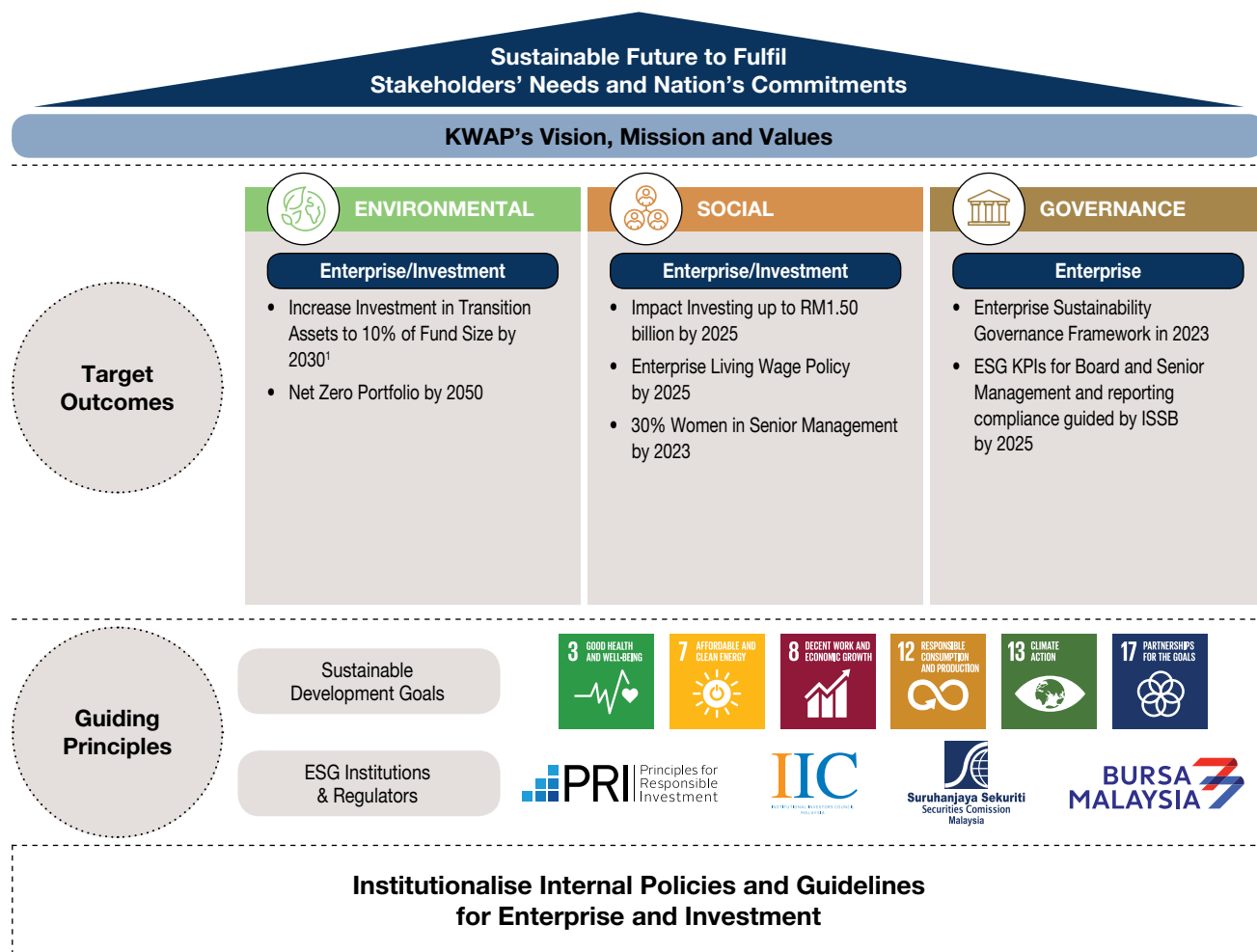


OUR SUSTAINABILITY STRATEGY

At KWAP, we recognise that our role as a responsible institutional investor goes beyond financial performance. To fulfil this role, we seamlessly integrate sustainability principles into every facet of our organisation, guided by our Sustainability Framework. This framework underscores our dedication to sustainable practices and principles as we strive to create long-term value for our stakeholders.



¹ Based on 2025 target Accumulated Adjusted Fund Size of RM200 billion, the estimated investment in transition assets amounting to RM20 billion.

OUR SUSTAINABILITY STRATEGY (CONTINUED)



Integrating Performance to UNSDGs

Whilst we acknowledge the equal importance of all 17 Sustainable Development Goals (SDGs), we have strategically prioritised six of them, where we perceive our potential to enact substantial impact through our investment strategies and pension services.



These prioritised SDGs have been tactically aligned within our five sustainability pledges that underpin KWAP's commitment to responsible investment.

HARNESSING PROSPERITY THROUGH SUSTAINABILITY

KWAP integrates sustainability principles into our business operations, incorporating ESG considerations into investment deliberations, operational protocols and corporate obligations. This commitment extends to aligning roles and responsibilities with sustainability objectives whilst optimising investment portfolios to enhance resilience.

Anchored on five overarching sustainability pledges, this strategy outlines our Sustainability Roadmap for the years ahead. We are committed to align our investments and operational practices with global sustainability goals. By aligning our sustainability pledges, we aim to create enduring value for our beneficiaries whilst contributing to a more sustainable world. This roadmap is not just a strategic initiative, it is a testament to our values and our vision for a better future.

Committed to a sustainable future, these five pledges represent a holistic and responsible approach to sustainability, addressing not only environmental concerns but also social and governance aspects to position KWAP as the Thought Leader in sustainable practices.

