

HONOURING THE PAST
**ENRICHING
THE FUTURE**

INTEGRATED REPORT 2023





DANA YANG BERKAT

Usia tua sesantainya angin nyaman yang sihat, renyai hayat anugerah Tuhan yang teramat nikmat.

Kini kita maruahi lagi sejarah kebajikan, menyemainya dengan benih jerih perih pendapatan agar usia tua akan waras terpelihara: damai di tangan, nikmat di hati dan indah di mata.

Dan tarikh lahirnya badan dana yang amat bertuah – Mac – kini bulan yang molek, cahaya manis sejarah; dengan wang dirancang untuk ranum ke usia sarat peluh jujur rezeki subur mengisi dana berkat.

Sopan di tangan, jernih di mata dan santun di kalbu, per anum labur jimat tercermat yang mengembang gebu.

Diurus tangan canggih amanah yang tulus berhemah sehingga pepohon rezeki sempat merimbun buah.

Tulus petugas setia serasi bakti pekerja, ringani bahu pentadbir, suburi harta pesara, alir pencen sumber harta yang luhur sepanjang hayat tersimbah tuahnya ke yatim diri, ke badan sihat.

Dengan tekun berilmu, tindakan yang bersanubari, yakin dipasti taman labur terindah harum ini.

5 – 15 Februari, 2007

A. SAMAD SAID

This year’s annual report cover and theme celebrates KWAP’s legacy of value delivery to Malaysian pensioners through the depiction of the art of batik. This traditional art, that continues to thrive, symbolises the honouring of past contributions of our pensioners and a commitment to build an enduring legacy for the future. The art of batik is also a passionate joy - one of many that we hope our pensioners can indulge in with the retirement well-being KWAP delivers with dedication.



**ENRICHING
THE FUTURE**

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INTEGRATED REPORT 2023

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ABOUT THIS REPORT

Kumpulan Wang Persaraan (Diperbadankan) [KWAP]’s integrated annual report is produced to demonstrate our commitment to transparency, accountability and sustainability. We believe that financial metrics alone does not fully capture our impact on society and the environment. Thus, this report will provide a more comprehensive view on our performance, value creation and societal impact.

This inaugural integrated report aims to improve the quality of information available to our stakeholders. At KWAP, we believe that the cycle of integrated reporting and thinking, will result in efficient and productive capital allocation, which will act as a force for financial stability and sustainable development for both KWAP and the nation.

Our integrated report is structured into six sections to enable our stakeholders to make an informed assessment of our ability to create and preserve value whilst minimising the risk of value erosion.

About KWAP	Overview of KWAP, our roles and objectives, business model, and how our purpose, vision, strategy and values position us for long-term value creation.
Strategy Insights	Overview of the business environment in which we operate, including material matters, how we manage our risks and our strategic responses to ensure ongoing value creation.
Sustainability	Overview of our commitments, performance and progress in relation to Environmental, Social and Governance (ESG) on integrating sustainability practices across our investments and operations.
Performance	Assessment of values created, preserved and nurtured for stakeholders.
Governance	Overview of our governance structures and leadership which supports the creation and preservation of value with effective guardrails.
Financial Statements	Our annual audited financial statements prepared in accordance with the Malaysian Financial Reporting Standards (MFRS), International Financial Reporting Standards (IFRS) and the Retirement Fund Act 2007.

REPORTING PERIOD

Our integrated report covers the period from 1 January 2023 to 31 December 2023, unless otherwise specified. This report is supplemented by our various online publications, that are available on our website at kwap.gov.my, including reports and disclosures relevant for other key stakeholders, such as our employees, pensioners, contributors, authorities and community.

FINANCIAL AND NON-FINANCIAL REPORTING

Our integrated report extends beyond financial reporting and includes non-financial performance, opportunities, risks and outcomes attributable to or associated with our stakeholders which have a significant influence on our ability to create and preserve value sustainably whilst minimising risk of value erosion.

KEY REGULATORY AND REPORTING FRAMEWORKS

Our reporting is guided by international and local regulation, reporting frameworks, guidelines and standards, where possible. Efforts have been taken to report in accordance with the best industry practices and standards, thus providing stakeholders with meaningful disclosures. The referenced frameworks and guidelines include:

- International Integrated Reporting Framework 2021;
- Retirement Fund Act 2007 (Act 662);
- Malaysian Financial Reporting Standards (MFRS);
- International Financial Reporting Standards (IFRS);
- Global Reporting Initiative (GRI) Standards;
- Bursa Malaysia's Main Market Listing Requirements on Sustainability Reporting;
- Malaysian Code for Institutional Investor 2022 (MCII);
- Principles for Responsible Investment (PRI);
- Partnership for Carbon Accounting Financials (PCAF);
- Sustainable Investing Standards (SIS); and
- United Nations Sustainable Development Goals (UNSDGs).

ASSURANCE

Our 2023 Annual Financial Statements were audited by the Auditor General of Malaysia. The audit was conducted in accordance with the Audit Act 1957 and the International Standards of Supreme Audit Institutions. The Certification of the Auditor General on our financial statements is provided on page 133 to 136.

Recognising the interconnectedness of sustainability, we have integrated our sustainability framework, principles, practices and outcomes throughout this report, with more details provided in our 2023 Sustainability Report that is available online.

FORWARD-LOOKING STATEMENTS

This report contains certain forward-looking statements about KWP's outlook, targets, strategies and operations. These statements involve risks, uncertainties and assumptions, as they relate to events and depend on circumstances that may occur in the future, and actual results may differ materially from those anticipated in these statements due to various factors.

KWP assumes no obligation to update any forward-looking statements to reflect events or circumstances after the date of this report or to reflect the occurrence of unanticipated events.

APPROVAL BY THE BOARD

The Board acknowledges its responsibility of ensuring the integrity of this integrated report. In the Board's opinion, this report addresses all the issues that are material to KWP's ability to create value and fairly presents the performance of KWP across its value chain.

This report was approved by KWP's Board.

Our Navigation Icons

CAPITALS

FC Financial Capital	MC Manufactured Capital	SRC Social & Relationship Capital
IC Intellectual Capital	HC Human Capital	NC Natural Capital

RISKS

R1 Macro-economic and Geopolitical Risks	R4 Business Continuity Risk	R7 Cyber Security Risk
R2 Investment Risk	R5 Sustainability Risk	R8 Compliance Risk
R3 Operational Risk	R6 Climate Risk	R9 Reputational Risk
		R10 People Risk

STAKEHOLDERS

S1 Government of Malaysia	S3 Pension Community	S5 Local Community
S2 Contributors	S4 Investment Community	S6 Employees

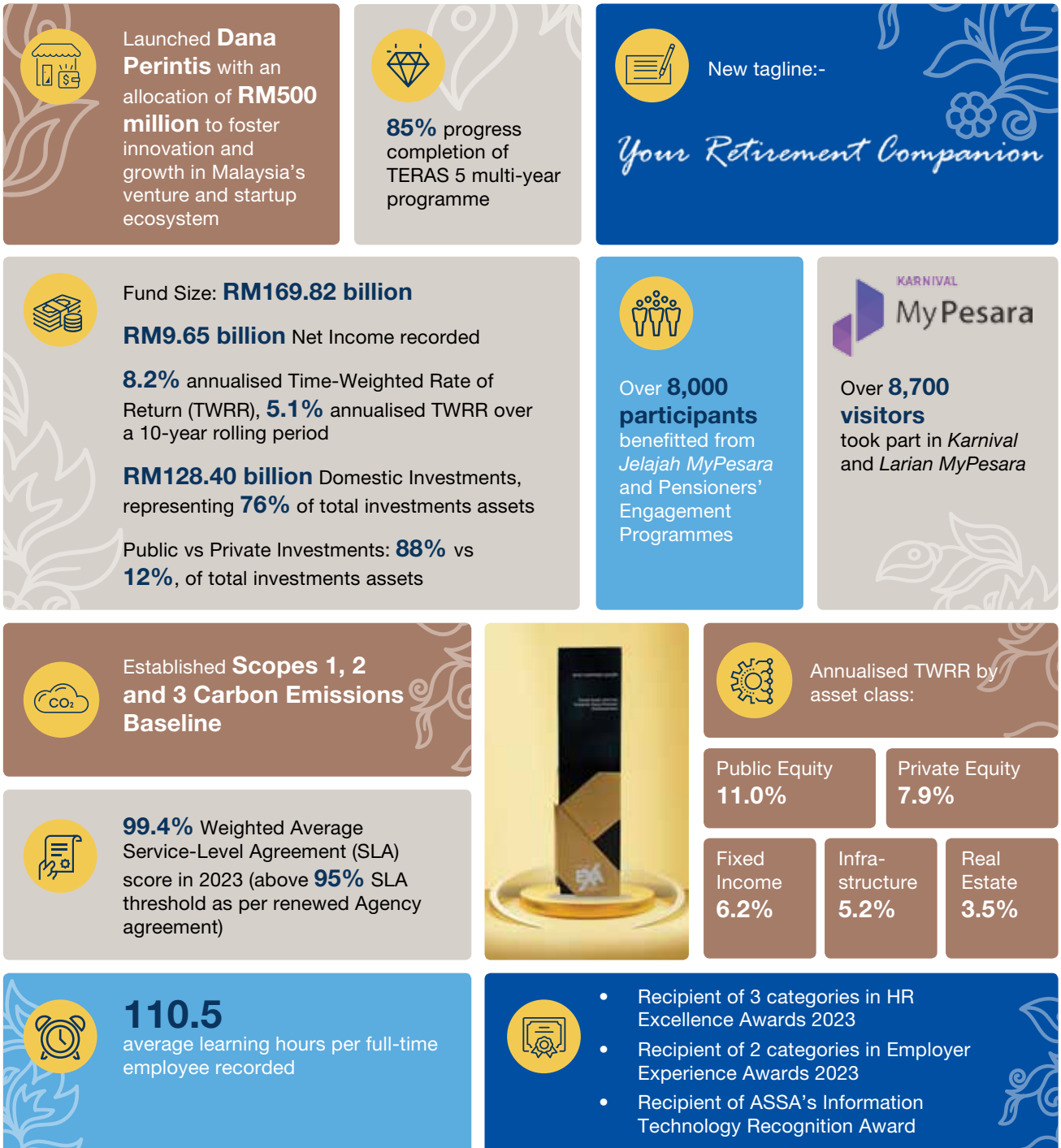
MATERIAL MATTERS

M1 Sustainable Pension Fund	M4 Future-Ready Operating Model	M7 People Development and Well-being
M2 Customer Experience	M5 Sustainability Pledges	M8 Anti-Bribery and Corruption
M3 Corporate Governance	M6 Industry Presence	M9 Cyber Security and Data Privacy

6 UNSDG GOALS



2023 KEY HIGHLIGHTS





01

**ENRICHING
THE FUTURE**



MESSAGE FROM THE CHAIRMAN

I am delighted to share with you that KWAP has continued to perform exceptionally well in both financial terms and the services we provide to our esteemed pensioners. Despite the complexities arising from the post-pandemic macro environment, which has introduced unprecedented uncertainties into the global economy, KWAP has achieved remarkable results.

For one, the global economy has grappled with various macroeconomic challenges since the pandemic outbreak. Pervasive global inflationary pressures and consequently tighter international monetary policies both combined to complicate the investment landscape. Additionally, geopolitical upheavals also persist, further heightening uncertainty on the global stage. Like most countries, Malaysia was not spared from this difficult environment but nonetheless, managed to register a respectable economic growth of 3.6% last year.

In 2023, Malaysia achieved a significant milestone by attracting a staggering RM329.5 billion in approved investments. This impressive figure represents a substantial 23.0% increase compared to the RM267.8 billion of investments secured in the previous year. Notably, Foreign Direct Investment (FDI) played a pivotal role, contributing an impressive 57.2% (equivalent to RM188.4 billion) to the total approved investments. This underscores the trust and confidence that the global business community places in Malaysia as an attractive investment destination.

These figures reflect the resilience of our nation's economic ecosystem.

They also highlight the concerted efforts made by both public and private sectors to create an investment-friendly environment. In alignment with the *Ekonomi MADANI* framework, Malaysia's economic momentum is poised for further improvement this year with economic growth projected to be between 4.0% and 5.0% as the Government's pro-growth and investor-friendly policies continue to take shape and produce solid economic results.

NAVIGATING GROWTH AND PRUDENT MANAGEMENT

Our fiduciary duty remains unwavering – to protect and sustainably grow the retirement fund whilst assisting the Federal Government in funding its pension liabilities. Our historical efforts have borne fruit, with the pension fund growing from RM41.94 billion in 2007 to an impressive RM169.82 billion as at end 2023. Looking ahead, KWAP aspires to achieve an Accumulated Adjusted Fund Size of RM200 billion by 2025, inclusive of cumulative withdrawals.

Despite global uncertainties, KWAP achieved an impressive Time-Weighted Rate of Return (TWRR) of 8.2% for the financial year 2023.

This success reflects the effectiveness of our investment strategies and asset allocation decisions. As a long-term pension fund, our focus extends beyond single-year performance as we can adopt a patient capital approach. Over a 10-year rolling period, our annualised TWRR of 5.1% outperformed the benchmark by 313 basis points. We remain on track to achieve our 10-year target growth of 7% TWRR.

KWAP's Strategic Asset Allocation (SAA) is our compass for achieving sustainable long-term risk-adjusted returns. Adhering firmly to our robust risk appetite framework, we strategically allocate our investments across multiple asset classes with a strong emphasis on fund growth. Central to this investment strategy is our commitment to diversify our investments in private markets.

To augment our solid investment performance, we emphasise prudent and effective spending. Every expenditure is aligned with our strategic objectives, contributing to the overall efficiency of our operations at the same time enabling us to execute all our initiatives effectively and fulfil our role as a reputable and prudent institutional investor.



