

TOWARDS MORE SUSTAINABLE TOMORROWS

WHY IS ESG IMPORTANT TO KWAP?

Reduce risk and enhance risk-adjusted returns

Investing in companies with good Environmental, Social and Governance (ESG) practices can contribute to delivering sustainable risk-adjusted returns.

Reputational risk

Companies that practise poor ESG practices pose reputational risk to KWAP.

Financial risk

For pension funds with long-term investment horizon, ESG factors can have direct impact on returns.

Large presence in the domestic market

Opportunity to play stewardship role by promoting good sustainability practices in the Malaysian capital market.

Fiduciary duty

As a pension fund, KWAP has a responsibility towards its stakeholders to generate sustainable risk-adjusted long-term returns. There is an added responsibility for KWAP to ensure that both KWAP and its investee companies are sustainable in their business practices.

Sustainability is a salient principle for KWAP due to our fiduciary duty to fulfill the mandated role of generating long-term sustainable returns for our stakeholders, mainly the pensioners.

At KWAP, we believe that investing in companies with good ESG practices can contribute towards delivering sustainable risk-adjusted returns and therefore enhance shareholder value over the long-term.

Reputational risks have a two-pronged effort to both investee companies and the investors. Over time, we have seen how ESG factors have affected the consumer's preference for products and services in the market.

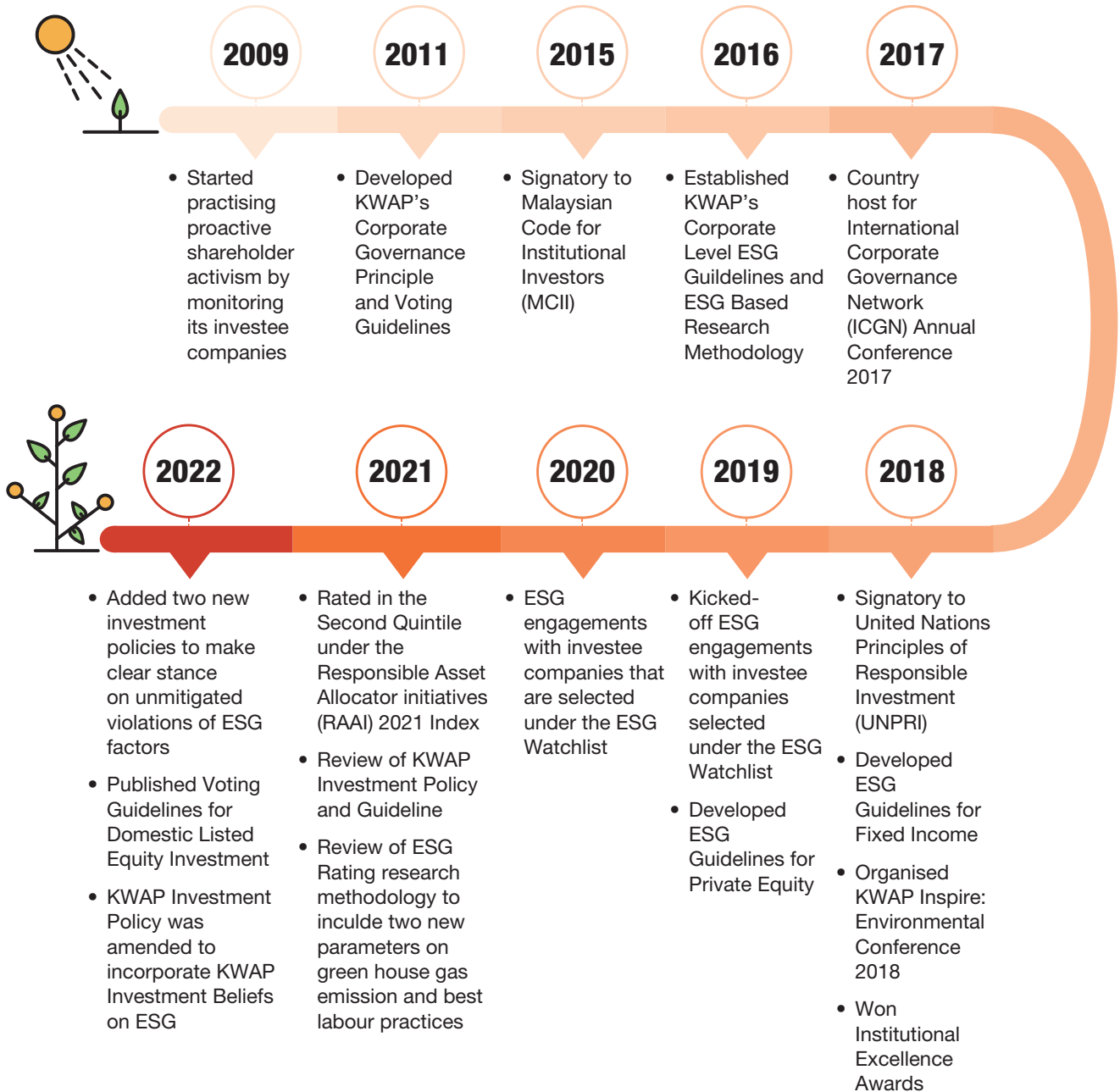
Consumers are turning away and boycotting products that are, for example, polluting the environment, causing deforestation, or engaging in forced labour in their supply chain. In other words, these companies that have poor ESG practices pose a reputational risk to the companies itself and its institutional investors.

For pension funds, such as KWAP, that are large asset owners with long-term investment horizons in diverse industries, ESG factors can have a direct impact on investment returns. For example, under the environmental pillar, a company's ability to address the market's transition to low-carbon and deforestation-free economy including managing risks pertaining to stranded assets will affect the financial expectation on investments in these companies.

KWAP believes that investee companies which are exposed to high-carbon-high-cost projects; and projects with high environmental, social and governance risks are more vulnerable to the risk of stranded assets than companies that are actively preparing for a zero-carbon transition.

Further to the above, institutional investors such as KWAP also have a responsibility in setting an exemplary path in the market owing to our large domestic presence. It is our duty to support national economic development plans and the capital market activities as we are able to make a difference by redirecting capital, towards ESG-focused companies within the market space.

OUR SUSTAINABILITY JOURNEY TO DATE



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KWAP's journey with sustainability first started back in 2009 when we began practising proactive shareholder activism by monitoring investee companies' corporate governance practices as well as issues related to companies' responsibility towards social and environmental aspects.

Since then, KWAP has embraced and integrated ESG as part of its business practice by establishing corporate level ESG guidelines and gradually introducing specific asset class ESG guidelines over the years.

