essential component of a sustainable talent pipeline. Our key initiatives to maintain a healthy and conducive workplace are presented below:

#### MNRB GROUP HEALTH WEEK



**Health screening by Heart Foundation of Malaysia**



**Blood Donation Drive with the National Blood Centre (NBC)**

- To increase blood supply at reserves in anticipation of the festive season
- To help less fortunate patients with anaemia, leukaemia and haemophilia

#### Other activities:

- Health Talk & Examinations
- Promotion Booths by Health and Nutritional Brands
- MNRB Healthy Heart Run 2018
- Monthly Health Walks
- Climb the Stairs Campaign

#### OTHER EMPLOYEE WELFARE ACTIVITIES



**Long Service Awards**

To recognise employees' contribution for over twenty-five (25) years in MNRB



**Nursing Rooms**

Made available for female employees



**Flexible Working Hours (FWH)**

All levels of employees to commence work at any time between 7:30 a.m. and 10.00 a.m.



**Flexible Working Arrangement (FWA)**

For Executives to have better control on work assignments and be more organised



Executives are no longer desk bound or have to comply to usual working hours to complete their tasks in a more quality and productive manner



### Employee Engagement

Employee engagement is one of the key initiatives to decoding what drives and motivates employees in their professional journey with us. We engage our employees through various channels, as shown in the chart below, to allow them to express their views and ideas, to understand their expectations, as well as to reinforce the MNRB Group’s corporate values.



Regular townhall gatherings to provide clarity on business performance and key company initiatives



Regular formal written communication from the desk of President & GCEO to communicate business performance and key developments



Chat sessions with the President & GCEO to provide opportunity for lower level employees to get to know him and let their issues to be heard



iPTalks is our version of the “TED Talks” – Conducted in the form of competition for employees to share their passion with colleagues and create fun at work



Skip level meetings with the President & GCEO to ensure important information being cascaded to mid-management



Career discussion between Head of Department (HoD) and employees as an avenue to provide clarity on career growth and development



Allocation of engagement budget for HODs to conduct their own engagement activities



Focus group discussions to identify and understand employees’ concerns and issues



Action plans are finalised based on potential solutions for each issue identified, and the proposed plans are shared in Management meetings for approval before execution

We analyse feedback received from our employees through an annual Employee Engagement Survey which provides an overall insight into our performance as an employer. This survey is conducted across MNRB Group to enhance communication between our employees and Management. We launched the MNRB Group Talent Programme (GTP) to develop high-potential employees, and provided training for supervisors and managers to inspire transparent discussions in relation to employees’ performance management. Diagram 11 on the right presents the outcome of our Employee Engagement Survey for FY2016 and FY2017.

Our continuous initiatives have been successful in reducing our employee turnover rate as illustrated in Diagram 12 below.

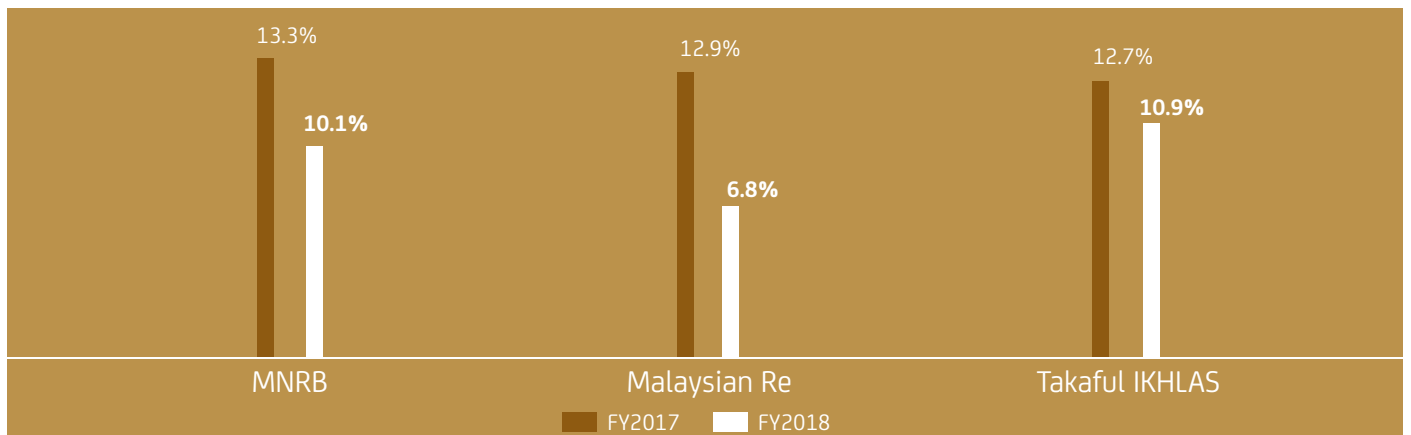
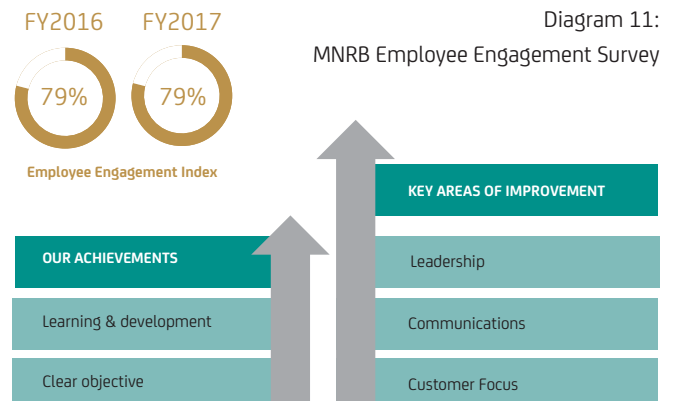