Fund Size

RM169.82 billion



Time-Weighted Rate Of Return

8.2%



MESSAGE FROM THE CHAIRMAN (CONTINUED)

STRENGTHENING STAKEHOLDER ENGAGEMENT

Our tagline, “*Teman Persaraan Anda*,” or “Your Retirement Companion” encapsulates KWAP’s core existence and primary mandate. We are committed to providing unwavering support and guidance to our primary stakeholders – the pensioners, future pensioners and recipients of pension derivatives.

Leveraging on this tagline and KWAP’s Brand Strategy Plan and Roadmap, which received approval in 2022, we have consistently intensified our efforts in targeted publicity and through our engagement with our key stakeholders. At KWAP, our proactive outreach is more than just a strategy – it’s our commitment.

Our outreach programmes are purpose-driven. We engage with pensioners to promote financial literacy and retirement planning. Additionally, we conduct courtesy visits to express our heartfelt appreciation and address the challenges faced by pensioners. These initiatives have positively impacted over 8,000 participants, including both current and future pensioners.

The highlight of our outreach calendar was *Karnival MyPesara* 2023, held on 25th and 26th November at Dataran Karnival, Stadium Shah Alam. This two-day carnival epitomised KWAP’s commitment towards active stakeholder engagement, with the goal to promote active ageing and healthy lifestyle, especially amongst pensioners and future pensioners.

Karnival MyPesara provided an ideal platform for us to forge stronger bonds with our ultimate stakeholders. *Karnival MyPesara* kicked off with *Larian MyPesara*, a fun run programme that drew over 8,700 visitors – 45% of whom were pensioners.

FOSTERING PROSPERITY

KWAP remains committed to our vision – to be the trusted retirement fund that supports nation building through innovative and sustainable benefits. Our focus on Malaysian-specific investments plays a crucial role in contributing meaningfully to our nation’s prosperity.

HIGH EMPHASIS ON DOMESTIC INVESTMENTS

Integral to KWAP’s commitment to support nation building, KWAP’s presence in the domestic market has and will always be significant. For the record, our domestic investments account for 76% of our total investments in 2023. In fact, KWAP’s investments in the domestic market have tripled – from RM41.90 billion in March 2007 to an impressive RM128.40 billion as at December 2023.

DANA PERINTIS: PIONEERING INNOVATION IN MALAYSIA

To further strengthen our commitment to support the national agenda, to help develop and strengthen the Malaysian venture capital landscape and ecosystem, KWAP successfully launched Dana Perintis in 2023, with a targeted deployment of RM500 million. Dana Perintis focuses on six key areas: digital economy, financial

inclusion, food security, education, silver economy and energy transition. These areas align with the *Ekonomi MADANI* framework, reflecting our dedication to nurturing innovative ideas domestically.

Dana Perintis also serves as a platform for ESG integration in investments, driving knowledge transfer and industry networking. As the 2023 budget highlights the pivotal role of Government-Linked Investment Companies (GLICs) in our nation’s economy, KWAP’s Dana Perintis will also help position Malaysia as a preferred regional venture capital hub. Our diversified approach spans various venture capital stages, capitalising on local and regional opportunities.

As stewards of public funds, KWAP bears the responsibility of making investments that yield commercial financial returns whilst driving sustainable development. Our targeted investments across diverse sectors contribute to building a more equitable and resilient society, catalysing positive societal transformation.

Importantly, our commitment extends beyond generating returns and helping develop the investment ecosystem in Malaysia, as custodian to the country’s largest public sector pension fund, KWAP stands ready to support all government efforts related to pension reforms and endeavours to contribute impactfully to address this important economic agenda.

RISK MANAGEMENT

The Principles on Good Governance for Government-Linked Investment Companies (PGG) was launched by the Ministry of Finance on 15 April 2022, with the primary goal to enhance the governance and sustainability standards and practices across all GLICs, including KWAP.

Good governance is fundamental to shape the culture of an institution as well as the behaviour of individuals. It is also essential that the leadership of institutions promote integrity, accountability, respect for the rule of law and transparency in order to build confidence and trust of stakeholders.

To conform with the PGG requirements, we had initiated a project to identify gaps and develop action plans to address them. As at 31 December 2023, KWAP had completed 97% of the identified action plans and aims to fully conform by the end of 2024, well ahead of the 15 April 2025 deadline.

To address emerging sustainability risks, the Enterprise Sustainability Governance Framework and Sustainability Risk Policy were the latest additions to our arsenal of risk management tools. These frameworks are crucial for embedding sustainability risk into our Enterprise Risk Management (ERM) process, enabling a systematic approach to identifying, assessing, and responding to sustainability risks in investments and business operations, ensuring our sustainability objectives are met.

INTEGRITY AND GOVERNANCE

In our relentless effort towards creating a culture of integrity in KWAP, I want to emphasise that the fight against corruption is everyone's responsibility and paramount in upholding KWAP's "zero tolerance to corruption" principle.

Everyone's commitment to act against corruption through whistleblowing channels as well as participation and support in the implementation of other anti-corruption controls and measures, plays a vital role in our ongoing efforts to safeguard KWAP's business and our reputation as a trustworthy organisation that is built on the values of good governance, transparency and accountability. In line with this, I am happy to share that the Malaysian Anti-Corruption Commission (MACC) has reclassified KWAP as a Low-Risk organisation in terms of our exposure to corruption, which is the best rating for such assessment.

KWAP had also successfully conducted its second-year ISO 37001 Anti-Bribery Management System (ABMS) surveillance audit on all four audited sites, with no non-conformance report for two consecutive years.

Accountability is the bedrock upon which good governance stands. As stewards of pension funds, we bear the responsibility of managing assets with diligence and integrity. Every decision we make, every investment we undertake, must be held to the highest standards of accountability and integrity. This commitment is not just a duty – it is our pledge to those who have entrusted us with their financial future.

ACKNOWLEDGEMENTS

I would like to extend my heartfelt gratitude to my fellow Board members and KWAP Investment Panel members for their unwavering dedication and insightful contributions. Your commitment has been instrumental in guiding KWAP towards continued success.

I am also delighted to welcome our new board members, Datuk Dr Shahrazat Haji Ahmad, Datuk Ahmad Terrirudin Mohd Salleh, Puan Nor Yati Ahmad and Dato' Maznah Abdul Jalil. We are excited to have you on board and look forward to the fresh perspectives and innovative ideas you will bring to the table.

I would also like to acknowledge the meaningful contributions of Dato' Sri Sharifah Sofian Syed Hussain, Datuk Siti Zainab Omar, Datuk Dr. Yacob Mustafa, Dato' Anis Rizana Mohd Zainudin @ Mohd Zainuddin and Dato' Mohd Shaiful Ibrahim who have respectively retired and resigned as Board members during the year. I offer my deepest appreciation for your service and leadership. Your efforts have significantly shaped KWAP's direction and achievements.

Lastly, I would like to extend a special thank you to our Chief Executive Officer. Your exceptional leadership and vision have been pivotal in making KWAP future-proof, and we are immensely grateful for your hard work and dedication.

**DATUK JOHAN MAHMOOD
MERICAN**
Chairman

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



02

**ENRICHING
NATIONAL PROGRESS**



ABOUT KWAP

VISION

To be the trusted retirement fund that supports nation building by innovatively delivering sustainable benefits

MISSION

To optimise investment returns and deliver excellent services by adopting best practices in meeting the key stakeholders' commitments

VALUES



LEADERSHIP

An ability to lead oneself and lead others in order to continuously improve



EXCELLENCE & ACHIEVEMENT

Achievement that is attained through excellence



TEAMWORK

Working together to provide efficient and effective outcomes for each stakeholder



STAKEHOLDER ORIENTATION

A focus on all our stakeholders such as the Government and retirees



ACCOUNTABILITY

Taking responsibility for our actions



CONTINUOUS LEARNING & INNOVATION

To be innovative and constantly learn from our challenges and our achievements



INTEGRITY

An expected internal trait of strong morals and principles

MANAGING CONTRIBUTIONS

The Federal Government contributes 5% of the total annual budgeted emolument of Federal Government employees whilst Statutory Bodies, Local Authorities and Agencies contribute 17.5% of the basic salaries of their pensionable employees to KWAP on a monthly basis.

SETTING INVESTMENT POLICY AND GUIDELINES

The Investment Panel is responsible for setting and reviewing periodically KWAP's Investment Policy and Guidelines and subsequently makes recommendations to the Board for approval. The Investment Policy and Guidelines is a document that governs KWAP's investment activities.

INVESTMENT MANAGEMENT AND MONITORING

The Fund is invested in asset classes in accordance with KWAP's Strategic Asset Allocation. The investment activities of the Fund are carried out by a team of competent and experienced investment professionals.

The status and performance of KWAP's investments are reported monthly to the Investment Panel and the Board. The performance analysis includes relative performance against benchmark indices as well as absolute target returns for each of the asset classes.



ESTABLISHMENT

Under the Retirement Fund Act 2007 (Act 662), replacing the Pensions Trust Fund Act 1991 (Act 454), KWAP was incorporated on 1 March 2007.

FUNCTIONS

- Administration, management and investment of the Fund in equity, fixed income securities, money market instruments and other forms of investment as permitted under the Retirement Fund Act 2007 (Act 662)
- Management of contributions from the Federal Administration, Statutory Bodies, Local Authorities and other agencies
- Management and payment of pension

KWAP WITHIN MALAYSIA'S PENSION SYSTEM

	Policy Setting	Member Contribution Collection	Investment Policy & Guidelines	Investment Management	Members Administration	Benefit Payments
	Set policy for pension or provident fund	Manage collection of members' contributions	Set investment policy and monitor performance	Execute investment management	Manage members' accounts	Manage financial administration and payment
PENSIONABLE CIVIL SERVICE	Treasury <ul style="list-style-type: none">Financial impact calculationApprove EPU policiesDevelop and review policies PSD <ul style="list-style-type: none">Develop and review policies	<i>Appointed Agent by the Federal Administration</i> 				
ARMED FORCES	MINDEF Develop and review policies	LTAT <ul style="list-style-type: none">Collection of contribution from armed forces personnel and the Federal AdministrationCalculation of LTAT refund to KWAPCommunication with active membersAdministration of members' account balance			Veterans Affairs (MINDEF) <ul style="list-style-type: none">Communicate with retireesBenefits calculationDisbursement of withdrawalsTransfer of refunds to KWAP	
PRIVATE SECTOR AND NON-PENSIONABLE CIVIL SERVICE	EPF Provide policy input					

Legends:

Treasury: Treasury, Ministry of Finance

PSD: Public Services Department

MINDEF: Ministry of Defence

LTAT: Armed Forces Fund Board

EPF: Employees Provident Fund

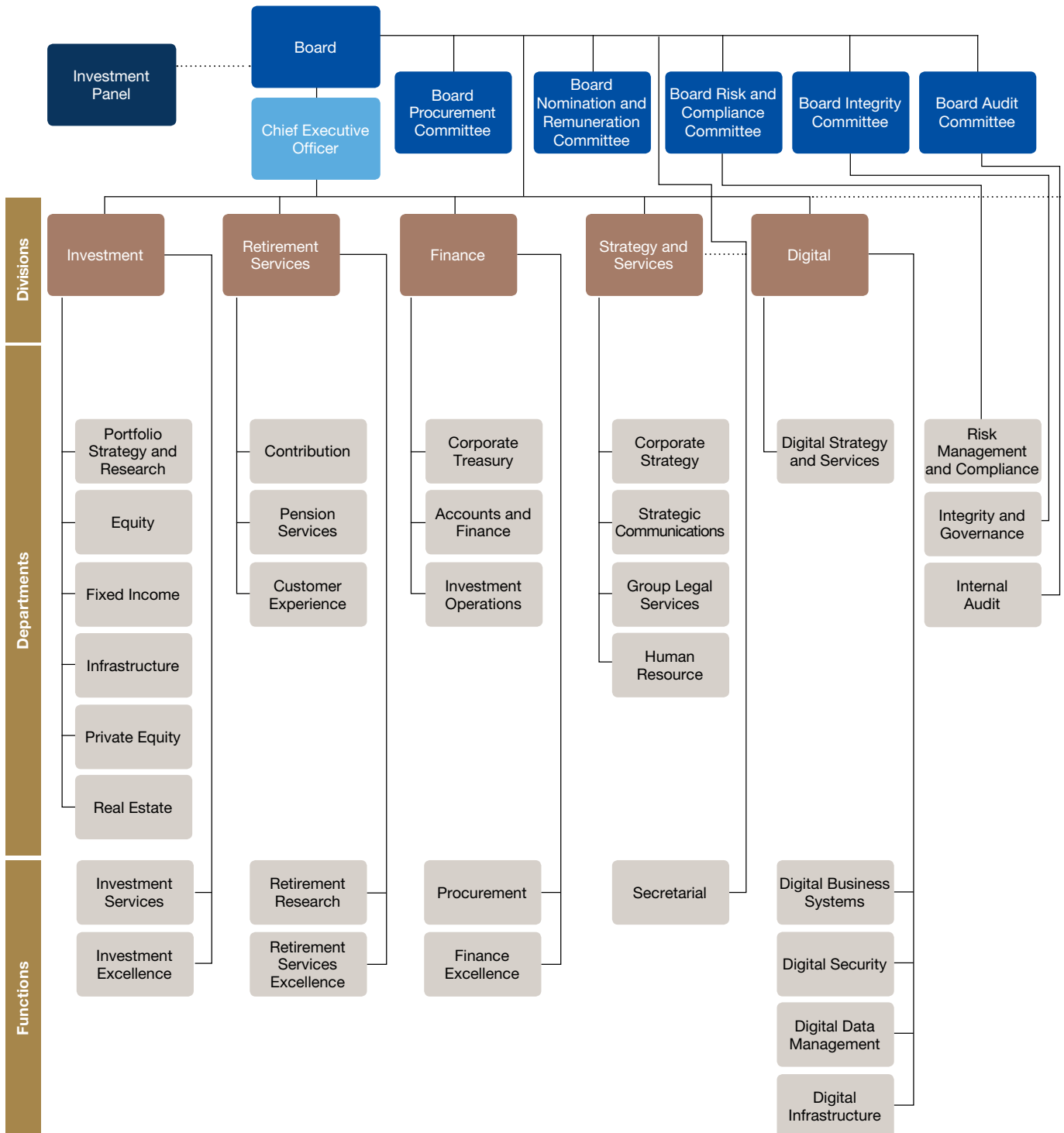
INVESTMENT PHILOSOPHY AND ESG BELIEFS

KWAP believes that alpha opportunities exist as markets are not always efficient. As such, we shall pursue active strategies in asset classes where it holds strong alpha convictions in and/or in opportunities in which we believe we are capable of exploiting directly or indirectly. Passive strategies shall be adopted when there is weak conviction that active management can add value.