At KWAP, companies' non-financial performance is used to establish internal ESG ratings where investee companies are scored based on their performance benchmarked against the generally-accepted ESG principles since 2016.

Apart from that, as a responsible investor, KWAP also engages with investee companies annually, to guide them to continuously improve their ESG practices and performance.

On top of establishing guidelines, KWAP actively attends and participates in AGMs and EGMs to exercise shareholder activism and conduct shareholders engagements with investee companies to discuss both financial and non-financial matters.

To further strengthen our ESG beliefs, KWAP became a signatory to the UNPRI in 2018. As a signatory to the PRI, ESG has been integrated into all investment analysis and decision-making processes and KWAP acts as an active owner who seek appropriate disclosures from the entities that it invests in, and adoption of best industry practices related to ESG.

Moreover, in 2018, KWAP collaborated with the World Wide Fund for Nature (WWF) to host the inaugural KWAP Inspire: Environmental Conference which provided a platform to create awareness of the importance of environmental sustainability among the investment and business communities. Pride is also taken in being recognised for its ESG efforts as KWAP emerged as the Asia Pacific ESG Champion at the Asian Investor Institutional Excellence Awards 2018 held in Singapore.

Within the same year, KWAP conducted the investment carbon footprint measurement to identify the carbon emissions (CO₂) generated based on the existing KWAP domestic equity portfolio and measures that can be taken to mitigate climate change risks as well as established ESG Tracking Methodology to have a structured process to track, monitor and review the ESG performance of KWAP's investee companies.

Since 2019, KWAP has also organised ESG engagements with investee companies on an annual basis to deep dive on ESG focused discussions and address specific areas of concern.

In 2021, KWAP further enhanced ESG integration by putting more emphasis on environmental (i.e., climate change etc.) and social related matters/issues (i.e., human rights, forced labour etc.) into our investment decision making processes. In the same year, KWAP was rated top in Malaysia and among the top 100 asset allocators in the world for responsible investing under Responsible Asset Allocator Initiative (RAAI) 2021 Index.

In 2022, KWAP reviewed and published the Voting Guidelines for domestic listed equity investment to include the current ESG best practices in exercising its shareholder rights in its investee companies.



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HOW WE DELIVER SUSTAINABLE IMPACTS



Investment Beliefs on ESG

KWAP believes that integrating ESG practices into its investment practices can generate sustainable risk-adjusted returns and therefore enhance shareholder value in the long run. The proposed amendments were also made to KWAP Investment Beliefs on ESG in October 2022.



KWAP's ESG Screening

KWAP believes in the importance of being an active and responsible stakeholder. As part of our efforts to safeguard our investments and protect our assets from financial and reputational risks, KWAP has avoided investments in the following industries through negative screenings based on ethical considerations:

- i. Tobacco;
- ii. Alcohol;
- iii. Gambling;
- iv. Pornography;
- v. Armaments (i.e., Chemical weapons, cluster bombs and etc.);
- vi. Countries that have no diplomatic ties with the Government of Malaysia;
- vii. High-risk Countries (including countries identified by United Nations Security Council Sanctions List); and
- viii. Corrupt Practices.

This was also incorporated in KWAP's Investment Policy and has been its stance since 2007.



KWAP's ESG Policy & Guidelines

KWAP continues to internalise good ESG practices across its business and operational activities encompassing all the main areas namely investment, operations and pension services administration & management.

KWAP incorporated ESG considerations across all its operation including investment decision-making process via KWAP's Corporate Level ESG guidelines that were established in 2016. Among the highlights are as follows:

- KWAP has incorporated sustainability considerations into its investment decision making process via:
 - i. Investment Policy and Investment Guidelines;
 - ii. KWAP's ESG Guidelines for Investment;
 - iii. ESG -Based Research Methodology;
 - iv. Corporate Governance Principles and Voting Guidelines for Listed Equities;
 - v. ESG Guidelines for Fixed Income Investments;
 - vi. KWAP's ESG Tracking Methodology for Listed Equities; and
 - vii. ESG Guidelines for Private Equity.

The objectives of the Corporate Level ESG Guidelines are:

- Role to Stakeholders:

To enable KWAP to fulfil its roles to its stakeholders including the future generations in a responsible and sustainable manner by adopting good ESG practices.

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- Sustainable Performance:
To improve the sustainability and long-term performance of KWAP and its investee companies. KWAP believes sustainability factors may significantly influence the risk-return profile of investments.
- Promotion of good ESG practices in the capital market and KWAP's business partners:
To leverage on KWAP's position as an institutional investor to improve ESG practices in:
 - i. The capital market vis-à-vis:
 - Engagements with our investee companies
 - Collaborations with regulators (e.g.: Bursa Malaysia and Securities Commission)
 - Collaborations with corporate governance (CG) bodies (e.g.: ACQA and PRI)
 - Active roles in CG-related councils (e.g.: Institutional Investors Council and Security Commissions Key CG Stakeholders Group)
 - ii. Companies across KWAP's value chain including its suppliers, third party service providers and other related business partners.

The Corporate Level ESG Guidelines consist of seven pillars namely:

- Environment
- Human Capital
- Governance
- Investment Management
- Members Administration
- Ethical Practices
- Social

ENGAGING WITH OUR STAKEHOLDERS

Shareholder Activism

As an active shareholder, KWAP continued its engagements with its investee companies and raises ESG issues where necessary. These visits are led by the management team and KWAP officers through Annual General Meeting/ Extraordinary General Meeting (AGMs/EGMs) and one-on-one meetings to further improve its governance practices of its investee companies.

KWAP has a structured monitoring process on its investee companies. Monitoring initiatives by KWAP includes the following:

- Monitor the performance and value drivers of its investee companies via company announcements and news flows that are monitored daily.
- Monitor ESG red flags and concerns.
- Monitor via AGMs/EGMs:
 - i. Monitor the issues deliberated at investee companies' AGMs/EGMs; and
 - ii. Submit AGM/EGM resolutions to all its investee companies.

KWAP actively participates in corporate engagements with investee companies through:

i. Shareholder's Engagement with Investee Company

In 2022, KWAP's senior management conducted a series of engagements with five investee companies. The topics that were discussed during the engagement sessions include company overview, market condition, company's future business plans and ESG-related issues.

The engagements were participated by KWAP's senior management team including KWAP's Chief Executive Officer.

Senior Management Engagements Conducted in 2022

No.	Company	Date
1	AMMB Holdings Berhad	17 February 2022
2	Telekom Malaysia Berhad	5 July 2022
3	AMMB Holdings Berhad	20 July 2022
4	IGB Real Estate Investment Trust	21 September 2022
5	Gamuda Berhad	27 September 2022

ii. ESG Engagements Initiated by KWAP

In 2018, KWAP developed ESG Tracking Methodology to enable KWAP to have a structured process to track, monitor and review the ESG performance of KWAP's investee companies.