Diagram 12: Employee Turnover Rate

## SUSTAINABILITY STATEMENT



### TALENT DEVELOPMENT

At MNRB, we set our sights on developing a solid talent pipeline and building a highly engaged and competent workforce – ultimately to deliver highly skilled workforce to boost the overall development of the local reinsurance and Takaful industries. We continue to organise a wide range of development programmes to groom our employees and allow them to gain in-demand skill sets and capabilities, geared towards improving our line of products and enhanced client service.

#### Learning & Development Programme

Our investment in training programmes encompasses our employees from entry level to top management. This forms part of our Human Capital Strategy in achieving a high-performance culture. We enhance the transparency of our talent development programmes by actively involving the HODs in the identification and development of talent and informing employees of their performance.

Our Competency-based Career Management Framework, otherwise known as the Career Ladder is specially crafted for our employees' personal and career development. As illustrated in Diagram 13 below and the next page, we have various employee development programmes

which provide opportunities for our employees to be developed in areas of technical and soft skills ranging from value-based, competency-based and formal certification programmes. Their overall development is guided by a blended learning approach comprising formal and informal lessons such as on-the-job learning, performance coaching, project assignments, and formal classroom programmes.

### CAREER LADDER

Competencies & Career Path for Critical Functions

Underwriting  
Investment  
Claims  
Finance  
Information & Communication  
Technology (ICT)  
Human Capital Management (HCM)  
Business Development



### Snapshot of our learning and development programmes

#### Examples of technical training programmes (internal & external training)

- ACCA Malaysia Annual Conference 2017
- Asia Pacific Reinsurance Training Programme 2017
- Asia Pacific Agriculture Insurance Forum 2017
- Aon Benfield Asia Property Treaty
- Beginning Auditor Tools & Techniques
- Cybersecurity, IT Assurance & Governance Conference 2017
- Munich Re Regional Underwriting & Actuarial Seminar
- Personal Accident & Medical Claim Investigation & How Insurance Services Malaysia (ISM) can help Combat Fraud through Compilation of Data

#### Strengthening the capability of general actuarial teams

An initiative, guided and led by our actuaries to bring together the actuarial team from Takaful IKHLAS and Malaysian Re. Specifically chosen topics relevant to encourage a better growth in technical expertise amongst our actuaries

#### Examples of non-technical training programmes (internal & external training)

- Talent Motivational Programme
- BEST Customer Service
- In-house Training on Risk Awareness
- Superb Mind-Set Transformation for Managers & Leaders
- Data Visualisation and Business Dashboard in Excel for Business Intelligence
- Personal Leadership Enhancement Programme
- A Winning & Empowering Conference 2017
- Effective Self-Management
- National Contact Centre Conference

#### Leaders as Teachers (LATs)

A reinforcement programme that promotes internal transfer of knowledge and skills between internal leaders and subject matter experts. The examples of programme include Basic Course in Reinsurance, Takaful, Introduction to Investment and Manage my Money

Diagram 13: Examples of our learning and development programmes

### Education Assistance Programme (EAP)

A programme that allows employees to pursue insurance-related and other professional qualifications such as Institute and Faculty of Actuaries (IFOA), Associate of the Malaysian Insurance Institutes (AMII), the Fellow of Society of Actuaries (SOA)

### Certificate for professional commercial underwriters

We encourage professional commercial underwriters to fast track their progress and obtain certification from the Malaysian Insurance Institute (MII)