In the context of ESG, KWAP shall, where possible, refrain from investing in companies, which may undermine or compromise our commitment and progress on responsible investing and ESG and/or whose business activities have reputational risk or adverse impact on KWAP.

KWAP believes that ESG integration is a journey to a sustainable future. We acknowledge that companies may be at different stages in the journey towards embracing ESG and sustainability. KWAP's stewardship activities are therefore primarily aimed at long-term value creation with our investee companies.

ORGANISATION CHART



Legend: — Reports directly -.-.- Reports administratively

CORPORATE STRUCTURE



Property Investment



Malaysia

100.00% Harta Integra Berkat Sdn Bhd
100.00% Capsquare Tower Sdn Bhd
100.00% Harta Rini Sdn Bhd



Australia

100.00% KWAP MIT 3
100.00% KWAP MIT 4



United Kingdom

99.60% Prima Harta (Jersey) Unit Trust
100.00% Prima Harta U (Jersey) Limited
100.00% Prima Harta 2 (Jersey) Unit Trust
99.60% Prima Harta 4 (Jersey) Unit Trust
100.00% Prima Harta 4U (Jersey) Limited
99.80% Prima Harta 5 (Jersey) Unit Trust
100.00% Prima Harta 5 (Jersey) Limited
99.99% Prima Harta 6 (Jersey) Unit Trust
100.00% Prima Harta 6 (Jersey) Limited



Germany

100.00% Prima Harta 3 (Lux) S.à r.l.



Property Development



Malaysia

100.00% KWEST Sdn Bhd



Malaysia

- Compass IP Sdn Bhd
- Persada Mentari Sdn Bhd



Management Services



United Kingdom

100.00% Prima Ekuiti (UK) Limited



Infrastructure and Services



Malaysia

5.83% Aerodyne Ventures Sdn Bhd
5.29% edotco Group Sdn Bhd



Luxembourg

45.00% Vantage Solar Investment S.à r.l.



Education



Malaysia

20.70% Asia Pacific Education Group

Notes: Refer to Note 11 to 13 of KWAP Financial Statements FY2023 for complete list of KWAP's subsidiaries, associates and joint ventures.

OUR VALUE CREATION MODEL

The availability and quality of our inputs...

VISION: To be the trusted retirement fund that supports nation building

FC Financial Capital

Our capital base, reinvested income and contributions from Federal Government and employers.

- Allocation of Statutory Funds: **RM28.50 billion**
- Pension Contributions: **RM64.07 billion**
- Reserves and surpluses: **RM77.25 billion**

IC Intellectual Capital

Our intangible assets, brand, reputation, innovation capacity, knowledge and expertise, as well as strategic partnerships that underpin our competitive advantage.

- **14** media initiatives including three major events namely launching of Dana Perintis, *Karnival MyPesara* and Contributors' Forum
- New tagline **Your Retirement Companion**

MC Manufactured Capital

Our business structure and operational processes, including our fixed assets such as information technology (IT) systems that form the foundation for value delivery.

- IT systems: **RM4.62 million**
- Computer software: **RM9.45 million**

HC Human Capital

Our employees, corporate culture, collective knowledge, competencies and experience serve as pillars to drive innovation, collaboration and organisational effectiveness.

- A vibrant culture built on Purpose, Trust and Camaraderie
- A workforce of **723 KWAP employees**:
 - **RM3.30 million** spent for training and skills development
 - **RM90k** invested in Education Assistance Scheme (EAS)
 - **RM153.18 million** total salaries and benefits paid

SRC Social and Relationship Capital

Stakeholder relationships, including the communities of interest are integral to our operating environment, and we recognise the role that we need to play in building both a thriving nation, society as well as a robust and strong capital market.

- **RM2.47 billion** high-impact investments approved including **RM500 million** allocated for Dana Perintis
- **RM7.98 million** invested for Malaysian Graduates in MySTEP programme
- **RM286k** invested in Social Impact Initiatives covering community well-being
- Donated **RM1 million** to the *Tabung Akaun Amanah Kemanusiaan Rakyat Palestin*
- **RM913k** allocated for Jelajah MyPesara

NC Natural Capital

The direct use of natural resources and the footprint we leave on the environment through our investment activities and operations, including energy, water and climate, as well as our influence through our business practices.

- **RM357.01 million** invested in renewable energy
- **Five** investment properties are green-certified

enable us to execute our strategy...

by innovatively delivering sustainable benefits.



Strategic Asset Allocation

that maintains a well-diversified portfolio to generate sustainable long-term risk-adjusted return.



Brand Strategy Roadmap



Thought Leader Framework



Digital Transformation Roadmap



People Strategy



Impact Investing Initiative



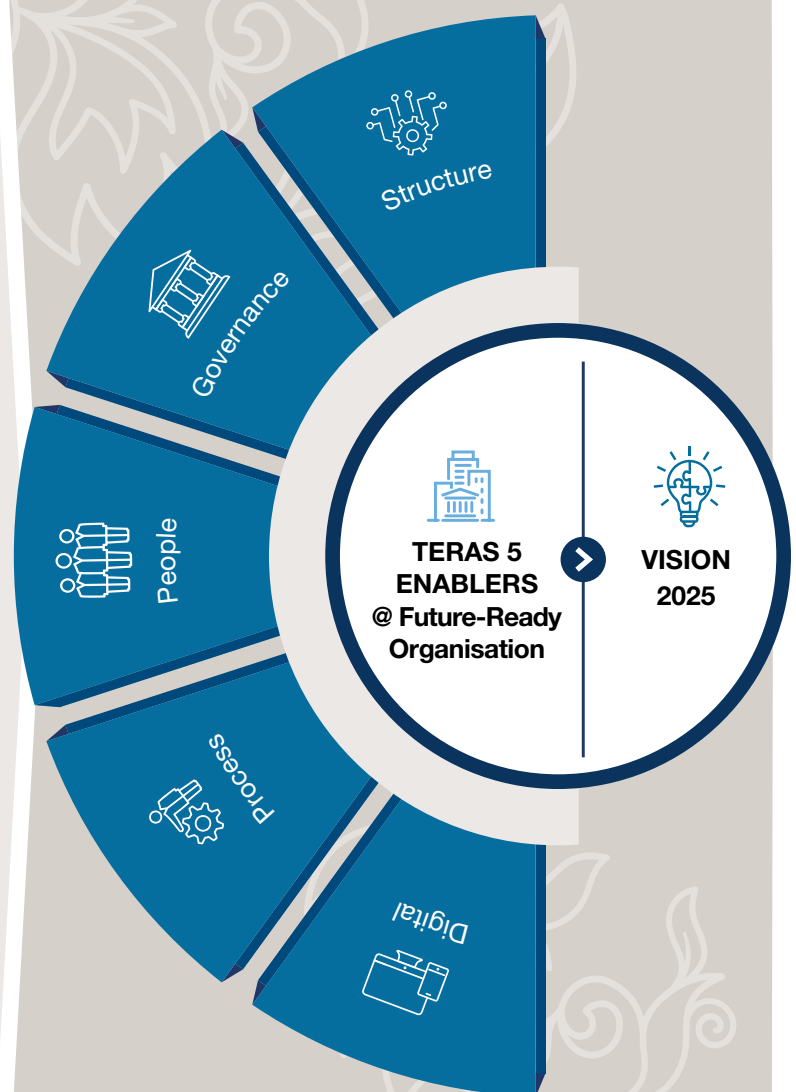
Customer Experience Framework



Brand Strategy Roadmap



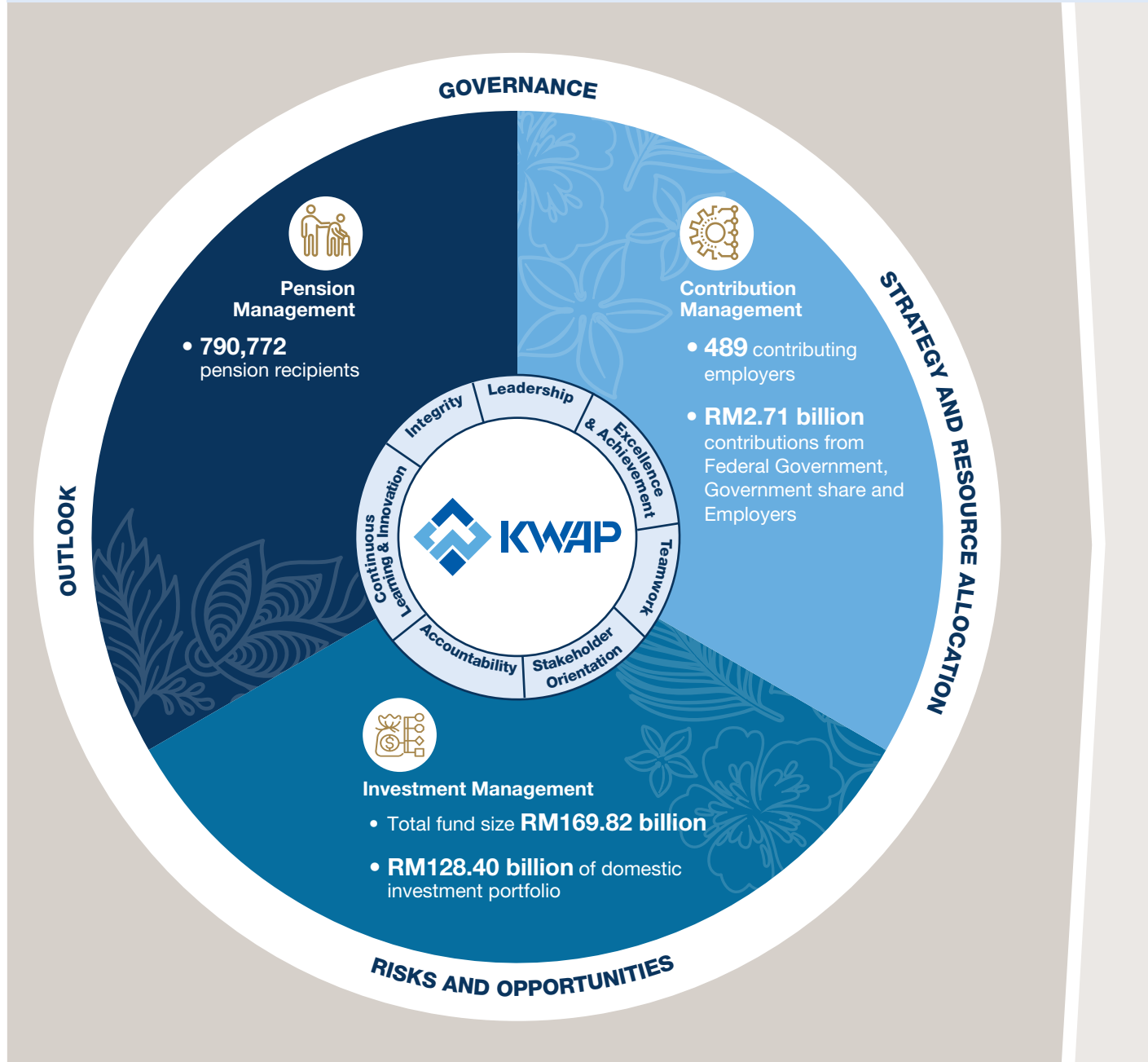
Sustainability Roadmap



OUR VALUE CREATION MODEL (CONTINUED)

driving business activities that deliver mission-driven services...

VISION: To be the trusted retirement fund that supports nation building



* Scopes 1, 2 and 3 carbon emissions baseline was established from Financial Year 2022 data

S1
Government
of Malaysia

S2
Contributors

S3
Pension
Community

S4
Investment
Community

S5
Local
Community

S6
Employees

and values...

for our stakeholders.

by innovatively delivering sustainable benefits.