KWAP will screen its investee companies based on the considerations outlined in the ESG Tracking Methodology and shortlisted a few companies to be included in the ESG Watchlist. KWAP will then conduct a thorough analysis of the relevant ESG issues as per the Global Reporting Initiative (GRI) Standards and develop an ESG database for each company listed in the ESG Watchlist.

Following this, KWAP will organise ESG engagements and dialogues with companies under the ESG Watchlist to further monitor their operations and limitations, if any, and share experiences based on previous engagements with other companies. This is to allow KWAP to influence the investee companies to align with KWAP's sustainability and ESG objectives.

In 2022, KWAP conducted four ESG engagements and one follow up ESG Engagement with its investee companies.

No.	Company	Date
1	UMW Holdings Berhad	14 June 2022
2	Panasonic Manufacturing Malaysia	12 July 2022
3	Sime Darby Berhad (Automotive)	23 August 2022
4	Tenaga Nasional Berhad	22 September 2022
5	Power Root Berhad	17 October 2022

Based on KWAP's ESG engagements with its investee companies, KWAP has observed that the sustainability disclosures among its investee companies are still lacking. In addition, KWAP has also highlighted ESG issues including, but not limited to the following:



In addition to KWAP Shareholder's Engagements and ESG engagements above, KWAP's research analysts also conducted a total of 811 engagements which are 450 domestic and 352 international, throughout the year which includes analyst briefings, internal meeting and engagements with investee companies, which includes a review on their ESG practices, where applicable.

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iii. Voting Rights

In 2022, KWAP exercised its voting rights at AGMs/EGMs.

KWAP submitted 116 companies' AGMs/EGMs resolutions to all its investee companies and exercised its voting rights based on KWAP's published Voting Guidelines.

iv. Other ESG-related Engagements

Apart from the engagements listed above, as an active shareholder who continuously seek to promote good ESG practices, KWAP continued its engagements with its investee companies to raise and address pressing ESG matters (where necessary) due to its investee companies' publicly reported ESG practices during the year. These visits are led by the management team and KWAP officers through one-on-one meetings to further improve the ESG practices of its investee companies.

In 2022, KWAP engaged with one investee company, namely:

No.	Company	Date	Purpose of Meeting
1	Sime Darby Plantation Berhad	21 March 2022	Update on US CBP WRO

Engagement with Regulators/Government-linked Investment Companies (GLICs)

As part of KWAP initiatives in supporting ESG practices, KWAP has participated in multiple engagements with regulators such as Securities Commission, Bursa Malaysia, Bank Negara Malaysia and Malaysia Anti-Corruption Commission (MACC).

Moreover, KWAP has also participated in sustainability-related working groups as per below:

i. JC3 Committee

Three of KWAP officers are members of the Joint Committee on Climate Change (JC3). On 27 September 2019, Bank Negara Malaysia and Securities Commission Malaysia had established JC3 to pursue

collaborative actions for building climate resilience within the Malaysian financial sector. The three JC3 committees include:

a. JC3 Sub-Committee 1	Climate Change and Principal-based Taxonomy working group
b. JC3 Sub-Committee 2	Governance and Disclosure
c. JC3 Sub-Committee 5	Bridging Data Gaps

ii. Input for Surveys and Questionnaires

KWAP has provided input in surveys and questionnaires produced by the Regulators and ESG-Related Associations as follows:

- a. Feedback on Bursa Book 1 – Purpose & Performance Driven PLCs
- b. Draft Task Force on Climate-Related Financial Disclosures (TCFD) Application Guide
- c. Feedback on Draft Book 2 On Sustainable, Socially Responsible and Ethical Public Listed Companies (PLCs) Issued by Bursa Malaysia
- d. Consultation Paper (CP) No. 1 of 2022 on the proposed amendments
- e. Proposed Amendments to Bursa's Business Rules and Listing Requirements to Facilitate Operations on Public Holidays
- f. Consultation Paper from Bursa on Proposed Amendments to the Main Listing Requirements In Relation to the Structured Warrants Framework
- g. Bursa Consultation Paper on the Proposed Amendments to the Ace Market Listing Requirements in Relation to the Transfer of Listing Framework from Leap Market and Recognised Approved Adviser Framework
- h. Public Consultation on Draft Revisions to the G20/Organisation for Economic Co-operation and Development (OECD) Principles of Corporate Governance
- i. Bursa Malaysia CP 3/2022 - Proposed Amendments to Main Market Listing Requirements in Relation to Listed Real Estate Investment Trusts (REITs) and Exchange-Traded Funds (ETFs) with Waqf Feature

Engagement with Corporate Governance Bodies

i. Institutional Investors Council (IIC)/Malaysian Code for Institutional Investors (the Code)

KWAP has been a member and founding member of IIC since its formation in July 2015 and KWAP's former Chief Executive Officer (CEO), Dato' Wan Kamaruzaman Wan Ahmad was appointed as the first chairman of the IIC Council Board Members from July 2015 to June 2019.

On 15 December 2021, KWAP's current CEO, Datuk Hajah Nik Amlizan Mohamed was appointed as IIC's Vice Chairman of the IIC Council Board Members during IIC's 3rd Annual General Meeting (AGM).

As a member of IIC, KWAP endorsed its commitment in upholding good corporate governance standards by being a signatory to the Code. The Code comprises a set of principles which assists institutional investors to fulfil their stewardship responsibilities through influencing and promoting good corporate governance culture in their investee companies.

In addition to the IIC formation, a special working committee was formed to focus on issues and topics of strategic importance which are of common interest to institutional investors and in line with the objectives of the IIC namely Market and Industry and Governance and Policies.

To date, there are 38 signatories under the Code which includes Institutional Investors, asset managers and asset owners. Finally, KWAP has actively participated in IIC-related events which includes speaking engagements, council and working group meetings.

ii. United Nations-supported Principles of Responsible Investment (PRI)

KWAP became a signatory to PRI on 7 February 2018, an independent non-profit organisation that is supported by the United Nations (UN) to encourage investors to adopt responsible investment to enhance returns and better manage risks. PRI promotes awareness on the investment implications of ESG factors and supports its international network of investor signatories by incorporating the six principles of PRI into practice for investments and ownership decisions.

Becoming a signatory to the PRI is part of KWAP's efforts to expand our responsible investment initiatives at a globally recognised platform. As a signatory, KWAP is committed to:

- i. Adopt and implement the six principles for responsible investment, where consistent with our fiduciary responsibilities.
- ii. To evaluate the effectiveness and improve the content of the principles over time.