### Group Talent Programme

A structured talent development programme for high-potential employees i.e. the Executives and Senior Vice Presidents of the MNRB Group to succeed in critical positions and to support the Group's sustainable growth. An Individual Development Plan is tailored for individual talent based on the assessment by respective Head of Department and the Group Talent Committee (GTC)

## Takaful IKHLAS Academy

### About

A professional learning center by Takaful IKHLAS to develop professional human capital, comprising of its employees, channel distributions as well as the public through structured and effective learning and development programme, i.e. IKHLAS Academy Agent Training Roadmap 2017/2018

### Education service partners

Various education service partners include leading professional bodies, education and private institutions for the Malaysian insurance industry, focusing on insurance, Islamic banking and financial services

### Online e-Learning Portal

A joint-effort between Asia e University (AeU) and Takaful IKHLAS to provide a flexible online training alternative, enabling employees and agents to acquire knowledge and competencies, at a pace appropriate to their own style of learning

Diagram 13: Examples of our learning and development programmes

Diagram 14 on the right illustrates the average training hours per employee over the last two (2) years. The amount of time each employee needs to spend in training depends on the job requirements.

### Succession Planning

A standardised process for succession planning ensures our business is under the leadership of competent people. As part of our initiatives, successors are required to undergo cognitive, leadership and career ladder assessments.

Employees are supported by our organisation through a development programme focusing on character building as well as organisational behaviour management. They undergo a formal six-month interval review on their progress before obtaining recommendation and approval from the GTC. To ensure that our successors are well developed, we conduct annual reviews to assess competency gaps for improvement.

A Structured Leadership Programme is expected to be rolled out in FY2019. Through identification and discussions, we are able to appoint qualified successors to assume key senior management-level positions.