FC Financial Capital

- **RM9.65 billion** Net Income and **RM12.03 billion** Total Comprehensive Income recorded
- **RM3 billion** withdrawn by the Federal Government to assist in funding of partial pension payments
- **8.2%** annualised TWRR
- **5.1%** annualised TWRR over 10-year rolling period

IC Intellectual Capital

- **Recipient** of 3 categories in HR Excellence Awards 2023, 2 categories in Employer Experience Awards 2023 and ASSA's Information Technology Recognition Award

MC Manufactured Capital

- **100%** business system availability
- **2.2%** average phish-prone percentage against industry average of **10%**

HC Human Capital

- **11** culture-related activities organised
- **110.5** average learning hours per full-time employee recorded
- **23** EAS participants completed studies

SRC Social and Relationship Capital

- **99.4%** weighted average SLA Score
- **484** Malaysian graduate trainees placed and **1,503** MySTEP employment created since programme establishment
- Over **8,000** participants benefitted from *Jelajah MyPesara* and Pensioners' Engagement Programmes across **40** locations

NC Natural Capital

- Total Scope 1 emissions: **38.57 tCO₂e***
- Total Scope 2 emissions: **550.82 tCO₂e***
- Total Scope 3 emissions: **6,368,642.70 tCO₂e***
- **342.63 GWh** renewable energy generated from large scale solar photovoltaic (PV) power generating projects, sufficient to power approximately **92,602** households annually

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03

ENRICHING STAKEHOLDER VALUE



OUR STRATEGY



VISION 2025

Since KWAP's inception in 2007, we are currently towards the end of the Wave 3 (2020 – 2025) of our transformation journey, or collectively known as Vision 2025. Vision 2025 has outlined three strategic objectives to be achieved by end of 2025:

- To be the sole pension manager for the public sector
- To be the leading retirement partner that seeks to enrich members' retirement experience
- To grow asset sustainably



2023 STRATEGIC FOCUS

In 2023, our focus centered on the following five strategic focus to bolster long-term strategic objectives towards realising Vision 2025:

01

Elevate our role in the public sector retirement ecosystem towards nation building

02

Strengthen strategic communication and brand awareness amongst stakeholders

03

Refine investment strategy and enhance capabilities

04

Implement corporate sustainability initiatives including ESG investing commitments

05

Establish knowledge management infrastructures to fortify our role as a thought leader



TERAS 5 ENABLERS @ Future-Ready Organisation



Structure

Value-chain based organisational structure



Process

Improvement and simplification of end-to-end business process



Digital

Enterprise-wide digitalisation, automation and data management strategy



Governance

Strengthen group governance and oversight of subsidiaries framework with effective compliance



People

Cultivation towards continuous employee empowerment, effective talent management and culture organisation

OUR STRATEGY (CONTINUED)

With the Wave 1 (Gearing Up) of TERAS 5 approaching the end, we have commenced Wave 2 (Scaling Up) of the programme. As at 31 December 2023, TERAS 5 had completed 85% of the planned initiatives well ahead of schedule. This progress lays a solid foundation for KWAP to pursue crucial strategies in achieving Vision 2025. For each of the five key focus areas mentioned earlier, we have implemented the following strategic initiatives:

New Investment Paradigm and Investment Diversification Growth Initiatives

<p>► Related Capital</p> <p>FC</p>	<p>► 2023 Strategic Focus</p> <p>01 03</p>	<p>Construct a diversified portfolio curated towards growth-oriented assets, focusing on higher returns and more efficient utilisation of risk appetite.</p> <ul style="list-style-type: none"> Establish a Dana Perintis for Impact Investing. Diversify portfolio with higher allocation to private market portfolios. Maximise risk tolerance limit to enhance expected returns from the investment portfolios.
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Implementation of Customer Experience Framework

<p>► Related Capital</p> <p>SRC</p>	<p>► 2023 Strategic Focus</p> <p>01 02</p>	<p>Strengthen customer relations via enhancement of customer communication channel and engagement.</p>
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Implementation of Brand Strategy Roadmap

<p>► Related Capital</p> <p>IC</p>	<p>► 2023 Strategic Focus</p> <p>02</p>	<p>Execute a structured Public Relation Media Programme for 2023.</p> <ul style="list-style-type: none"> Organise a series of major engagement events, physical and virtually, to targeted stakeholders to enhance KWAP's brand value and increase influence.
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Implementation of Thought Leader Framework

<p>► Related Capital</p> <p>IC</p>	<p>► 2023 Strategic Focus</p> <p>05</p>	<p>Establish methodologies and approach for Thought Leader content creation.</p> <p>Release of Thought Leader publications in collaboration with domestic or global institutions within the pension, ageing and/or social security industry.</p>
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CAPITALS

FC Financial Capital	IC Intellectual Capital	MC Manufactured Capital	HC Human Capital	SRC Social & Relationship Capital	NC Natural Capital
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Implementation of Digital Transformation Roadmap

► Related Capital	► 2023 Strategic Focus	Re-establish Core Pension System Project, SUPER. Establishment of Data Governance Framework. Replacement of key business systems.
MC	03 04 05	

Implementation of Corporate Sustainability Initiatives

► Related Capitals	► 2023 Strategic Focus	Establishment of KWAP GHG Emissions Baseline. Establishment of KWAP Enterprise Sustainability Governance Framework. Integration of ESG considerations in investment processes and total portfolio. Development and launch of KWAP's inaugural Sustainability Report.
HC SRC NC	01 03 04 05	

Implementation of People Strategy related initiatives

► Related Capital	► 2023 Strategic Focus	Effective talent management initiatives by undertaking succession planning for key and critical position. Enhance recruitment process to focus on efficient service delivery. Review and enhance overall performance management system. Improve workplace infrastructures to ensure the readiness on the future of work environment.
HC	01 03 04	

Strengthen Group-wide Governance and Risk Management

► Related Capital	► 2023 Strategic Focus	Review and assessment of Board and Investment Panel-related policies. Ongoing implementation of ISO 31000:2018 - Risk Management. Enhancement of Audit Methodology Guideline.
All Capitals	01 03 04 05	

FY2023 STRATEGIC FOCUS

- | | |
|---|---|
| 01 Elevate our role in the public sector retirement ecosystem towards nation building | 04 Implement corporate sustainability initiatives including ESG investing commitments |
| 02 Strengthen strategic communication and brand awareness amongst stakeholders | 05 Establish knowledge management infrastructures to fortify our role as a thought leader |
| 03 Refine investment strategy and enhance capabilities | |

OUR STAKEHOLDERS

STAKEHOLDER ENGAGEMENT

Stakeholder engagement is a cornerstone of our commitment to transparency, accountability and responsible business practices at KWAP. We recognise that our actions as an institutional investor can have far-reaching implications for a wide range of stakeholders, including our pensioners, contributors, employees, partners, communities and the environment.

In this section, we will provide a brief overview of our approach to stakeholder engagement, outlining our commitment to fostering open and meaningful dialogues with all those who have a vested interest in our operations. We will discuss the channels and mechanisms through which we engage with our stakeholders, our dedication to actively listening to their feedback, and how we incorporate their perspectives into our decision-making processes.

Our stakeholder engagement efforts reflect our core values and our mission to secure the retirement income of public service employees whilst promoting sustainable practices and ethical conduct. We view our stakeholders as essential partners on our journey towards a more sustainable and prosperous future.

OUR STAKEHOLDERS, THEIR NEEDS AND EXPECTATIONS

S1



Government of Malaysia

Provides strategic direction, develop and review pension policies, sets regulatory requirements and monitors the Fund's performance to ensure alignment with government objectives.

Oversees pension benefits of public service employees, ensures the timely and accurate disbursement of pension payments, and collaborate with the Fund on matters related to pension administration.

Area of concern/interest:

- Financial performance and stability of the Fund including funding ratio
- Alignment with government policies and objectives
- Governance and well-being of the Fund
- Transparency and accountability in fund management
- Contribution to national economic stability and development
- Social impact and welfare of the *Rakyat*
- Timely and accurate administration of pension payments
- Communication and support for pension recipients

Method of Engagement:

- Dialogues
- Meetings

S2



Contributors

As the employer of public service employees, contributes to the Fund based on pre-determined rates pursuant to the Statutory and Local Authorities Pension Act 1980 (Act 239).

Area of concern/interest:

- Ease of Contribution Process
- Employee Engagement and Communication
- Regulatory Compliance

Method of Engagement:

- Website and social media
- Surveys
- Forums
- Visits

S3

Pension Community

The pension community includes pension recipients and the Congress of Unions of Employees in the Public and Civil Services (CUEPACS) that represents the interests of pension beneficiaries.

Area of concern/interest:

- Timely and accurate administration of pension payments
- Communication and support for pension recipients
- Customer experience
- Value-added offerings i.e. education on retirement planning and financial literacy
- Trust and confidence in the pension fund's management and governance

Method of Engagement:

- Website and social media
- Call centre
- MyPesara App
- Corporate social events and outreach programmes

S4

Investment Community

The investment community encompasses various entities involved in financial markets and investment activities related to the Fund such as external fund managers, custodians, investee companies, stock exchange and institutional investors.

Areas of Interest/Concerns

- Investment belief, strategy and performance
- Corporate governance and engagement
- Sustainable and responsible investing policies

Method of Engagement:

- Meetings
- Dialogues and conferences
- Working groups
- ESG conferences

S5

Local Community

The local community may be affected by the Fund's investment activities, corporate social responsibility initiatives and may provide input on community-related issues.

Areas of Interest/Concerns

- Sustainable and responsible investing
- Social impact and welfare of the *rakyat*
- Transparency and accountability in fund management
- Financial performance and stability of the Fund

Method of Engagement:

- Published reports
- Website and social media

S6

Employees

Indispensable assets vital for executing the Fund's strategies and to achieve its vision as well as mandate.

Areas of Interest/Concerns

- Workplace environment, culture, arrangement and work-life balance
- Corporate values, governance and integrity
- Compensation, benefits, career development and advancement
- Recognition and appreciation
- Diversity, equity and inclusion

Method of Engagement:

- Employees engagement programme
- Corporate activities and trainings
- Quarterly town hall meetings

OUR OPERATING ENVIRONMENT

MATERIAL MATTERS

Materiality assessment is a critical component of our corporate strategy at KWAP. It serves as a compass, helping us navigate the complex landscape of sustainability by identifying the most significant issues that impact our organisation and our stakeholders.

This strategic tool guides our decision-making, shapes our objectives, and ensures our actions create meaningful impacts. As a result, we identified the following material matters as those that represent KWAP's most significant impacts on economy, environment and society during the reporting year.

Our Board and Senior Management continuously deliberate on these material matters during their meetings as part of KWAP's strategy process before approving them as part of the annual business planning process.

MATERIALITY ASSESSMENT PROCESS



IDENTIFIED MATERIAL MATTERS

The operating environment for KWAP and our stakeholders continues to remain volatile, uncertain, complex and ambiguous. A world of ongoing crises from geopolitical tensions, US Federal Reserve policy expectations, China's slow recovery impacting emerging markets' economic growth and Malaysia's long-awaited fiscal reforms requires us to refine our material matters as part of our business planning. They reflect the issues that have the greatest likelihood of affecting our ability to create sustained value for us and our stakeholders.

M1	Sustainable Pension Fund
<p>Managing the fund towards achieving optimum sustainable returns in accordance with the Retirement Fund Act 2007 and applicable government policies, frameworks and/or guidelines.</p>	<div> <div> <u>Related Capitals</u> <div> FC SRC NC </div> </div> <div> <u>Stakeholders</u> <div> S1 S2 S4 </div> </div> </div>

CAPITALS					
FC	Financial Capital	IC	Intellectual Capital	MC	Manufactured Capital
HC	Human Capital	SRC	Social & Relationship Capital	NC	Natural Capital

**M2****Customer Experience**

Commitment to create a best-in-class customer experience environment and ensuring service excellence to our customers.

Related Capitals

IC MC SRC

Stakeholders

S1 S2 S3

**M3****Corporate Governance**

Promoting a more transparent, cohesive and efficient approach in managing corporate governance with effective guardrails including investment governance.

Related Capitals

All Capitals

Stakeholders

All Stakeholders

**M4****Future-Ready Operating Model**

Acts as the main catalyst and enabler in realising the end-state of Wave 3 (2020-2025) under KWAP's transformation journey. KWAP's enhanced operating model was developed internally in preparing KWAP to be a future-ready organisation in accordance with the developments in the pension ecosystem. It was established with the aim to elevate five enablers, namely Structure, Governance, People, Processes and Digital.

Related Capitals

IC MC HC

Stakeholders

S1 S2 S3

**M5****Sustainability Pledges**

Commitment in delivering KWAP's five Sustainability Pledges that emphasises responsible investment.

Related Capitals

FC HC SRC NC

Stakeholders

S1 S3 S4 S5

STAKEHOLDERS

S1 Government of Malaysia

S2 Contributors

S3 Pension Community

S4 Investment Community

S5 Local Community

S6 Employees

OUR OPERATING ENVIRONMENT (CONTINUED)

M6


Industry Presence

Recognition as a respected thought leader amongst peers to support sustainable nation building in socioeconomic development, specifically on sustainable retirement and investing agenda.

Related Capitals

IC HC SRC

Stakeholders

S1 S2 S4

M7


People Development and Well-being

Continuous commitment in supporting nation building via human capital development for communities such as pensioners and young Malaysian citizens.

Equipping our employees with fit-for-purpose capabilities to become a future-ready organisation as well as attracting and retaining the best talent.

Commitment in continued engagements and Corporate Social Responsibility (CSR) initiatives as well as providing a healthy work-life balance and support to employees.

Related Capitals

HC SRC

Stakeholders

S1 S3 S4 S5 S6

M8


Anti-Bribery and Corruption

Commitment and manifestation of the anti-bribery and corruption stance

Related Capitals

FC HC

Stakeholders

S1 S5 S6

M9


Cyber Security and Data Privacy

Commitment in combating any cyber security breaches from external threats.

Related Capitals

MC

Stakeholders

S1 S2 S3

PRINCIPAL RISKS

The presence of numerous risks may impact the global economy and financial markets in 2024 and beyond. It is, nevertheless a challenging and intricate task to accurately predict the risk outlook and trajectory for any specific year. Despite the complexity of the task given the ever-changing business environment and uncertain geo-political outlook on the global economy, our top-10 principal risks and our strategic responses are as follows:

R1



Macro-economic and Geopolitical Risks

Staying vigilant about emerging risks in local and global markets is crucial as they can significantly influence our investment activities. The economic landscape of the world today continues to be volatile, impacted by the aftermath of the Covid-19 pandemic, supply chain disruptions, inflationary pressures as well as monetary policy uncertainty. Geopolitical tensions and regional conflicts further compound uncertainties, emphasising the need for comprehensive risk management strategies.

Risk Category: Emerging Risk

Our response:

- Conduct internal periodic/regular assessments for risk due to economic factors and the potential impact to the investment.
- Conduct periodic engagement with external fund managers and other Government-Linked Investment Companies to stay abreast of economic forecasts and industry outlook.
- Continuously enhance our investment processes, including the integration of ESG into all investment activities.
- Establish key economic indicators/triggers to monitor initial signs of economic uncertainties.