This is believed to improve KWAP's ability to meet commitments to beneficiaries as well as better align our investment activities with the broader interests of society. We also encourage other investors to adopt the principles.

KWAP has engaged closely with the representatives from PRI to further improve ESG initiatives in the region.

KWAP's Speaking Engagements in 2022

KWAP has participated as a guest speaker in numerous ESG-related events such as:

- i. MIDF Green Conference 2022: Does being ESG compliant help with raising capital?;
- ii. SIDC's Sustainable and Responsible Investment (SRI) 2022 Virtual Conference: Preserving the Climate through Sustainable Business and Living;
- iii. 4th Islamic Sustainable Finance & Investment Forum 2022: Positioning ESG and Sustainable Finance and Investment - Policy, Regulation and Action;
- iv. Climate Governance - A Standing Item in Board Agendas;
- v. Institutional Investors Council Malaysia and Asia Research & Engagement (ARE) - Investor Roundtable on Net Zero in Malaysia;
- vi. Aberdeen Sustainability Summit APAC;
- vii. Sustainable Global Capital Conference;
- viii. PwC & Bursa Malaysia, PLCs Transformation Programme - Strengthening Stakeholder Management & Investor Relations Guidebook 3 Highlights;
- ix. RHB Investment Bank Berhad & Bursa Malaysia Seminar - Invest Shariah Corporate Conversation - (When Shariah Meets ESG: The Next Level);
- x. IIC – SIDC Corporate Governance Conference 2022: Investment Stewardship in Times of Heightened Sustainability Demands; and
- xi. SMART Leadership Talk Series 2022 - Embracing Sustainability via Diversity.

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SOCIALLY RESPONSIBLE EVENTS AND ENGAGEMENTS IN 2022

KWAP has shown remarkable resilience and unwavering dedication to creating a positive impact on its stakeholders, despite the challenges brought about by the COVID-19 pandemic. As a responsible corporate organisation, KWAP has remained committed to fulfilling its role, and has demonstrated this commitment through its continued engagement with stakeholders via various events, engagements and Corporate Social Responsibility (CSR) initiatives. These efforts have not only helped KWAP to strengthen its relationships with stakeholders but have also enhanced its reputation as a socially responsible organisation that is committed to creating long-term value for its stakeholders, even in times of adversity.

FOR THE NATION

KWAP MySTEP Programme 2022

MySTEP programme is an initiative launched by the Malaysian government to provide short-term employment and training opportunities for Malaysian citizens. The programme aims to enhance the employability and professional experience of its participants by offering comprehensive benefits and training opportunities.

In 2022, KWAP successfully recruited 1,019 MySTEP trainees, exceeded the target set by the Ministry of Finance (MOF). The programme provided a wide range of benefits to its participants, including medical benefits, allowances and training opportunities. These benefits have created a supportive environment that fosters learning and growth, benefiting both the trainees and KWAP.

KWAP onboarded its first in-house MySTEP trainee on 17 May 2022 and by the end of the year there was a total of 92 trainees have joined its workforce. They were placed at different departments in both KWAP KL and Cyberjaya offices. Their contract of employment ranged between as short as three months to as long as a year and a half.

The MySTEP programme has also helped KWAP attract and retain talented individuals, contributing to the development of Malaysia. Furthermore, the programme's success has contributed to the government's efforts to address unemployment, ultimately benefitting the country's economy.

To ensure the success of the MySTEP programme, KWAP has implemented several enhancements including developing partnerships with private sector organisations to provide MySTEP trainees with job placement opportunities after completing the programme.



This could increase the programme's impact on employability and increase the chances of trainees finding long-term employment.

Incorporating mentorship and coaching programmes into the training curriculum would help to develop a closer relationship between trainees and their supervisors, enabling them to receive valuable guidance and support and providing language and communication skills training for trainees. This would equip them with the necessary skills to communicate effectively in a globalised economy and potentially expand their job opportunities beyond. The government should also provide continuous support to ensure the programme's long-term viability and success.

KWAP's commitment to human capital development through the MySTEP programme emphasises its efforts to contribute to the sustainable development of the Malaysian economy. By investing in the development of its citizens, KWAP is not only improving the employability of Malaysians but also helping to build a stronger and more resilient economy for the future.

FOR THE INDUSTRY

GLC Open Day

The GLC Open Day 2022 with the theme '*Aspirasi Negara Inspirasi Rakyat*' was organised by the MOF from 11 to 13 March 2022 at Kuala Lumpur Convention Centre, Kuala Lumpur. The event aimed to attract more than 10,000 visitors and was inaugurated by the Prime Minister. Its objectives were to create employment opportunities, expedite socio-economic growth in post-pandemic Malaysia, attain global standards for the country's economic development and enhance public awareness of the role and contribution of Government-linked Companies/Government-linked Investment Companies (GLC/GLICs) to the nation. KWAP participated in the event as one of the exhibitors, alongside other agencies. KWAP's employees also served as volunteers, disseminating information about KWAP's functions, promoting MyPesara application, conducting curriculum vitae (CV) clinics, organising job interviews and participating in the talk sessions.



SIDC Corporate Governance Conference 2022

On 23 September 2022, Institutional Investors Council Malaysia (IIC) in collaboration with the Securities Industry Development Corporation (SIDC) successfully organised a conference called '*IIC – SIDC Corporate Governance Conference 2022: Investment Stewardship in Times of Heightened Sustainability Demands*' that took place at the Conference Hall, Securities Commission Malaysia (SC). KWAP's CEO, Datuk Hajah Nik Amlizan Mohamed was invited as one of the speakers to share her insights on meeting net zero by 2050. The conference also featured representatives from GLICs, corporate sectors, and industry experts, both international and local as speakers, and panellists to discuss and share their insights on key corporate governance and sustainability efforts.



Smart Leadership Talk Series 2022

KWAP together with the Women Leadership Foundation (WLF) hosted the 5th Smart Leadership Talk Series 2022 featuring KWAP's CEO with the topic '*Embracing Sustainability via Diversity*' on 25 November 2022 at KWAP KL Office. It was a great knowledge-sharing session that garnered the participation of more than 50 guests, comprising key figures from the industries, mentors and mentees of WLF and employees of KWAP.