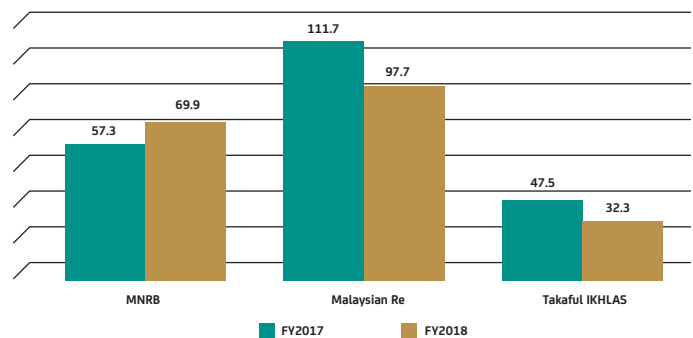


Diagram 14: Average training hours per employee

## Individual Development Plan (IDP)

Designed to handpick key talent and prepare them for managerial positions

**113**

Successors & Talent were identified for Phase 1 April 2018 – March 2020

**48**

Successors & Talent to complete their IDP by August 2018

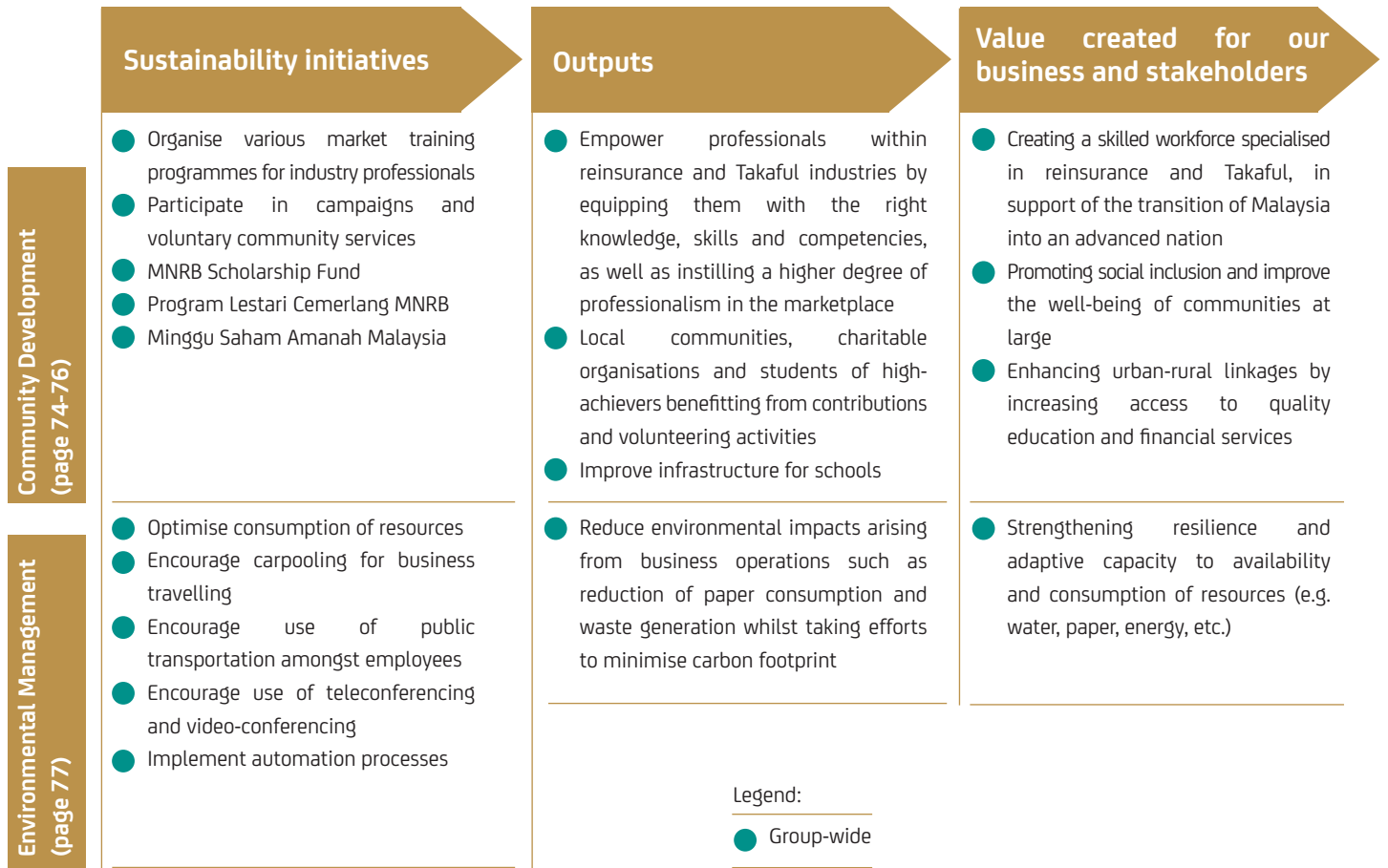
**5**

Internally filled Mission Critical Position (MCP) & Operational Critical Position (OCP)

## SUSTAINABILITY STATEMENT

### ENRICHING OUR COMMUNITY

It is our duty to effectively manage environmental impacts arising from our business operations. We encourage engagement and participation from our employees in the community engagement activities organised by the MNRB Group. The key highlights of our initiatives are summarised below:



### COMMUNITY DEVELOPMENT



“Our Corporate Social Responsibility (CSR) activities are mainly focused on education and human capital development. The emphasis we place on education and human capital development reflects our dedication towards continuous growth, of not only ours but also the industry’s most valuable asset – our people.”

*President & GCEO*

In pursuit of our long-term vision, we organised various engagement initiatives to promote the social inclusion of communities, irrespective of their background and economic status. We strive to bring positive change to the lives of underprivileged and disadvantaged communities by extending assistance predominantly in the areas of education. Some of our notable contributions are described in the next page.

### MNRB Scholarship Fund

The MNRB Scholarship Fund (the Fund) was established to support deserving Malaysian students and local insurance professionals who plan to further their studies in recognised institutions of higher learning.

#### Objective

To assist promising Malaysian students have access to tertiary and post-graduate education in order to produce quality professionals for the long-term development of the Malaysian reinsurance and Takaful industries.

Total investment since commencement in year 1998

**more than RM13 million**

#### Field of Study

- Actuarial Science
- Risk Management
- Insurance / Takaful

#### Our Achievements

	Contribution (RM)	Number of scholarship provided
FY 2017	1 million	101
FY 2018	1.2 million	85

Total number of scholarships provided since inception

**482**

### Program Lestari Cemerlang MNRB

Through our Program Lestari Cemerlang MNRB, we take a proactive role in improving the quality of education for schools located in rural areas with a majority of students coming from low-income families.