R2



Investment Risk

Investment risk, such as market risk, credit risk and private market risk, refers to the potential for financial loss or underperformance associated with investing in a particular asset or investment strategy. It encompasses various factors, including market volatility, economic conditions, regulatory changes and company-specific risks. For entities like KWAP, the pension fund for public service employees, investment risk can significantly impact the ability to meet long-term financial obligations and provide stable returns for pensioners, potentially affecting the fund's sustainability and the retirement security of public service employees.

Risk Category: Traditional Risk

Our response:

- Develop a strategic asset allocation that aligns with our overall risk appetite statement.
- Adopt diversification as a risk management strategy to reduce unsystematic risks particularly for concentration of geographical and asset types.
- Implement a rigorous fund manager selection and investment strategy evaluation process.
- Implement various risk limits including value-at-risk limit, modified duration limit, concentration risk limit, counterparty risk limit and issuer risk limit to manage risk of our investment portfolio.
- Employ derivatives to hedge and mitigate volatilities on our investments.
- Proactively conduct periodic stress testing exercises to assess our investment portfolio's vulnerabilities to historical stressed market events as well as 'what-if' scenarios.
- Establish a thorough credit analysis process which includes credit ratings monitoring, credit evaluation and credit review.

PRINCIPAL RISKS (CONTINUED)

R3



Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people, systems or from external events that impact the aforesaid. It encompasses a wide range of risks associated with the day-to-day operations of an organisation which includes but not limited to fraud, physical damage, business disruption, transaction failures, legal and regulatory breaches as well as employee health and safety hazards. It may also impact other risks such as KWAP's reputational risk.

Risk Category: Traditional Risk

Our response:

- Implement a robust and sound internal control environment throughout the organisation.
- Cultivating a tone-from-the-top culture that prioritises compliance with regulations and ethical behaviour.
- Reinforcing strong governance in operations through internal policies, guidelines and standard operating procedures.
- Utilise Operational Risk Event (ORE) Reporting to effectively respond and manage operational losses arising from the actual or potential risk events.
- Implement a robust Fraud Risk Management Programme (FRMP) to identify, assess and manage fraud risk, including corruption in an optimal manner to ensure adequate prevention and detection measures in place and safeguard KWAP's assets, reputation and stakeholders' trust.

R4



Business Continuity Risk

Business continuity risk are risk of unexpected events and potential threats that could adversely affect KWAP's ability to continue the critical business operations and deliver its product and services to meet the needs and expectations of its stakeholders. The threats may include failure in internal systems or human error, cyber attacks, pandemics or natural disaster, which may cause financial losses, damage to reputation, regulatory non-compliance and decreased stakeholder confidence.

Risk Category: Traditional Risk

Our response:

- Implement Business Continuity Management (BCM) in ensuring continuity and recovery of the critical business process in a timely manner.
- Design and test a comprehensive BCM Plan which includes:
 - i. Perform planned and surprised BCM exercises involving critical system and business functions in a live and non-live environment.
 - ii. Conduct call tree exercises to test and enhance communication protocols and response procedures during simulated emergency scenarios.
 - iii. Mobilisation of KWAP personnel to alternate site for the purpose of executing system recovery and critical business functions.
- Conduct annual review of the enterprise Risk Assessment (RA) and departmental Business Impact Analysis (BIA).

R5

Sustainability Risk

Sustainability risk is potential threats or adverse impacts that environmental, social or governance (ESG) factors pose to the long-term sustainability and resilience of an organisation's operations, financial performance and reputation. The impacts to sustainability risk are significant to KWAP as the risk could impact the investment returns, causing stranded assets and operational disruptions as well as increase regulatory and legal risks. By addressing sustainability risk, KWAP can protect its investments, comply with evolving regulations and contribute to a more sustainable economy.

Risk Category: Emerging Risk

Our response:

- Establish the Sustainability Risk Framework and Sustainability Risk Policy, as the governing documents that serve as guardrails for the KWAP Sustainability Roadmap.
- Define measurable Key Performance Indicators (KPI) to track the performance and sustainability goals of KWAP.
- Publish sustainability reports with the progress towards the set sustainability targets.
- Develop sustainability strategies to achieve sustainability objectives and targets.

R6

Climate Risk

Climate risk is potential adverse impacts that climate change and related environmental factors pose to businesses, economies, and communities. These risks arise from the physical impacts of climate change, such as extreme weather events, rising temperatures, sea-level rise and changing precipitation patterns, as well as transition risks associated with the shift to a low-carbon economy and the implementation of climate policies and regulations. Short-term impacts to KWAP include operational disruptions and market volatility whilst long-term impacts to KWAP include strategic shifts in business models and asset devaluations for not addressing the climate risk.

Risk Category: Emerging Risk

Our response:

- Embed ESG principles into our investment philosophy and proactively monitor the impact of climate risk to our existing portfolio.
- Embark on a decarbonisation journey for our investment portfolio as well as the enterprise.
- Allocate an increasing portion for impact investment and investment in transition assets.

PRINCIPAL RISKS (CONTINUED)

R7



Cyber Security Risk

Cyber Security risk is potential threats or vulnerabilities that can compromise the confidentiality, integrity and availability of an organisation's digital assets, information systems and data. The growing reliance on technology and digital infrastructure in an increasingly digital world has increased the risk of cyberattacks. With technology continuing to evolve, the risks associated with cyber security are likely to increase, resulting in increasing losses due to cyber theft or cyber terrorism including loss of productivity due to increased cybercrimes. In addition, the artificial intelligence (AI) is expected to be widely adopted by both cybercriminals and those in cyber security and accelerating change in this sector.

Risk Category: Emerging Risk

Our response:

- Implements a robust Cyber Security Framework and Programme to effectively manage risk of cyberattacks and strengthen the monitoring of security controls.
- Establish Cyber Security Incident Response Plan and perform Cyber Security Incident simulation on ransomware attack to test the readiness of KWAP in responding to cyber security threats.
- Conduct regular security awareness programmes for employees such as Security Awareness Training (SAT) modules and simulated phishing exercises.
- Deployment of network detection and response tools to respond to cyberattacks.
- Implement Local Administrator Password Solution (LAPS) measure to restrict cyber security threat exposure.

R8



Compliance Risk

Compliance risk is the risk of legal or regulatory sanction, financial loss or loss to reputation that an organisation may suffer as a result of its failure to comply with all applicable laws, regulations, codes of conduct and standards or good practice.

Risk Category: Traditional Risk

Our response:

- Establish a Compliance Framework which forms the building blocks of our compliance function.
- Robust compliance process which includes Identification, Assessment, Attestation, Monitoring and Reporting as well as Validation.
- Tone-from-the-top uncompromising stance on compliance which expands to all our external fund managers.
- Implement compliance controls such as Chinese Wall Policy, Automated Self-Compliance Checklist, Compliance Review Exercises, Risk and Compliance Visits to EFMs as well as Know Your Counterparty (KYC) Screening.

R9

Reputational Risk

Reputational risk refers to the potential for damage to an individual's or organisation's reputation, credibility or goodwill due to actions, events, or perceptions. It can arise from various factors such as ethical breaches, poor customer experiences, scandals, or negative publicity. Reputational risk is significant because a tarnished reputation can lead to lost trust, decreased business opportunities and long-term damage to an organisation's brand and value.

Risk Category: Traditional Risk

Our response:

- Maintain proactive communication with stakeholders, including customers, employees and regulators by providing regular updates and reporting.
- Engage in Corporate Social Responsibility activities to demonstrate KWAP's commitment to ethical practices, sustainability, and positive social impact.
- Conduct a series of culture-related events to foster a corporate culture on ethical practices and behaviour to ensure the employees understand their role in protecting KWAP's reputation.

R10

People Risk

People risk refers to the potential for negative outcomes or losses resulting from the actions, behaviour, or performance of individuals within an organisation. This encompasses a wide range of factors, including employee turnover, talent shortages, inadequate training, misconduct and cultural issues. Managing people risk involves strategies such as effective hiring practices, training and development programmes, creating a positive work environment and implementing robust performance management systems to mitigate potential negative impacts on organisational success.

Risk Category: Traditional Risk

Our response:

- Implement thorough background checks and vetting processes in the recruitment process to ensure the new hires align with KWAP's values.
- Provide regular training programmes to enhance employees' skills and knowledge to ensure they are well equipped in performing their roles.
- Develop a comprehensive succession plan for effective transition of key roles whilst nurturing high potential employees to step into critical positions when required.
- Enhance KWAP corporate culture based on purpose, trust and camaraderie.



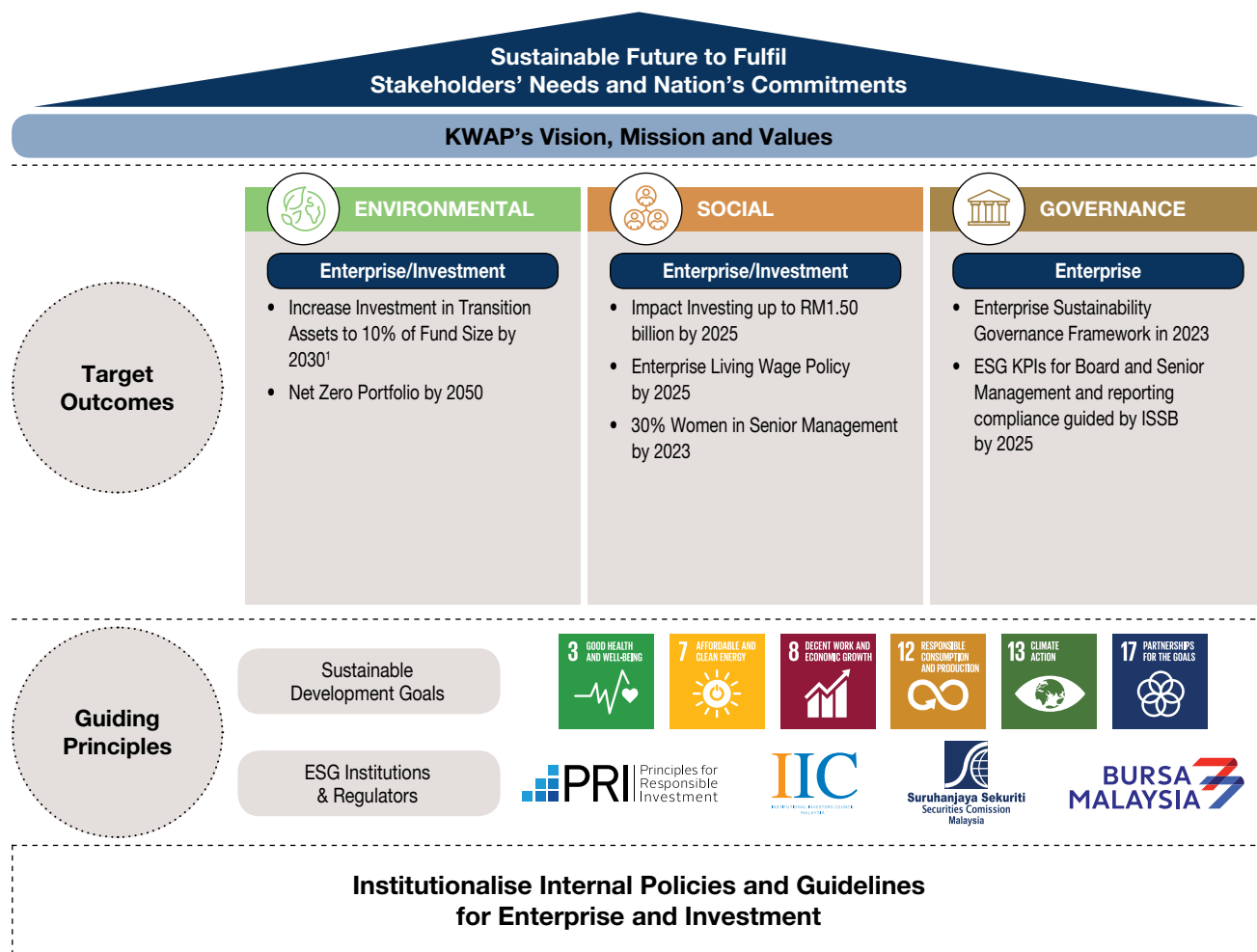
04

ENRICHING SUSTAINABLE IMPACT



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 Food Security Education Energy Transition Financial Inclusion 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.

05

**ENRICHING
PERFORMANCE
AND COMMITMENTS**



FINANCIAL CAPITAL

5-YEAR PERFORMANCE HIGHLIGHTS

FINANCIAL PERFORMANCE ¹	2019	2020	2021	2022	2023
FUND SIZE (RM billion)	147.48	153.82	159.03	158.10	169.82
INCOME AND EXPENSES					
Gross Investment Income (RM billion)	6.07	6.81	6.33	7.01	6.75
Operating Expenses (RM million)	302.96	277.13	329.59	336.15	364.03
Net Income (RM billion)	6.67	8.87	9.99	0.26	9.65
Total Comprehensive Income (RM billion)	7.84	8.40	7.28	(0.57)	12.03
FINANCIAL RATIOS					
Accounting Rate of Return (ARR) (%)	4.67	5.88	6.39	0.17	5.88
Operating Expenses to Gross Income (%)	4.99	4.07	5.21	4.80	5.39
Operating Expenses to Average Fund Size (%)	0.21	0.18	0.21	0.21	0.22
INVESTMENT RETURNS					
Annualised Time-Weighted Rate of Return (%)	6.25	6.74	5.94	1.12	8.22
Annualised Time-Weighted Rate of Return, over a 10-Year Rolling Period (%)	6.26	6.05	5.99	5.26	5.13
CONTRIBUTION AND WITHDRAWAL					
Pension Contribution (RM billion)	2.63	2.46	2.45	2.13	2.19
Federal Contribution (RM billion)	0.50	0.50	0.50	0.50	0.50
Withdrawal by the Federal Government (RM billion)	-	5.00	5.00	3.00	3.00
MANAGEMENT OF FUND					
Internally-Managed (%)	87.50	88.27	89.39	89.79	89.55
Externally-Managed (%)	12.50	11.73	10.61	10.21	10.45
Number of Contributing Employers	478	486	485	487	489
Number of Employees of the Contributing Employers	187,684	178,797	178,385	176,913	177,716
Number of KWAP Employees	596	620	617	684	723
Gross Income Per Employee (RM million)	10.18	10.98	10.26	10.25	9.34

<p>Net Income</p> <p>RM9.65 billion (2022: RM0.26 billion)</p>	<p>Operating Expenses</p> <p>RM0.36 billion (2022: RM0.34 billion)</p>	<p>Total Assets</p> <p>RM170.23 billion (2022: RM160.61 billion)</p>	<p>Fund Size</p> <p>RM169.82 billion (2022: RM158.10 billion)</p>	<p>Accumulated Withdrawal</p> <p>RM20.50 billion (2022: RM17.50 billion)</p>	<p>Accounting Rate of Return</p> <p>5.88%</p> <hr/> <p>Operating Expenses/Average Fund Size</p> <p>0.22%</p>
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¹ Figures are based on KWAP-level performance.