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FOR THE INDUSTRY

Closed-door Dialogue Session on Climate Governance

Institutional Investors Council Malaysia (IIC) together with KWAP hosted a Closed-door Dialogue Session on Climate Governance – A Standing Item in Board Agendas on 24 August 2022 at the DoubleTree by Hilton where the Founder and Chairman of Climate Governance Initiative (CGI), Karina Litvack, was invited as a special guest speaker. KWAP's CEO was given the opportunity to deliver an opening speech titled '*Climate Governance Moving Mainstream*' to share views and create awareness pertaining to climate governance issues. The dialogue session enabled its members to share thought-provoking ideas and feedback on climate governance, understand the dynamics of environmental and social issues, as well as Board roles in making a judicious balance between the various constituents in the environment it operates.



Larian Kewangan 2022

In October 2022, the MOF under Majlis Kebajikan dan Anggota-Anggota Kementerian Kewangan (MKSAKK) conducted Larian Kewangan 2022 in conjunction with National Sports Day. The event was held at Tasik Cyberjaya and saw the participation of over 1,200 participants from various Government agencies under MOF, with 68 participants from KWAP. KWAP also set up a booth to promote the MyPesara mobile application and took the opportunity to distribute the MyPesara postcards to the participants and members of the public.



Bintang Kewangan

KWAP was given the honour of hosting Bintang Kewangan 2022, a singing competition featuring talented singers from all agencies under the MOF. The event was held at INSPEN, Bangi on 20 July 2022 and was attended by 600 representatives from the agencies including the Minister of Finance as the Guest of Honour. A representative from the MOF emerged as the winner of the competition. KWAP was represented by Encik Moh Busyrol Kariim Kholil. Two new categories were also introduced where Lembaga Pembiayaan Perumahan Sektor Awam (LPPSA) took home the title of the Best Agency for Cheerleading Squad and the Best Agency Cheerleading Costumes went to Lembaga Hasil Dalam Negeri Malaysia (HASiL).



FOR THE COMMUNITY

Pension-Related Engagements

Various talks and briefing sessions were conducted throughout the year to educate government organisations and our future pensioners on their retirement benefits and other pension-related matters.

KWAP conducted a total of 36 talks and nine engagement programmes across the nation throughout the year 2022. By comparison, 34 events were successfully conducted by the team in 2021. The talks comprised 10 events conducted virtually while 26 were physical sessions that took place across Malaysia. The physical events were held once in Kelantan, Terengganu, Putrajaya, Labuan and Sarawak respectively; while Johor, Negeri Sembilan and Perak had two events each; Kuala Lumpur, Pahang and Selangor recorded three events each; and six events were held in Melaka.

These were in addition to seven engagement programmes with Public Service Department (PSD), a Financial Planning Seminar for Pensioners 2022, and a Financial Planning Seminar for Future Pensioners 2022.

At the same time, KWAP also continued to conduct and participate in direct engagement programmes which provided opportunities for pensioners and future retirees to get explicit feedback with regards to pension-related matters.



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FOR THE COMMUNITY

Kasih KWAP 2022

This is an annual event to welcome the month of Ramadhan with the less fortunate.

KWAP organised various activities that reached out to targeted beneficiaries. These included:

- Distribution of 1,680 kurma boxes to KWAP employees, pensioners, Pension Associations, Public Services Department (PSD), MOF and related stakeholders.
- Conducting five sessions of '*Tazkirah Ramadhan*' on various topics with Ustaz Dato' Daud Che Ngah, Dr Zaharuddin Abd Rahman, Ustaz Azri Abd Rajid, Ustaz Muhammad Harith Md Razi and Dato' Mohd Fadzilah Kamsah.
- Eid Festive Shopping with 60 children from Pertubuhan Warisan Suci and Nur Kasih Bestari, aged between three and 20 years old. 15 KWAP volunteers were present to assist the children in shopping for their clothes and Eid festive needs, followed by an iftar session.
- Organising Ihya Ramadhan 2022 with the support of Pusat Aktiviti Warga Emas (PAWE) and Jabatan Kebajikan Masyarakat (JKM) Rembau. More than 20 KWAP volunteers and PAWE committee members participated in the preparation and cooking of *bubur lambuk* and *dodol*. A total of 600 Ramadhan packs were distributed to Hospital Rembau, Land and District Office, Masjid Rembau, District Education Department, Kolej Komuniti Rembau, District Health Office and pensioners residing in the surrounding area.
- Contribution RM10,000 to Rumah Seri Kenangan, Seremban as part of KWAP's charity efforts. This contribution aimed to assist 130 senior citizens and pensioners with their daily needs.



FOR OUR EMPLOYEES

CEO Monthly Townhall

The Monthly Townhall was conducted to provide a platform for the CEO to deliver updates on the organisation's recent developments and upcoming activities. It was an opportunity to address questions and obtain feedback from the employees. This active engagement is a crucial element of KWAP's culture since it encourages openness, honesty, and a sense of inclusiveness within the organisation. By enabling employees to interact directly with the CEO and management, it promotes a positive work environment among the employees.



KWAP Hari Raya Event

After a two-year hiatus, KWAP held its Hari Raya Event in May 2022 with KWAP employees, various stakeholders and corporate guests to celebrate the festive occasion. The event provided a great platform for attendees to reconnect with each other, strengthen the camaraderie between new and old colleagues, and foster a positive work culture in KWAP.



Annual Dinner

After a challenging two-year gap due to the pandemic, the KWAP Annual Dinner returned on 30 September 2022, with the theme *'Rock of All Ages.'* The event saw 665 enthusiastic employees dressed up in their rock-inspired outfits enjoying a wide range of activities that kept everyone engaged throughout the night. It was more than just an opportunity to strengthen relationships among colleagues; it was a chance to reflect on the past year's challenges and come together to achieve better outcomes in the future. Overall, it was an unforgettable night that helped build camaraderie and create memorable experiences for all KWAP employees.



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FOR OUR EMPLOYEES

#KWAPSEJIWA – Merdeka Celebration

The celebration of Merdeka is marked annually by an array of engaging and impactful initiatives that aim to foster the spirit of independence among employees. One of the highlights of the 2021 celebrations was the launch of #KWAPSejiwa, which featured two key events. The first was an Art Forum that was held to coincide with Malaysia's 64th Merdeka celebration; and the next was the organisation of its first virtual art class for employees. To sustain the momentum of #KWAPSejiwa, KWAP continued this engagement programme in 2022.