PLEDGE 1

ADVOCATE OF SOCIAL AGENDA



Focus Area	Key Metric
1. Diversity, Equity and Inclusion (DEI): Developing a comprehensive DEI policy and strategy to ensure zero tolerance for discrimination in the workplace and community.	I. Workplace Gender Equality <ul style="list-style-type: none"> Zero tolerance for discrimination in the workplace and community in our policy. 52% of our workforce are women.
2. Human Capital Development: Investment in leadership development programmes, prioritisation of employee well-being through enhancement of employee engagement and satisfaction.	II. Compulsory Training for all KWAP Employees <ul style="list-style-type: none"> On average approximately 10.8 hours of sustainability-related trainings for Senior Management and related employees conducted in 2023.
3. Community Empowerment: Active stakeholder engagement for feedback and strategy adjustment whilst supporting capacity building in communities for self-sufficiency and resilience. This is done through collaboration with NGOs, government agencies and community organisations.	III. Living Wage Policy <ul style="list-style-type: none"> KWAP's Living Wage Policy aims to go beyond the national minimum wage and to provide employees with an equitable living wage.

PLEDGE 2

EMPOWER PARTNERSHIPS FOR COLLECTIVE ACTION



Focus Area	Key Metric
<p>1. Strategic Collaboration and Engagement: Foster strong, collaboration relationship with regulators, corporate governance bodies, other institutional investors and relevant stakeholders.</p> <p>2. Active Ownership and Stewardship: Enhance stewardship effectiveness, beyond investment stewardship and increase focus on measurable outcomes on pragmatic sustainable solutions.</p> <p>3. Supply Chain Sustainability: Encourage the development of a sustainable supply chain management ecosystem through advocacy on circular economy.</p>	<p>I. Community empowerment initiatives engaged more than 5,700 stakeholders including pensioners.</p> <p>II. Supply Chain Sustainability</p> <ul style="list-style-type: none"> In 2023, 91% of our suppliers are local and we spent over RM80.41 million on products and services through these suppliers.

PLEDGE 3

NET ZERO PORTFOLIO BY 2050



Focus Area	Key Metric
<p>1. Sustainable Performance: Implementing a responsible investing strategy including screening, analysis, due diligence and monitoring.</p> <p>2. Decarbonisation: Measures to reduce the carbon footprint of the investment portfolio whilst ensuring investee companies align with KWAP's net zero targets.</p> <p>3. Stewardship: Engaging regularly with investee companies to improve ESG practices, exercising voting rights and communicating ESG concerns effectively.</p>	<p>I. Portfolio Decarbonisation</p> <ul style="list-style-type: none"> Embarked on financed emissions measurement exercise and set FY2022 as our emissions baseline. <p>II. Forging Partnerships, Advocating Change</p> <ul style="list-style-type: none"> Active participation in governance-related councils, such as the Institutional Investors Council (IIC) and the Security Commissions Key CG Stakeholders Group. Contributed to sustainability-related working groups, such as the Joint Committee on Climate Change (JC3) led by BNM and the SC, as well as the IIC/Malaysian Code for Institutional Investors (the Code) and Sustainable Investing Platform (SIP).

OUR SUSTAINABILITY STRATEGY (CONTINUED)

PLEDGE 4

INCREASE INVESTMENT IN TRANSITION ASSETS TO RM20 BILLION BY 2030



Focus Area	Key Metric
<p>1. Strategic Capital Allocation: Allocating an increasing portion of our fund to transition assets, focusing on initiatives that support the transition towards a sustainable, low-carbon economy and enhancing environmental resilience. This includes investments in green technology and sustainable industries, aligning with our vision for a greener future.</p> <p>2. Innovative Investment in Sustainability: We focus on identifying and investing in pioneering sustainable innovation projects and companies. This ensures our portfolio not only supports the global shift towards sustainability but also benefits from it.</p>	<ul style="list-style-type: none"> Our ESG portfolio amounts to 7.0% out of KWAP's total investments. Five out of 21 properties are green certified and four properties en route for green certification. Received the Building Energy Intensity (BEI) Label for two buildings, which were endorsed by the Energy Commissioner under the Ministry of Energy Transition and Water Transformation. Achieved GreenRE Platinum Provisional Certifications under the residential category for The Meg and Arica via our real estate development subsidiary KWEST. Launched Dana Perintis with investment allocation of RM500 million that focuses on the following sectors: <ul style="list-style-type: none"> Silver Economy Energy Transition Food Security Financial Inclusion Education Digital Economy

PLEDGE 5

ENHANCE SUSTAINABILITY GOVERNANCE

Focus Area	Key Metric
<p>1. Governance, Compliance and Ethics: Ensuring Board and IP members are equipped in governance, compliance and ethics.</p> <p>2. ESG Risk Management: Regular assessment and mitigation of ESG risks and keeping abreast of the evolving ESG regulations and compliance requirements.</p> <p>3. Data Privacy and Cyber Security: Regular updates and awareness regarding cyber security threats in compliance with data privacy and cyber security regulations.</p>	<ul style="list-style-type: none"> Established the Sustainability Governance Framework which includes Board and IP-level oversight on implementation of KWAP's Sustainability Roadmap, enterprise sustainability-related initiatives, ESG Investment Matters and sustainability-related risk management framework. Incorporated a Sustainability Working Group (SWG) that encompasses representatives from various departments that meets at least once a month with primary objective to oversee the implementation of initiatives outlined in KWAP's Sustainability Roadmap. Established the Sustainability Risk Framework and Sustainability Risk Policy. Rolled out KWAP's inaugural Sustainability Report FY2023. 2.2% average phish-prone percentage against industry average of 10%.

For more details on our sustainability initiatives, please refer to KWAP's Sustainability Report 2023 available online at kwap.gov.my.