FINANCIAL REVIEW

The conclusion of the 2023 financial year marked a notable success for KWAP, amidst a challenging global economic landscape caused by growing geopolitical tensions and sluggish recovery. Despite these uncertainties, KWAP managed to deliver commendable financial results across all asset classes and major markets.

As at 31 December 2023, KWAP's fund size grew to RM169.82 billion, marking a growth of 7.4% from RM158.10 billion as at 31 December 2022, driven by a strong performance throughout the year.

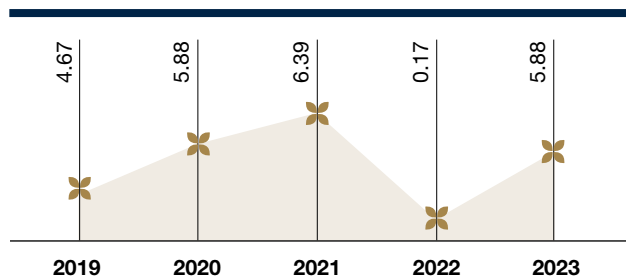
Net Income recovered significantly to RM9.65 billion from RM0.26 billion a year ago, whereas Total Comprehensive Income surged to RM12.03 billion compared to a Total Comprehensive Loss of RM0.57 billion recorded in FY2022. These improvements came primarily from the strong performance of both our equity and fixed income portfolios which translated into higher net unrealised gains for our financial assets classified as Fair Value Through Profit Or Loss (FVTPL) and Fair Value Through Other Comprehensive Income (FVOCI).

The FVTPL portfolio's resilient performance recorded an unrealised gain of RM3.06 billion primarily from the international market, in line with the S&P500 that indicated a double-digit return, rising 24.2% year-on-year. KWAP's FVOCI portfolio on the other hand, recorded an unrealised gain of RM1.06 billion from our domestic bond market.

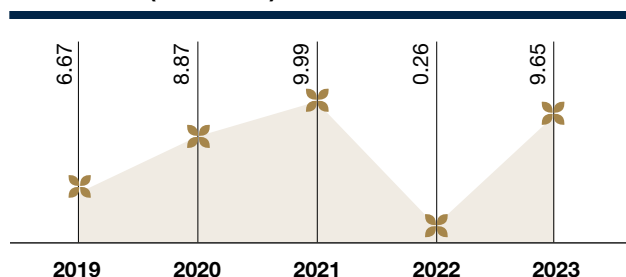
This robust performance translated to an Accounting Rate of Return (ARR) of 5.88%, a notable increase from the 0.17% reported in FY2022.

In fulfilling our duty to assist the Federal Government to fund the pension liability as stipulated in the Retirement Fund Act 2007 (Act 662), RM3 billion was withdrawn from the Fund by the Federal Government during the year whilst the remaining funds were reinvested for future value creation.

Accounting Rate of Return (ARR) (%)



Net Income (RM billion)



Gross Investment Income

KWAP recorded a Gross Investment Income (GII) of RM6.75 billion, 3.7% lower than RM7.01 billion in FY2022, due to the lower divestment gain from our International Equity portfolios.

48% of the GII was contributed by the equity portfolio, 40% by the fixed income portfolio, and the remaining 12% by both the private equity and real estate portfolios.

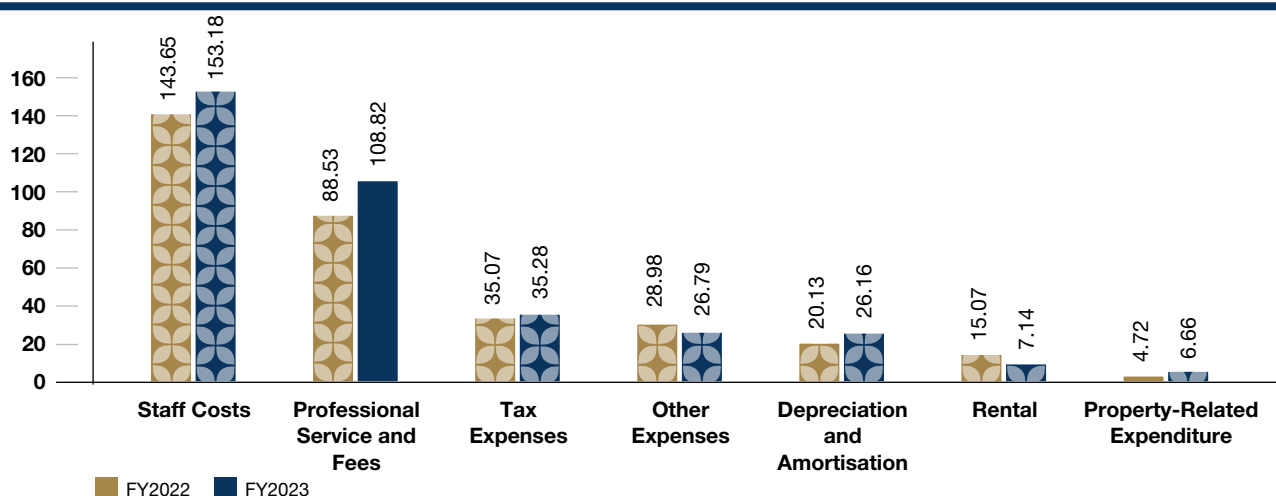
77% of the GII was contributed by KWAP's investment in domestic market whilst the remaining 23% was from the international investments.

FINANCIAL CAPITAL (CONTINUED)

Operating Expenses (OPEX)

Our OPEX increased by 8.3% to RM0.36 billion (FY2022: RM0.34 billion) with 82.3% utilisation of our approved budget of RM0.44 billion for the financial year. This increase was primarily attributed to the higher Staff Costs and Professional Services and Fees aligning with our ongoing commitment to enhance our intellectual, manufactured and human capitals.

Operating Expenses (RM million)



Staff Costs

KWAP's Staff Costs amounted to RM153.18 million, 6.6% higher than RM143.65 million posted in FY2022. The higher Staff Costs reflected the higher headcount of 723 employees against 684 employees in FY2022.

In 2023, KWAP continued its participation in the Malaysian Short-Term Employment Programme (MySTEP), a programme aimed to provide employability to Malaysian Graduates. RM7.98 million was incurred under the Staff Costs for this programme during the year.

On staff-related expenditures, RM10.30 million (FY2022: RM9.00 million) was incurred on staff medical and dental expenses, whilst RM3.30 million (FY2022: RM3.20 million) was incurred on training and development.

Professional Services and Fees

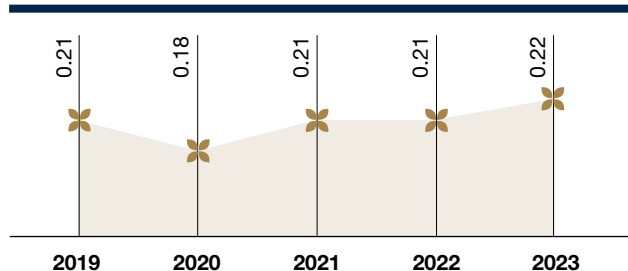
The Professional Services and Fees amounted to RM108.82 million, a rise of 22.9% from RM88.53 million in FY2022. The higher Professional Services and Fees

was due to the higher data subscription, performance fees for external equity fund managers and pensioners engagement related expenses i.e. *Karnival MyPesara* and *Jelajah MyPesara*.

Fund Management Efficiency

In terms of our fund management efficiency, KWAP's OPEX over its Average Fund Size ratio stood at 22 basis points, slightly higher than FY2022 of 21 basis point.

OPEX/Average Fund Size Ratio



Net Income

KWAP's Net Income of RM9.65 billion was driven by the significant increase in the net Unrealised Gain on Financial Assets Designated as FVTPL of RM3.54 billion, compared to a net unrealised loss of RM5.55 billion in FY2022. In 2023, the MSCI World Index (MXWD Index) saw a return of 20.1% within the year, with the S&P 500 and MSCI Asia Pacific posting returns of 24.2% and 8.8%, respectively. Back home in Malaysia, the FBMKLCI which opened the year at 1,495 points recorded a return of -2.7% to close the year at 1,455. These returns across markets translated to a net unrealised gain from both the international equity and domestic equity trading portfolios of RM3.07 billion and RM0.09 billion respectively. Our private equity portfolio also produced an unrealised gain of RM0.38 billion.

Fund Size

KWAP Fund Size comprised of the allocation of statutory funds from the Federal Government of RM28.50 billion, statutory and local authorities' contribution of RM64.07 billion and accumulated reserves of RM97.75 billion.

The accumulated contributions and reserves were partially offset by the accumulated withdrawal by the Federal Government of RM20.50 billion.

KWAP closed the year with a Fund Size of RM169.82 billion, a 7.4% increase from RM158.10 billion in FY2022.

Cash and Cash Equivalents

The cash and cash equivalents amounted to RM5.32 billion compared to RM12.26 billion in the previous financial year, whereby RM2.80 billion were short-term deposits and placements with licensed Financial Institution.

INVESTMENT REVIEW



Economic review

Several important events defined 2023's macro landscape. From surging inflation to the US regional banking crisis, macro dynamics in the form of growth prospects and interest rates were pivotal in shaping financial markets. The global economy faced many challenges in terms of escalating geopolitical tensions, high inflation and rising interest rates.

Despite prevailing concerns about persistent inflation, global disinflationary trends deepened and expanded throughout the year. Surprisingly, this disinflationary phase did not harm the labour market, revealing the strength of employment sectors in many developed economies.

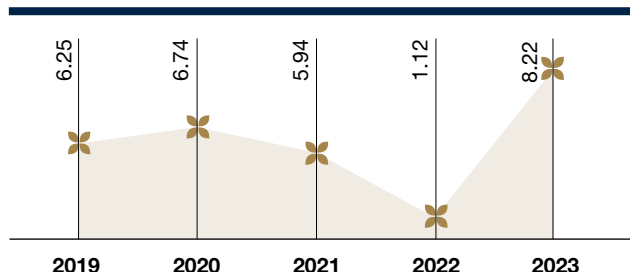
Domestically, GDP grew by 3.6% in 2023, moderating from the high base of 8.7% in 2022 mainly due to the external sector drag from global trade headwinds and tighter global monetary policy. Nevertheless, the resilience of domestic demand continued to provide robust support given steady progress in investment projects, recovery in the labour market, national catalytic roadmaps and high-impact initiatives.

Meanwhile, headline inflation eased to 2.5% in 2023 from 3.3% in 2022 attributed to softer food and commodity prices whilst core inflation remained constant at 3.0% (2022: 3.0%) reflective of stable underlying demand conditions. Accordingly, Bank Negara Malaysia (BNM) continued to normalise the degree of monetary accommodation, raising the Overnight Policy Rate (OPR) by 25 basis points in May 2023 to 3.00% before pausing for the rest of the year, whilst keeping policy supportive of the overall economic outlook.

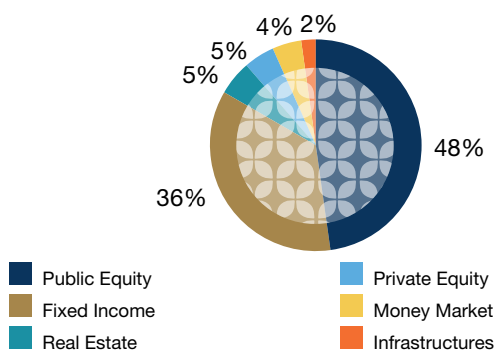
Despite global uncertainties and volatilities faced in FY2023, we remain steadfast in our commitment to deliver the best investment returns through our investment strategy. This strategy has paid off as KWAP's total fund recorded an annual time-weighted rate of return (TWRR) of 8.2% in FY2023, a significant improvement from the 1.1% recorded in FY2022. As a long-term investor, this performance has contributed to our 10-year rolling return metric measurement which recorded a return of 5.1% at the end of FY2023, outperformed the benchmark by 313 basis points for the same period.

FINANCIAL CAPITAL (CONTINUED)

Annualised Time-Weighted Rate of Return (%)



Asset Allocation (AA)



In conjunction with the announcement of various *Ekonomi MADANI* framework initiatives, including the National Energy Transition Roadmap and New Industrial Master Plan 2030, KWAP strategically invests in a mix of assets to foster the growth of the fund size. As at 31 December 2023, KWAP's Asset Allocation outlines an effective distribution encompassing 48% public equity, 36% fixed income, 5% real estate, 5% private equity, 2% infrastructure and the remaining 4% in money market. Aligning with the Government's *Ekonomi MADANI* framework to stimulate domestic investments, 76% of KWAP's portfolio focused on the local market. Whereas, the remaining 24% of KWAP's portfolio focused on international investment. This strategy not only supports national economic growth but also leverages our deep understanding of the Malaysian market.