With the theme of '*Teguh Bersama*', the #KWAPSejiwa 2022 was conducted as a month-long event, providing KWAP employees with a chance to participate in various Merdeka-themed activities held throughout the month. The objective of the month-long initiative was to boost patriotism, togetherness and happiness in the workplace. Activities held included:

- Batik Art Class 2.0, whereby a total of four sessions were held at both offices
- *Gamit Kenangan Games*
 - i. The list of games that employees participated in:

1. <i>Teka Kuih Kita</i>	Participants had to guess the name of the traditional kuih-muih.
2. <i>Tarian Magunatip</i>	Participants learned and experienced the beauty of the traditional bamboo dance.
3. <i>BahasaKu Keramat</i>	Participants were tested on Bahasa Melayu language, idioms and Merdeka-related pictures.
4. <i>Sayembara Pantun</i>	Participants had to create and recite Merdeka-related poems.
5. <i>Tebar Roti Canai</i>	The challenge was to show your skills in the making of roti canai with a <i>Penebar Roti Canai</i> Champion as the official judge.



FOR OUR EMPLOYEES

#KWAPSEJIWA – Merdeka Celebration

- Seni@KWAP
 - i. The activity ran throughout the month with the main objective of fostering appreciation and learning of KWAP's artworks and its relation to Merdeka amongst employees. The initial submissions saw 16 employees uploading their best selfie photos for the competition.
- Art Talk
 - i. The Art Talk was held on 15 September 2022 at the lobby area, Level 6, Integra Tower; and
 - ii. The sharing session was organised for employees to understand art and its perspective. The session focused on the story of '*Beringin Bebas*', a sculpture produced by a local artist, Jamil Zakaria.



Management Retreat

With a few new additions to the management team, a two-day retreat on 15 and 16 October 2022 at Janda Baik, Pahang, was a much-needed getaway for the Senior Management of KWAP. The '*Off-site but On Track Road Trip*' involved 20 of the C-Suites and the Heads of Departments. It was a great platform to synergise in a casual environment, build chemistry and engage with one another through various engaging activities.



TOWARDS MORE SUSTAINABLE TOMORROWS

FOR OUR EMPLOYEES

TALENT MANAGEMENT

KWAP continues to enhance and implement a robust succession planning programme to identify and develop talent for mission critical and leadership positions. This ensures that we have a pipeline of capable leaders who can meet the significant expectations of TERAS 5 and support the organisation through the organisational restructuring (OGS) in KWAP. Through KWAP's Talent Management initiatives and succession planning programmes, below are some of the effort and achievements in 2022:

1. Enhancement of the Talent Pool programme, designed to identify and cultivate a pool of high-potential employees capable of assuming future leadership roles within an organisation. Talent Pool members are prepared to assume key positions within the organisation;
2. Succession of Talent Pool into mission critical positions in KWAP. Currently 67% of the critical positions are filled by internal succession;
3. Conducted Senior Management Leadership Assessment in 2022 to identify leadership gaps and improve the overall leadership alignment for better performance and engagement between employees and leaders in KWAP;
4. Secondment of high-potential talent to KWAP subsidiary Prima Ekuiti (UK) Limited (Prima Ekuiti) in the UK as an incubation and development platform for intensive and immersive learning experiences and leadership building;
5. Attachments to external peer companies, regulators, and stakeholders such as LTAT, MOF and the Securities Commissions for Government's PERKUKUH initiatives to provide expertise where required and simultaneously develop and provide exposure to KWAP's talent; and
6. Leadership Executive Coaching continues to provide our talent with a personalised coaching programme to help them develop their leadership skills. Certified executive coaches from the industry offer coaching sessions that span three to six months and are designed to improve leadership skills.

KWAP Young Talent Programme 2022

The KWAP Young Talent (KYT) programme is a Management Trainee Programme by KWAP, established in 2014. The programme provides career enhancements and learning opportunities through various interventions to increase the young talent's competencies as well as business and leadership savviness, in preparing them towards becoming the future experts and leaders in KWAP.

This year, KWAP is proud to announce a total of 28 talents participating in our KWAP Young Talent programme 2022. The talents consist of both local and overseas graduates from various disciplines. In total, KWAP has onboarded 128 of young talents since 2014.

We welcomed our first KYT 2022 intake in August 2022 followed by second and third intakes in October and December. Our KYT talents went through a one-month on-site training and familiarisation programme to develop their interpersonal and soft skills and familiarisation to the organisation before deploying to their respective departments.



FOR OUR EMPLOYEES

LEARNING AND DEVELOPMENT

Training

The realisation regarding the urgency to future-proof the workforce has led to the implementation of multiple learning infrastructures. The learning options offered range from public programmes, conferences, seminars, in-house training programmes, departmental knowledge sharing and the Learning Zone, KWAP's Learning Management System (LMS). The learning offerings are mapped out into a comprehensive yearly training plan, announced to all employees during each first quarter of the year. Some programmes also involve the element of "play", which tapped into gamified learning methodology. This ensures that learning is always at its peak as learners are fully engaged and having fun.



Outcome

- i. In 2022, all departments met the required learning days target;
- ii. 65 in-house programmes comprising of virtual and on-site programmes were organised, 402 paid public programmes were arranged in meeting the employees' technical and leadership requirements; and
- iii. All in all, the average learning days across KWAP for 2022 was higher than in 2021 at 11.2 days compared to 10.7 days.

The Learning Zone, KWAP's Learning Management System (LMS)

In response to the continued demand for digital learning, KWAP established the LMS, which aims to complement the conventional training offerings as well as to serve as a platform that promotes flexibility in learning where employees can continuously acquire knowledge and skills without place and time constraints. LMS currently provides up to 60,000 training courses for users to continuously learn via the LMS web.



Outcome

- i. Notably self-directed learning can be a challenge to many. Therefore in 2022, we introduced a new approach whereby learning champions have been assigned from each department, to take charge of their department's learning journey. Together with the involvement of the Head of Department, the learning champions not only identified core courses on the Learning Zone deemed essential and relevant, but they also had to craft out the journey and check on the progress of each team member. The campaign was competition based, in which the completion rate was reported monthly. The aim of the campaign was to help learners transition to self-directed learning until it becomes habitual to all;
- ii. As a result of this campaign, two learning cycles on the LMS were introduced in 2022, anchored by 56 learning champions, which led to the creation of 28 learning journeys; and
- iii. In comparison to 2021, 4,060 modules were completed as compared to 6,115 modules completed in 2022.

TOWARDS MORE SUSTAINABLE TOMORROWS

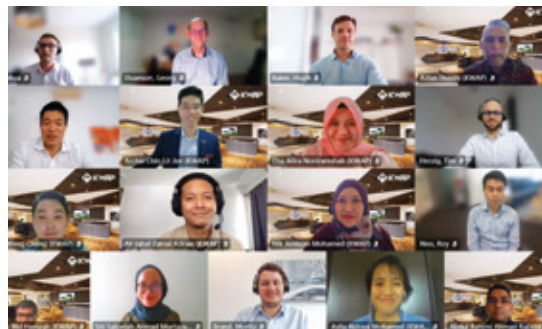
FOR OUR EMPLOYEES

KWAP Learning, Engagement and Advisory Programme (LEAP)

KWAP LEAP is an initiative introduced to strengthen the relationship with external fund managers (EFMs) managing KWAP portfolio, while emphasising value addition and knowledge transfer for the benefit of KWAP employees.

