

## MESSAGE FROM THE CHIEF EXECUTIVE OFFICER



Weighted Average SLA Score

**99.4%**



Net Income

**RM9.65 billion**



**790,772**

Pension Recipients in 2023  
(+2.8% from 2022)



**KWAP is currently in Phase 3 of its Strategic Plan, known as Vision 2025 (2020 - 2025). Based on this vision, KWAP aspires to be the leading retirement partner that seeks to enrich members' retirement experience on top of growing assets sustainably. To realise this, a host of targets have been set for the year in supporting the long-term strategic objectives and target outcomes of Vision 2025.**

Notably, we have embarked on the journey of producing an integrated report. We believe that integrated reporting will improve the quality of information available to our valued stakeholders and that the cycle of integrated reporting and thinking will enhance our value creation and sustainability commitments.

## FINANCIAL PERFORMANCE

As at 31 December 2023, KWAP fund size grew to approximately RM169.82 billion from RM158.10 billion in 2022. If we include the RM20.50 billion government withdrawal between 2018 and 2023, KWAP's accumulated adjusted fund size would be RM190.32 billion, which is 95% of the 2025 target of RM200 billion accumulated adjusted fund size.

In 2023, KWAP recorded total return represented by Time-Weighted Rate of Return (TWRR) of 8.2%. On the same note, KWAP achieved a Net Income of RM9.65 billion and a Total Comprehensive Income of RM12.03 billion in 2023. This commendable performance was primarily driven by the resilient performance from international equity asset class that proves the success of our diversification strategy as evidenced in KWAP's Strategic Asset Allocation.

## PENSION OPERATIONS

KWAP currently serves 790,772 pension recipients throughout Malaysia, 2.8% higher or 21,825 more pension recipients as compared to the previous year. In 2023, our pension services achieved a stellar weighted average SLA score of 99.4% and has continuously outperformed the Performance Threshold of 95% as required by the agency agreement signed between Government of Malaysia and KWAP.

To further embrace digitalisation, we have introduced a pilot project to install biometric devices at dialysis centres. As at 31 December 2023, we have

successfully installed 50 biometric devices at selected dialysis centres across Klang Valley which saw its immediate benefit by processing over 17,000 verifications by the pensioners and eligible pension derivatives since its deployment in November 2023.

## TERAS 5

I am also pleased to share that TERAS 5 - KWAP Transformation Plan is progressing smoothly enterprise-wide, currently at 85% completion. With our collective effort and teamwork, I am confident that we will achieve full implementation by the end of 2024.

## PEOPLE

Human capital remains one of the key enablers of our success. We consistently emphasise the value of lifelong learning and remain committed to talent development, demonstrating our dedication. KWAP employees are strongly encouraged to further their studies through enrolment in KWAP's Education Assistance Scheme (EAS). We believe that having a highly skilled talent pool is crucial for taking KWAP to new heights.

In 2023, a total of 23 employees completed their studies successfully, and another 13 employees are currently actively pursuing professional and tertiary-level programmes ranging from CFA, PKMC, ACCA, BSC and MSC provided under the EAS programme.

## DIGITAL

KWAP is also committed to maintaining cutting-edge information technology systems to better enable our team in creating value. To this, we had also progressed significantly from our Digital Transformation Roadmap. In 2023, we established KWAP Cloud Governance Framework and Policy as well as data governance framework and enhanced cyber security measures. Our average phish-prone

percentage is assessed to be at 2.5%, much lower than industry average of 10%. This is attributed to our extensive training sessions that emphasise on cyber security awareness.

I am also happy to share that KWAP digital team had received the Information Technology Recognition Award during the year, at the 40th ASEAN Social Security Association (ASSA) Seminar and Board Meeting. This prestigious recognition is awarded to them for their project submission titled Implementation of KWAP's Robotic Processing Automation (RPA) named TESSA in its daily operations.

## SUSTAINABILITY

Sustainability has always been at the core of our purpose. KWAP acknowledges that our investee companies may be at different stages in the journey towards embracing ESG and sustainability. Our stewardship activities are therefore primarily aimed at sustainable long-term value creation and this also extends to our investee companies.