As at 31 December 2023, KWAP's exposure to equity assets class stood at RM81.38 billion representing 48% of KWAP's total assets and retaining its position as our largest asset class. Within this allocation, domestic equity assets constitute the most of our overall equity investment at 70%, with the remaining 30% invested in international equity markets. Of the total equity exposure, 85% was managed internally with the balance outsourced to our external fund managers (EFMs).

During the year under review, our overall equity portfolio recorded TWRR of 11.0% surpassing the blended benchmark of 6.9% and generating added value of 403 basis points. Our internal domestic equity portfolio managed to deliver a TWRR of 4.4% against the benchmark of 0.6%, indicating an outperformance of 378 basis points. The internal international equity portfolio achieved a TWRR of 29.1%, outperforming the benchmark return of 25.1% by 396 basis points. These performance indicators underscore our investment strategy's emphasis on maintaining a well-diversified portfolio across various sectors and countries coupled with timely active rebalancing. The diversification strategy had effectively assisted us in navigating the volatile nature of equity investments and demonstrated our ability to maneuver our investment strategies in different market conditions.

Amidst a generally subdued domestic equity market, our domestic equity EFMs collectively achieved a TWRR of 6.9%, surpassing the FBM100 index benchmark by 624 basis points. On the international front, our EFMs in aggregate recorded a TWRR of 29.4%, outperforming the benchmark by 422 basis points. KWAP maintained regular quarterly meetings with all equity EFMs to assess their performance and compliance, alongside discussions on investment strategies and prospects. Additionally, throughout the year, visits were made to the premises of respective EFMs, whilst portfolios on the watchlist subject to more intensive monthly monitoring.

Fixed income represented 36% of KWAP's total fund size. This portfolio which consists of sub-asset classes such as Domestic Sovereign Bonds, Domestic Corporate Bonds and Loans as well as International Bonds served as the ballast of KWAP's investment performance that generates



Annualised Total Fund TWRR

8.2%



Equity portfolio TWRR

11.0%



Fixed income portfolio TWRR

6.2%

stable returns across the years. In FY2023, the fixed income portfolio achieved a TWRR of 6.2% attributed to higher reinvestment yield and overall appreciation in the portfolio's market value throughout the year. Our strategy for this portfolio remained focused on maximising the potential of a diversified fixed income portfolio whilst upholding our commitment to sustainable investment practices.

Our real estate portfolio which represented 5% of KWAP's total fund size, comprises 21 properties within both domestic and international markets, four land sites and developments domestically as well as six real estate funds. This asset class recorded a net income of RM225.22 million or a 3.2% yield on investment cost. During the year, we expanded our portfolio by executing seven transactions with approximately RM2.38 billion in terms of executed commitment.

Underscoring KWAP's steadfast commitment to ESG, a significant milestone has been achieved with nine properties attaining environmental certifications and energy efficiency accreditations. Notably, one of our office asset at 747 Collins Street in Melbourne has garnered the NABERS 6.0 Energy and NABERS 5.5 Water certifications, exemplifying our dedication to sustainable practices and resource conservation. This accomplishment solidifies KWAP's commitment to responsible investing as KWAP moves towards a more sustainable future.

KWAP's private equity portfolio represented 5% of its total fund size. The portfolio remained resilient throughout 2023 and has delivered strong returns through the careful selection of top-quartile fund managers. The portfolio achieved net Internal Rate of Return (IRR) of 16.1% and a net Multiple on Invested Capital (MOIC) of 1.6 times. This represents an outperformance of 217 basis points against the private equity market benchmark, demonstrating our effective portfolio construction across various sectors and geographies.

The commitment of RM500 million into Dana Perintis was also made under this asset class. Dana Perintis is an allocation specifically focused on developing the domestic markets, Malaysian start-ups and entrepreneurs and represents our commitment to support the Government's ongoing efforts in developing the local venture capital ecosystem. It also serves as an investment framework that drives knowledge transfer which includes developing local talents.

We remain optimistic about the growth in the infrastructure space. As a result, we had spun out our infrastructure unit to



RM225.22 million

net income for real estate portfolio



Private equity portfolio IRR

16.1%

be an independent department that will focus on managing our infrastructure portfolio as an asset class. This portfolio currently represents 2% of KWAP's total fund size. During the year, the top-quartile fund managers in which KWAP has committed to, have generated net IRR of 13.9% and net MOIC of 1.4 times.

Our infrastructure programme has been active in pursuing co-investment opportunities and the effort came to fruition with the successful closing of our investment into a hyperscale data centre, aligning with our strategic angle of mission critical services and domestic infrastructure development. Investments in infrastructure facilities are essential for developing nations as it improves connectivity, increases trade activities and promotes higher productivity.

Looking ahead, the changing macroeconomic and geopolitical landscape will characterise 2024. Inflation is trending down, potentially allowing major central banks, including the US Federal Reserve, to reverse course and begin reducing policy rates. However, with interest rates still generally restrictive, it is likely to weigh on the global economic outlook. In addition, selected geopolitical events, namely, the US Presidential election taking place in November 2024, will potentially become a headwind to the global economy and financial markets.

On the other hand, Malaysia's GDP growth is expected to improve, driven by both the continued resilience in domestic demand as well as a steady recovery in the external sector. Domestic demand remains supported by the stable labour market and progress of investment activities whilst exports are expected to rebound in tandem with the tech upcycle as well as the improvement in the tourism sector. Meanwhile, inflation will remain contained premised on the gradual implementation of fiscal recalibration which includes the reformation of domestic subsidies and price controls.

Moving forward, despite the challenging macroeconomic landscape, we are confident that our investment strategies and experienced team will persist in delivering value to our stakeholders.

FINANCIAL CAPITAL (CONTINUED)

List of KWAP's Real Estate Investments

We have strategically invested in 21 properties across both domestic and international markets, along with four land sites and developments within the country.

No.	Property	Geography	Asset Segment	Acquisition Date	Tenure
DOMESTIC PROPERTIES					
1.	Integra Tower, Kuala Lumpur	Malaysia	Office	31 March 2015	Freehold
2.	Cap Square Tower, Kuala Lumpur	Malaysia	Office	15 December 2016	Freehold
3.	Mydin Mutiara Rini, Skudai, Johor	Malaysia	Retail	22 January 2019	Leasehold
4.	Lot 20010, Jalan Stonor, Kuala Lumpur	Malaysia	Land	22 December 2015	Leasehold
5.	Lot 392, Jalan Changkat Kia Peng, Kuala Lumpur	Malaysia	Land	30 October 2015	Freehold
6.	Andaman Island, Penang	Malaysia	Land	30 March 2017	Freehold
7.	Compass, Kota Seri Langat, Selangor	Malaysia	Land	18 September 2020	20% stake in Joint Venture
8.	Bukit Minyak Workers Accommodation, Penang	Malaysia	Worker Accommodation	4 December 2023	Freehold
9.	FEK II Wafer Fabrication Facility, Kulim II High-Tech Industrial Park, Kedah	Malaysia	Industrial	15 December 2023	Leasehold
INTERNATIONAL PROPERTIES					
10.	747 Collins Street, Melbourne	Australia	Office	30 September 2013 and 8 February 2018	Freehold
11.	133 Lenore Drive, Erskine Park, Sydney	Australia	Logistics	30 November 2014	Freehold
12.	38 - 46 Bernara Road, Prestons, Sydney	Australia	Logistics	30 July 2015	Freehold

No.	Property	Geography	Asset Segment	Acquisition Date	Tenure
INTERNATIONAL PROPERTIES					
13.	145 Lenore Drive, Erskine Park, Sydney	Australia	Logistics	22 December 2015 14 April 2017	Freehold
14.	Amazon Coalville, Bardon	United Kingdom	Logistics	30 April 2021	Freehold
15.	10 Gresham Street, London	United Kingdom	Office	24 October 2012	Leasehold
16.	100 Cheapside, London	United Kingdom	Office	20 December 2019	Leasehold
17.	The Chimes, Uxbridge, London	United Kingdom	Retail	20 June 2014	Freehold
18.	The Mill House, Edinburgh	United Kingdom	Student Accommodation	3 August 2018	Freehold
19.	800 Bristol Road, Birmingham	United Kingdom	Student Accommodation	7 August 2018	Freehold
20.	Symons House, Leeds	United Kingdom	Student Accommodation	29 June 2020	Freehold
21.	Crown House, Sheffield	United Kingdom	Student Accommodation	29 June 2020	Freehold
22.	Vita Student, York	United Kingdom	Student Accommodation	17 October 2023	Leasehold
23.	82 Albion Gate, London	United Kingdom	Residential	27 February 2015	Leasehold
24.	9 Sherwood Court, Seymour Place, London	United Kingdom	Residential	27 February 2015	Leasehold
25.	Zalando Distribution Warehouse, Erfurt	Germany	Logistics	5 May 2017	Freehold

FINANCIAL CAPITAL (CONTINUED)

SUBSIDIARY REVIEW

Our property development arm, KWEST Sdn Bhd (KWEST) currently has two ongoing projects boasting a combined GDV of RM22 billion being Andaman Island Phase 1 in Penang and Compass @ Kota Seri Langat. These developments have a Gross Development Value (GDV) of RM21 billion and RM1 billion respectively.

Andaman Island Phase 1 is a joint venture between renowned developer Eastern & Oriental (80%) and KWEST (20%), representing Penang's premier integrated mixed-use development spread across 253 acres of land.

In May 2023, KWEST's investment in Andaman Island Phase 1 attained GreenRE Platinum Provisional Certification in the township category. Notably, the serviced apartments, The Meg and Arica, also secured GreenRE Platinum Provisional Certification in the residential category, underscoring our dedication to sustainability.

Launched in March during the year, Arica which has a GDV of RM392 million and 380 units, achieved an exceptional sales rate of 87% by the same year end, merely after eight months of launching. This success follows that of the inaugural development, The Meg with GDV RM700 million and 1,020 units had fully sold out within 12 months since its January 2022 launch.

KWEST's second project, Compass @ Kota Seri Langat (Compass) is a collaboration between Permodalan Nasional Berhad (60%), KWEST (20%) and AREA (20%). Spanning 220 acres in Banting, Selangor, it comprises an SME Precinct offering 62 units of terrace, semi-D, detached factories, industrial plots and a Managed Industrial Park (MIP) poised to serve as a hub for local and foreign industrialists. As at 31 December 2023, the SME Precinct achieved a 37% sales rate.

Looking forward to 2024, KWEST anticipates the launch of a few landed properties, Fera Courtyard Terrace (51 units) and Senna Semi-Detached Homes (18 units), with a combined GDV of RM270 million, alongside a 261-

unit condominium and a 528-unit serviced apartment complex on Andaman Island, with GDV of RM434 million and RM631 million respectively. For Compass, the completion of the SME Precinct's construction is targeted for the fourth quarter of 2024. Additionally, Compass will initiate the approval process with relevant authorities and commence infrastructure development for the MIP. KWEST remains committed to pursuing real estate development opportunities, with a particular emphasis on the local market, in alignment with the Government's *Ekonomi MADANI* framework.

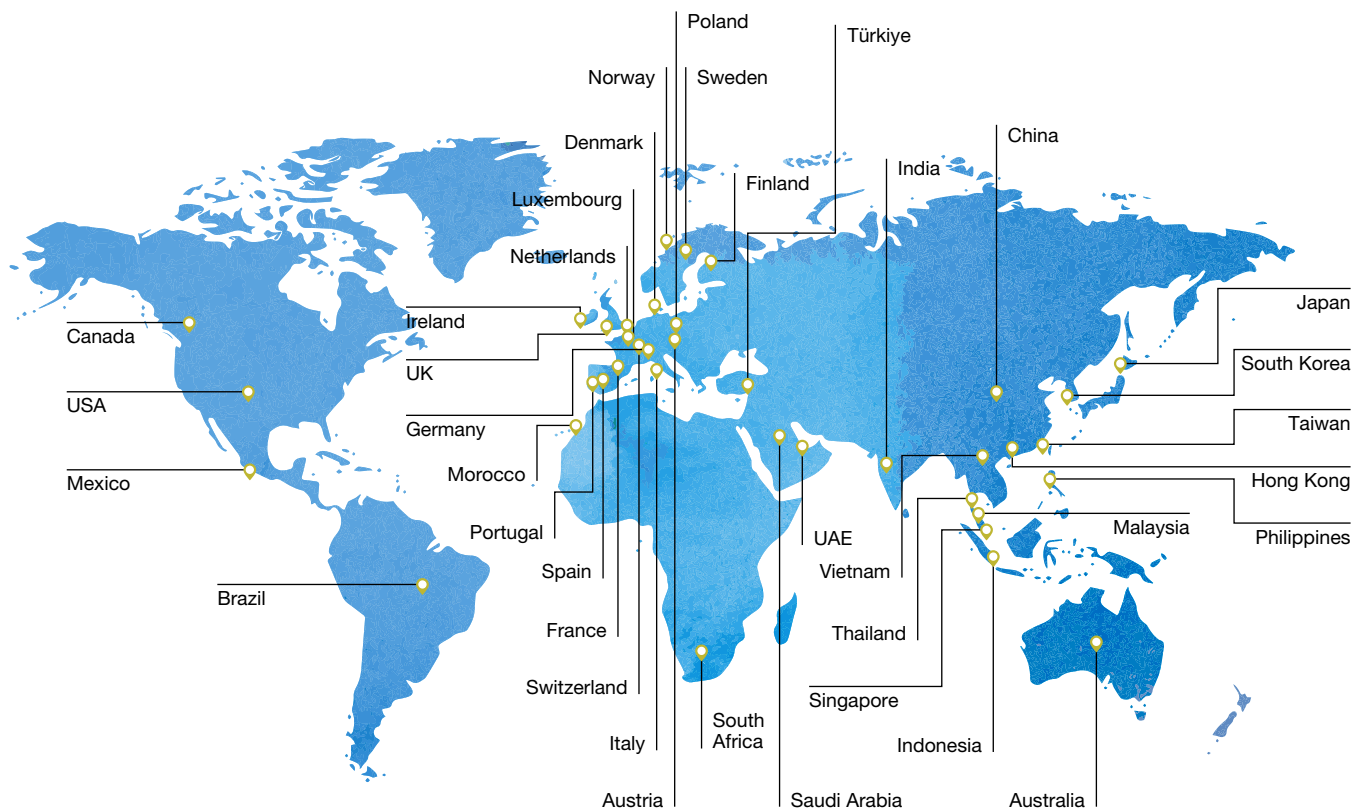


Artist impression of The Lume, Fera Courtyard Terraces and Senna Semi Detached Homes on Andaman Island



Site photo of Compass @ Kota Seri Langat as at June 2024

OUR GEOGRAPHICAL FOOTPRINT



INVESTMENT PRESENCE

38
COUNTRIES

INTELLECTUAL CAPITAL

We recognise the importance of investing in intellectual capital, and acknowledge it as a key element in delivering sustainable benefits. Our intangible assets, including innovation capabilities and brand value, play a critical role in realising our vision and fulfilling our mandated duties.