Outcome

- i. Initiated in 2021, six sessions were conducted by both EFMs managing the Global Equity Multi-Factor mandate, and the attendance for all sessions were consistently full house. Building on the success of LEAP back in 2021, LEAP continued in 2022 covering topics on Factor Investing, Sovereign Asset Management, ESG Integration into Factor Investing, as well as, the Future of ESG;
- ii. Five sessions took place in 2022, conducted by experienced speakers from two of KWAP's appointed EFMs via an online platform ie. MS Teams; and
- iii. An average of 60 participants took part in each session.



KWAP Upskilling Programme

The KWAP Upskilling Programme, first launched in October 2020, is the embodiment of one of many qualities KWAP stands for and that is instilling the spirit of life-long learning and upskilling. This programme was designed for non-executives and in collaboration with Azman Hashim International Business School (UTM-AHIBS) which enables our workforce to continuously meet industry standards, pave the way for career progression and produce competent talent who are 'future-ready'. KWAP Upskilling Programme paves the way to improved succession planning of KWAP's internal employees, even at the non-executive level.

Following the completion of UPSKILL 1.0 with Azman Hashim International Business School (UTM-AHIBS), KWAP received industry recognition at the Employee Experience Awards 2022 (EXA). KWAP was among the top three finalists for "Best Organisational Upskilling and Reskilling Strategy" category in June 2022.

Outcome

- i. Building on this success story, KWAP continues its engagement with UTM-AHIBS, now known as UPSKILL 2.0. 16 dedicated employees have been enrolled and the programme is scheduled to end in December 2023.



FOR OUR EMPLOYEES

Education Assistance Scheme

Although skills development to close immediate critical competency gaps is important, the changing outlook of the employment landscape signals the uncertainty of future roles. KWAP believes in the need for continued upskilling to better prepare its workforce for the future, in which employees are constantly encouraged to level up their professional credentials by enrolling into KWAP Education Assistance Scheme. The scheme continues to produce talent with heightened credentials for KWAP employees at large.



Outcome

- i. In 2022, eight employees completed their studies as compared to 17 employees in 2021, producing three Chartered Financial Analyst (CFA) Holders, two Certified Internal Auditors (CIA), one Degree holder in Business Administration (BBA) and two with Master's Degree;
- ii. On 28 May 2022, KWAP has been recognised as one of the CFA Society Malaysia employer partners of the Employer Recognition Programme by the CFA Institute, for making a commitment to nurture the employee's professional journey in pursuit of the CFA qualifications. Two of KWAP employees were given the CFA charter award at the programme for successfully passing all three levels of the CFA programme, which is one of the highest distinctions in the investment management profession; and
- iii. To date, more than 20 employees are actively pursuing professional and tertiary level education programmes under the EAS, ranging from CFA Programme, Certification in Risk Management Assurance® (CRMA®), Pasaran Kewangan Malaysia Certificate (PKMC), Association of Chartered Certified Accountants (ACCA) and tertiary level programmes.

EMPLOYEE ENGAGEMENT

KWAP considers effective engagement a key element of its understanding of KWAP's ability to create value because it recognises that our people are our greatest asset.

Listening Strategy through the Employee Engagement Survey 2022

KWAP values the feedback of its employees and understands that listening to their needs, pain points and motivations can lead to a positive employee experience. To achieve this, KWAP conducted an Employee Engagement Survey (EES) in September 2022 that provided leaders and organisations with valuable insight into employee feedback on their working experience. This survey had an outstanding 97% completion rate from employees, demonstrating their willingness to share their thoughts and ideas.

Based on the survey results, KWAP learned that "Meaning and Purpose" was the highest driver of engagement in the organisation. This means that employees find their work meaningful and purposeful, which can lead to increased motivation and job satisfaction. KWAP has prioritised targeted actions in 2023 to address gaps identified in the survey and improve employee engagement. To facilitate this process, people managers are being provided with tools and resources to have meaningful conversations with their teams about the survey results and determine follow-up actions.

KWAP believes that understanding the insights gained from the EES and addressing gaps identified can lead to an improved employee experience and a more fulfilling work environment. By prioritising employee feedback, KWAP aims to create a workplace culture where employees feel heard and valued.

TOWARDS MORE SUSTAINABLE TOMORROWS

FOR OUR EMPLOYEES

Hybrid Work Model as the Future of Work

KWAP is committed to providing its employees with a healthy work-life balance and understands the importance of flexibility in today's fast-paced working environment. In response to the ongoing pandemic, KWAP has taken the initiative to introduce a hybrid working model that allows employees to work remotely for up to two days a week while maintaining a balance of in-office work. To further promote the value of in-office collaboration, KWAP introduced "Blackout Wednesdays", requiring all employees to work from the office on every Wednesday.

KWAP believes that face-to-face interaction is critical to build strong relationships and maintaining employee engagement. To support this goal, KWAP has implemented various initiatives to support hybrid working, including signature events such as the HR Marketplace and Victory Team Mingling at Department (VITAMIN D). VITAMIN D successfully completed its second year with an even greater level of participation than the previous year where a total of 20 departments took part in the initiative. These events provide employees with opportunities to interact with each other and strengthen relationships while also allowing for creative self-organisation and team bonding sessions.

By prioritising employee well-being and work-life balance, KWAP continues to lead the way in creating a supportive and engaging workplace culture that values flexibility, collaboration and productivity.

Supporting Mental Health

KWAP is committed to providing a supportive and healthy work environment for its employees. The Career Break entitlement is a valuable addition to KWAP's benefits offering, allowing employees to take time off to recharge, pursue personal interests, or gain new skills.

To ensure a smooth implementation process, KWAP has established clear guidelines that cover the eligibility criteria, application process, and terms and conditions of the Career Break. This initiative has been well-received by KWAP's employees, and as of 2022, four employees have taken advantage of the opportunity to take a career break.

In addition to the Career Break entitlement, KWAP offers individual therapy sessions through The Amity Wellness Programme, which is part of the Employee Assistance Programme (EAP). This initiative demonstrates KWAP's commitment to the physical and mental wellbeing of its employees and is a testament to its investment in maintaining a healthy and productive workforce. According to reports prepared by our EAP partner, Amity Wellness Programme was utilised by a total of 14 personnel in 2022.