#### A two-year partnership with selected schools, since 2011

2011 – 2013: SMK Slim (Perak)  
2013 – 2015: SMK Undang Jelebu (Negeri Sembilan)  
2015 – 2017: SK Kuala Krau (Pahang)  
2017 – current: SMK Durian Tunggal (Melaka)

Total investment since commencement in year 2011

**RM60,000**

Sponsored various educational events including educational camps, motivational talks, tuition classes and study leave programme for students sitting for public examinations

Sponsored an e-Library platform to introduce interactive learning approach for students

Sponsored sportswear for school netball teams, of age under 15 and 18

#### Outcome of the Programme

**Improvement in passing marks**  
in public examination in Malaysia

**27**  
**Straight 'A' Students**

**Improvement in results for core subjects**  
English, Science and Mathematics

### Minggu Saham Amanah Malaysia (MSAM)

MSAM is an annual integrated investment education programme organised by Permodalan Nasional Berhad (PNB) to increase the awareness of Malaysians on the importance of investment and financial planning. Over the years, MNRB Group has been a firm supporter of

MSAM activities to spread this awareness and to promote Takaful products to the community.

In the 2017 event, Takaful IKHLAS was involved in various live-broadcasts, quizzes, workshops and competitions for students. These are our

avenues to instil awareness on the importance of Takaful amongst the public. A free medical examination was also provided at the event for the visitors to undertake health checks.

**18**

Employee  
Volunteers

**RM1,060,000**

Monetary  
Contribution

#### MNRB Ringgit Savvy Programme – conducted in April 2017

More than 300 secondary school students in Pahang were exposed to concept of investment and smart money management through the MNRB Ringgit Savvy Programme, a financial literacy programme organised by MNRB. This Programme was held for the sixth consecutive time in support of MSAM's main objective – which is to educate the nation on smart investments and prudent money management.

## SUSTAINABILITY STATEMENT

### Elevating Marketplace – Market Training

As a market leader, we share the responsibility to empower professionals by equipping them with the right knowledge, skills and competencies. We continue our initiatives to organise regular training programmes aimed at upgrading technical skills amongst professionals within the industry and instil a higher degree of professionalism in the marketplace. The examples of market training programmes are shown in Diagram 15 below:

#### Market training programmes to enhance professionalism

##### Cedants' Workshop

Workshops for senior reinsurance officers to widen and transfer knowledge and expertise, in addition to providing a networking platform between reinsurance officers within the insurance industry.

Specifically chosen topics, relevant to the Top Management with an element of networking.

##### Programme for Insurance Executive Development (PIED)

Designed for executives with at least two (2) years of working experiences in the insurance industry; and who are well versed in the knowledge of the four (4) classes of insurance, i.e. marine engineering, fire & property and liability.

Highly interactive approach with the inclusion of illustrative case studies and a site visit to enable the participants to appreciate the practical application of concepts and optimise learning outcomes.

##### Scheme for Insurance of Large & Specialised Risks (SILSR) Seminar

Seminars to develop and enhance the level of technical expertise and professionalism within the Malaysian insurance fraternity. Ignite the flame of alternative underwriting approaches amongst the young and up-and-coming Malaysian (re)insurers and underwriters.

Focus on relevant topics such as business interruption and cyber liability insurance for middle management.

##### Technical Courses in Fire Risk Assessment & Special/Self-Rating (FRA)

Programmes to educate underwriting and marketing professionals from insurance companies with at least two (2) years of experience, who are expected to conduct fire risk survey and have a good grasp of the special/self-rating rules and computation.

##### Young Emergent Leadership Showcase (YouLead!)

Leadership programmes for young emerging managers with high potential. Focus on effective leadership fundamentals, deciphering key industry issues and knowledge sharing/regulatory updates in the insurance industry by experts in related fields. The method of learning is highly participative and experiential driven.

Diagram 15: Examples of market training programmes



Pursuing green growth for sustainability and resilience

## ENVIRONMENTAL MANAGEMENT

Over the years, we have been working on initiatives to support, protect and conserve the environment. We begin by making every effort to optimise the consumption of resources such as electricity, paper and water in our offices. To encourage carpooling and the use of public transportation, we provide transportation services to our employees – from the office to the nearest Light Rail Transit (LRT) station. In addition to that, we have set up facilities for audio, video and web-based conferencing to aid cross-border meetings and other forms of communication with our employees and business partners.

We strongly encourage automation of processes to reduce paper consumption and waste generation, whilst reducing carbon footprint. We encourage our clients to move towards a paperless environment by digitalising manual processes such as e-claims and e-forms.

### Looking Ahead

Sustainability is a continuous journey – We continuously look forward to new opportunities as we sail through the rapidly changing socioeconomic landscape. We will leverage and continue to build and strengthen our sustainability practices to mitigate potential adverse impact arising from our dynamic business risk environment, to bring value to our stakeholders. We will progressively enhance our measures and disclosures in improving our sustainability performance for the coming years.

[www.takaful-ikhlas.com.my](http://www.takaful-ikhlas.com.my)



Allows our clients to renew or purchase new motor certificates via online platform