In January 2023, we have made five sustainability pledges as follows:

- **PLEDGE 1**  
Advocate of Social Agenda
- **PLEDGE 2**  
Empower Partnerships for Collective Action
- **PLEDGE 3**  
Net Zero Portfolio by 2050
- **PLEDGE 4**  
Increase Investment in Transition Assets to RM20 Billion by 2030
- **PLEDGE 5**  
Enhance Sustainability Governance

## MESSAGE FROM THE CHIEF EXECUTIVE OFFICER (CONTINUED)

This commitment is driven by our determination to mitigate the most severe consequences of climate change, to safeguard the habitability of our planet, and to advocate for responsible and fair practices for responsible long-term value creation. We have also strategically prioritised six UNSDGs as the guiding principles of our Sustainability Roadmap, namely UNSDG 3: Good Health and Well-Being, UNSDG 7: Affordable and Clean Energy, UNSDG 8: Decent Work and Economic Growth, UNSDG 12: Responsible Consumption and Production, UNSDG 13: Climate Action and UNSDG 17: Partnerships for the Goals.

In October 2023, KWAP Board approved KWAP's Sustainability Risk Framework and Policy that aims to act as a guardrail for KWAP Sustainability Roadmap, supporting KWAP's sustainability commitments to deliver five Sustainability Pledges and seven Target Outcomes. The seven Target Outcomes are as follows:

- Increase Investment in Transition Assets to 10% of Fund Size by 2030
- Net Zero Portfolio by 2050
- Impact Investing up to RM1.5 billion by 2025
- Enterprise Living Wage Policy by 2025
- 30% Women in Senior Management by 2023
- Enterprise Sustainability Governance Framework by 2023
- ESG KPIs for Board and Senior Management and reporting compliance guided by ISSB by 2025

We firmly believe that ESG integration is a mandatory and important part of the journey to a sustainable future. Hence, integrating sustainability practices across our investments and operations is of utmost importance.

By driving investments in transition assets and harmonising both KWAP's Enterprise and Investment Decarbonisation Strategy, we aim to support Malaysia's Net Zero commitment and make a positive impact in safeguarding our planet's future. Towards this end, we have completed and reviewed our carbon emissions baseline to chart transition plans for decarbonisation.

Positive sustainable impact also enhances our reputation as a socially responsible organisation, mindful of creating long-term value for our stakeholders. Through responsible investing, we are not only ensuring long-term financial security for our beneficiaries but also playing a pivotal role in shaping a better future for Malaysia and the world at large. Venturing beyond traditional ESG-related compliance measures, we have made our inaugural investment into the impact investing space by investing in companies that use market-based solutions to address social and environmental challenges. This is driven and guided by several UNSDGs with a specific focus on domestic markets.

### IN CONCLUSION

In conclusion, 2023 has been a year of significant progress and transformation for KWAP. Our steadfast commitment to continuous

improvement and sound governance has fortified our position as a renowned pension sovereign wealth fund. As we advance into the future, we remain dedicated to enhancing our value creation, addressing emerging risks and fostering a culture of excellence.

Our achievements in financial returns, digital transformation, stakeholder engagement and sustainability agendas are testaments to our resilience and forward-thinking approach. We are confident that these efforts will continue to drive sustainable growth and value for our stakeholders. Together, we will navigate the complexities of the evolving landscape and build a stronger, more resilient pension fund for the years to come.

Before ending my statement, I would like to extend my gratitude and appreciation to the Chairman, Board members and the Investment Panel members for their unwavering support during another yet challenging year. I would also like to express my gratitude to our dedicated employees for their commitment and hard work throughout the year 2023. Your efforts to deliver value to our stakeholders at every touchpoint are deeply appreciated.

KWAP remains steadfast to be true to all our stakeholders and uphold our slogan as Your Retirement Companion.

**DATUK HAJAH NIK AMLIZAN MOHAMED**  
Chief Executive Officer