KWAP firmly believes that investing in its employees' well-being will have long-term benefits for both the organisation and its employees. By offering a comprehensive benefits package, KWAP is creating an environment that supports and motivates its employees to perform at their best, leading to greater productivity and job satisfaction.

Recognition as the Employer of Choice

KWAP's participation in employer recognition awards throughout 2022 showcases our commitment to benchmarking ourselves against the industry's best practices. KWAP was the proud recipient of five awards that recognised our investment in our people and robust HR practices. The awards expressed appreciation for KWAP's unwavering commitment to developing a people-focused culture and providing its employees with excellent opportunities for growth and development.

MIHRM 22nd Malaysia-International HR Awards 2022 by the Malaysian Institute of Human Resource Management (MIHRM) awarded KWAP with:

- i. Silver Employer of Choice (Public Sector Category)
- ii. Gold Young HR Talent award for Siti Sabariah Binti Ahmad Murtazam



FOR OUR EMPLOYEES

HR Excellence Awards 2022 by Human Resources Online awarded KWAP with:

- i. Bronze for Most People-Focused CEO for Datuk Hajah Nik Amlizan Mohamed
- ii. Bronze for HR Leader of the Year for Siti Ilmiah Binti Ramli
- iii. Bronze for Excellence in Workforce Mobility

KWAP was also ranked among the top 50 leading graduate employers under the Graduate Brands Award 2022 in Malaysia. These achievements enable KWAP to raise the bar in building its reputation as an employer of choice.

These awards are a testament to the concerted efforts of KWAP's talented teams and their contributions to creating a workplace where team members are inspired to deliver excellence every day. These accomplishments came amid the global recovery from the pandemic, highlighting KWAP's resilience and commitment to develop its people and practices.



Strengthening Consequence Management

In March 2022, KWAP hosted a Way of Working roadshow aimed at enlightening employees on KWAP's expectations regarding performance, behaviour and conduct. The roadshow also included guidance on how to handle disciplinary issues in the workplace. This initiative aimed to create awareness among employees on the importance of complying with KWAP's policies and guidelines and the repercussions of any form of misconduct or subpar performance.

In addition to the roadshow, KWAP invited an external training provider to organise in-house training for people managers on how to effectively manage employee misconduct, absenteeism and poor performance. This training further demonstrates KWAP's commitment to create a healthy work environment and maintaining a high standard of employee conduct.

KWAP recently implemented a COVID-19 Vaccination Policy, which encourages its employees to get vaccinated against the virus. This policy aligns with the government's efforts to vaccinate as many people as possible to curb the spread of the virus. KWAP hopes that through this policy, it can support the country's vaccination efforts and create a safer workplace for its employees.

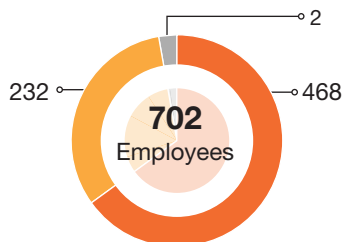
Furthermore, KWAP has embraced the Employment (Amendment) Act 2022, which extends paternity leave from three days to seven days. By doing so, KWAP shows its dedication to promoting gender equality and work-life balance among its employees while also aligning its policies with the government's goal of improving Malaysia's employment standards. The extension of paternity leave allows fathers to be more involved in the early stages of their child's life.

All these initiatives reflect KWAP's proactive approach towards ensuring a healthy work environment, effective management of employees and compliance with legal requirements.

TOWARDS MORE SUSTAINABLE TOMORROWS

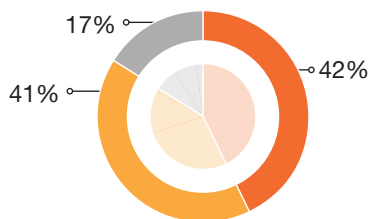
Statistical Information (as at 31 December 2022)

Total Manpower



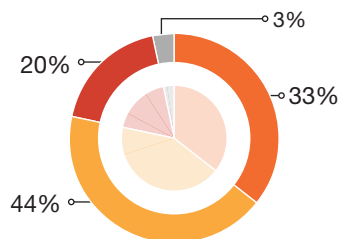
- KL Office (including KWEST)
- Cyberjaya Office
- Prima Ekuiti Office

Average Years of Service



- 1-3 years
- 4-9 years
- >10 years

Manpower Distribution by Age



- Below 30
- 31 - 40
- 41 - 50
- Above 50

Generation Distribution

2
People
0.3%
Baby Boomers

131
People
18.7%
Generation X

411
People
58.5%
Generation Y

158
People
22.5%
Generation Z

Gender Distribution



49%
Male

342
People



51%
Female

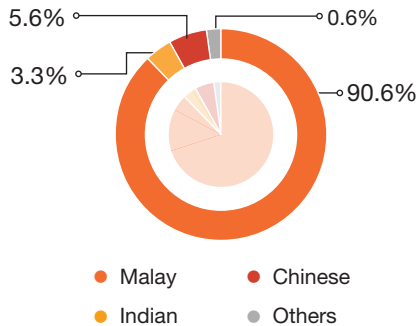
360
People

Average Age of Employees



35
Year

Ethnic Breakdown



Recruitment and Turnover



Manpower

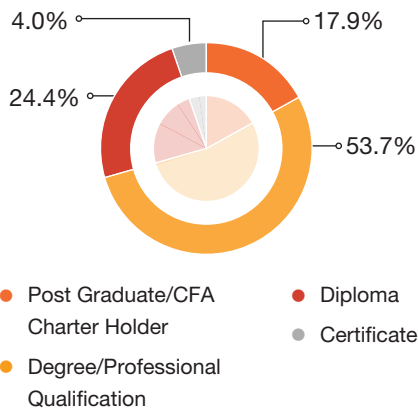
103
People



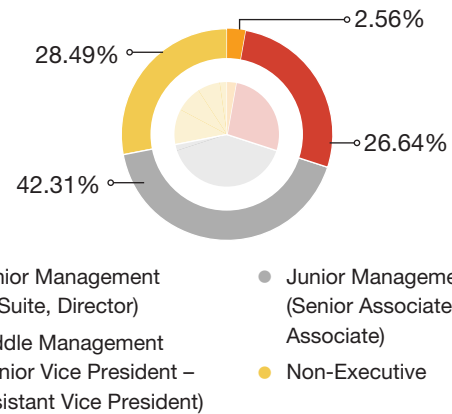
Attrition

33
People

Professional Qualification



Staff Composition



Average Learning Hour / Employee



11.2 Days

Average Learning Hour / Employee Level

8.7 Days

Senior Management

11.3 Days

Middle Management

10.7 Days

Junior Management

12.2 Days

Non-Executive