THOUGHT LEADER

Our Board has approved KWAP's Thought Leader Framework during the year, in preparation for KWAP to be a future-ready organisation. This framework serves as a guide for KWAP and its operating subsidiaries, to initiate, operationalise and streamline the thought leadership initiatives which ultimately will contribute to the Government of Malaysia, KWAP's stakeholders, and the communities.

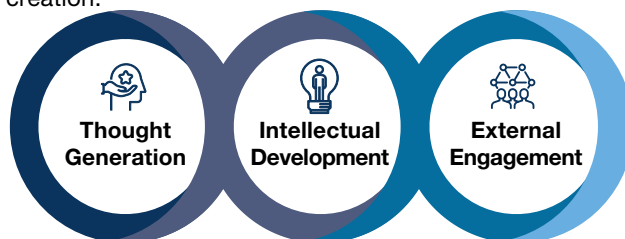
By fore-fronting the brand equity that supports nation building, KWAP is strategically pursuing the following outcomes:

- Becoming a knowledge champion within relevant industries.
- Becoming an advisor and trusted partner to the policymakers and key decision makers.

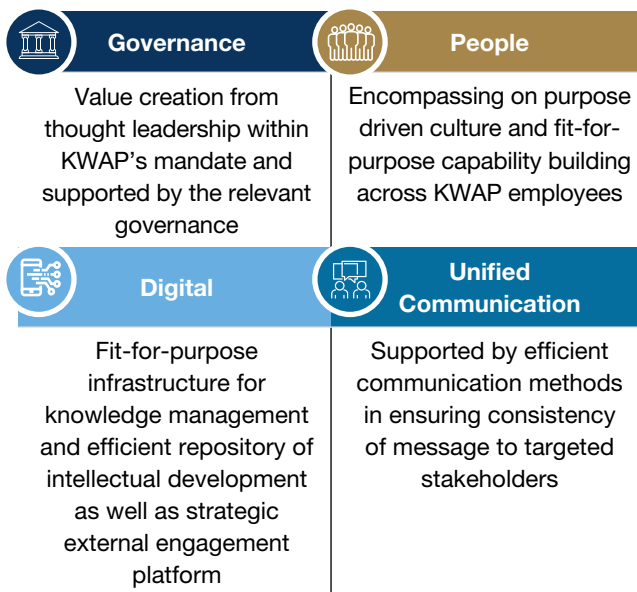
Working within KWAP's mandate and efforts in championing sustainability, the Thought Leader Framework is driven by three Key Thrusts, namely:

Facilitating Retirement Ecosystem Agenda	Fundamental research and insights on the retirement landscape to provide fact-based support for policy design, including enhancing customer socioeconomics and well-being
Unlocking Catalytic Investments	Support nation building via catalytic investments in domestic markets and conduct studies on impact investing themes
Delivering the Sustainability Agenda	Fulfilling KWAP's Sustainability Pledges

Three Key Approaches were structurally designed for collaborative delivery and materialisation of the value creation:



The framework is then supported by four foundations, each contributing its own unique features and strengths:



The Thought Leader team will champion thoughts generation and innovation whilst providing insights on the pension industry's best practices, emerging trends as well as latest sustainability and nation-building initiatives.

THE KWAP BRAND



As the largest public sector pension fund, our key role in nation-building compelled us to maximise our capabilities and harness our resources and expertise to drive significant contributions to both economic and social development. To support this objective, we implemented a comprehensive suite of outreach programmes, including industry conferences, forums, seminars and exclusive networking events. These strategically curated initiatives were designed to engage with key stakeholders and demonstrate our commitment to advancing national development.

Through these events and programmes, we created valuable opportunities for thought leadership, knowledge

exchange and relationship building with stakeholders from various sectors. Each event served as an opportunity to showcase our expertise, highlight our contributions and advance our role as a key player in the investment and pension industry.

By creating these dynamic platforms for engagement, we enhanced our visibility and strengthened our ability to drive positive change and promote collaboration. Our strategic approach highlighted KWAP's dedication to leading the conversation and shaping the future of public sector investment, all while reinforcing our commitment to community and national development.

As we looked back on the past year, let's explore the initiatives that exemplified our strategic vision and highlighted our achievements in advancing our objective.

KEY CORPORATE EVENTS



Karnival MyPesara being officiated by our Chairman, Datuk Johan Mahmood Merican together with KWAP's Board, IP members and our Chief Executive Officer.



Participants of Larian MyPesara in bright and colourful attire.

MyPesara Initiatives

1. Karnival and Larian MyPesara

Karnival MyPesara exemplifies KWAP's dedication to enriching pensioners' lives by offering a dynamic platform for staying active, building connections, and enjoying retirement. Held on 25th and 26th of November at Dataran Karnival Stadium Shah Alam, the event had attracted over 8,000 visitors and featured more than 50 exhibitors, including KPJ Healthcare, Jabatan Perkhidmatan Awam, Grab, AKPK and various Pension Associations. This annual event, which includes *Larian MyPesara*, highlights KWAP's commitment to ensuring a fulfilling, healthy, and elevated quality of life for pensioners, embodying KWAP's role as Your Retirement Companion.

Larian MyPesara, held on 25 November 2023, was a key part of this carnival, designed to bring together sports enthusiasts, particularly pensioners celebrating active retirement. With free admission for pensioners and Malaysian citizens aged 55 and above, the event drew over 3,000 participants from across Malaysia. Amongst the categories of 500m, 5km and 10km, an 82-year-old pensioner's admirable achievement in the 3km category stood out, representing the perseverance and vitality central to *Larian MyPesara*.

INTELLECTUAL CAPITAL (CONTINUED)



The consolation prize winners of Anugerah MyPesara.



Dato' Mohd Shaiful Ibrahim, Deputy Director General of Public Service (Operation) delivered his speech.

3. Anugerah MyPesara

Anugerah MyPesara, held on 20th of December, served as a platform to recognise the invaluable contributions of public service retirees and inspire them in their retirement aspirations and pursuits. In collaboration with the JPA, KWAP was pleased to honour these individuals and continues to support pensioners in their ongoing contributions to society.

Anugerah MyPesara featured three categories: Education, Social and Community Service, as well as Entrepreneurship. This award was open to Malaysian citizens aged 55 and above, currently receiving monthly government pension and have retired from Federal and State public services, statutory bodies and local authorities. At the *Anugerah MyPesara* event, the following pensioners were recognised for their contributions:

- Professor Emeritus Datuk Dr. Kamaruddin bin Hussin, who served as the Vice Chancellor of Universiti Malaysia Perlis (UniMAP), was awarded the Education Category. He was honoured for his active involvement in advancing the National and State education agenda of Perlis through various volunteer efforts. He was also presented with the Grand Prize award, taking home RM50,000 in cash, along with a trophy and a certificate of appreciation.
- Dr. Loji Roji bin Saibi, the former Bintulu District Education Officer, received recognition in the Social and Community Service Category. He was honoured for his dedicated efforts in assisting the local community through various beneficial activities, including conducting Al-Quran classes and rolling out projects to improve housing areas for teachers.
- Encik Mohd Hedzir bin Borhan, the former Assistant Director of Customs, was recognised in the Entrepreneurship Category for his efforts in creating income-generating opportunities for communities through his timber supply business.

Winners in each category were awarded RM10,000 in cash, trophies and certificates of appreciation. Additionally, recipients of consolation prizes received RM3,000 in cash, along with trophies and certificates.



YB Tuan Rafizi Ramli together with KWAP's Board, IP members and the Senior Management during the launch of Dana Perintis.

Launch of Dana Perintis

KWAP unveiled the Dana Perintis, a RM500 million fund designed to spark innovation and entrepreneurship across Malaysia. This strategic initiative aims to propel the nation towards economic leadership by supporting startups in six key areas: digital economy, financial inclusion, food security, education, silver economy and energy transition.

Inaugurated by the Minister of Economy, YB Tuan Rafizi Ramli, Dana Perintis highlights KWAP's dedication to cultivating a dynamic ecosystem of innovation and growth. By empowering local entrepreneurs and providing innovative solutions, the fund seeks to drive sustainable prosperity and position Malaysia at the forefront of regional economic development. Through this initiative, KWAP reaffirms its commitment to nurturing talent, promoting technological advancement and creating a thriving landscape for startups to flourish.



YB Datuk Seri Haji Ahmad bin Haji Maslan, Deputy Minister of Finance I introduced KWAP's tagline *Your Retirement Companion*.

Official Visit by the Deputy Minister of Finance I

On 7 April 2023, KWAP hosted YB Datuk Seri Haji Ahmad bin Haji Maslan, Deputy Minister of Finance I, at its Main Office in Integra Tower, Kuala Lumpur. This official visit aimed to strengthen collaboration with the Ministry of Finance and reinforce KWAP's role in the pension ecosystem under the TERAS 5 Transformation Plan.

Following the visit, a press conference was held along with KWAP's CEO, Datuk Hajah Nik Amlizan Mohamed, and CIO, Encik Hazman Hilmi Sallahuddin. The conference focused on enhancing retirement quality through MyPesara engagement programmes. The key highlight of the event was the Deputy Minister's unveiling of KWAP's new tagline, *Your Retirement Companion*, which emphasises KWAP's dedication to supporting its key stakeholders - the Malaysian pensioners with programmes promoting a productive lifestyle and sustainable retirement.



KWAP's inaugural Contributors' Forum 2023 with the theme *Merintis Evolusi Corak Kerja: Antara Cabaran dan Peluang*.

Inaugural Contributors' Forum

KWAP inaugurated its first Contributors' Forum 2023 under the theme *Merintis Evolusi Corak Kerja: Antara Cabaran dan Peluang* on 5 September 2023 at Kuala Lumpur Convention Centre. The forum was officiated by the Deputy Finance Minister I, YB Datuk Seri Haji Ahmad bin Haji Maslan. This platform provided contributing employers with the opportunities to exchange experiences, insights and knowledge on emerging workplace trends and challenges associated with the Future of Work. Its primary objective was to facilitate the exchange of ideas and strategies for effectively adapting to changes and embracing digitalisation.

The forum welcomed over 500 attendees, including employers, ministry representatives and members of State Secretary Offices, and garnered a 97% satisfaction rate.



KWAP management team and appointed external fund managers during the annual CEO Mandate.

CEO Mandate to External Fund Managers

On 10 February 2023, KWAP held its annual engagement session between the CEO and appointed external fund managers. This meeting brought together key stakeholders in KWAP's investment ecosystem to foster transparency, alignment and collaborative growth. The purpose of this gathering was multifaceted - to share comprehensive insights on portfolio performance across various asset classes, highlight key milestones achieved over the past year, outline KWAP's expectations for the coming year and provide a platform for open dialogue between external managers and KWAP's senior leadership.

The session allowed fund managers to engage directly with KWAP's CEO, CIO and senior management, facilitating the exchange of ideas, clarification of concerns and strengthening of professional relationships. It also served as an opportunity for KWAP to gather valuable feedback on investment processes, reporting requirements and market insights from the external managers. By concluding with collaborative discussions on mapping the pathway forward, the event aligned KWAP's strategic vision with the capabilities of its external fund managers, covering emerging investment opportunities and innovative strategies to enhance returns whilst managing risk.

INTELLECTUAL CAPITAL (CONTINUED)



Datuk Hajah Nik Amlizan Mohamed giving opening remarks during the 4th Annual General Meeting of the Institutional Investors Council.

IIC Annual General Meeting

On 21 June 2023, the Institutional Investors Council (IIC) appointed KWAP's Chief Executive Officer, Datuk Hajah Nik Amlizan Mohamed, as the Chairperson of the IIC Council Board. Following the appointment, KWAP hosted the IIC 4th Annual General meeting and 29th Council Meeting at Integra Tower, KL to discuss and update the members on the organisation's activities to date and business plan moving forward.

KWAP's active participation in IIC further reiterated our commitment to foster governance excellence while driving innovation in the investment landscape. The IIC recognised that corporate governance forms the foundation of sustainable business practices, extending beyond the pillar of sustainability. It serves as a crucial prerequisite for effectively addressing both social and environmental concerns amongst corporations in the country. Ultimately, we aim to enhance the overall appeal and competitiveness of Malaysia's capital market on the global stage, positioning it as a leader in responsible investment and sustainable business practices in the region.



The signing ceremony for the Renewal of Memorandum of Understanding (MoU) and Introduction of Data Integration, with representatives from the MOF, JPA, KWAP and LPPSA

Signing Ceremony for the Renewal of Memorandum of Understanding (MoU) and Introduction of Data integration between JPA, KWAP & LPPSA

On 20 June 2023, JPA, KWAP and LPPSA renewed their memorandum of understanding (MoU), with the ceremony witnessed by the Deputy Minister of Finance I, YB Datuk Seri Haji Ahmad bin Haji Maslan. This renewal highlighted the progress and success of their data integration initiative, which began with a non-binding MoU signed in July 2020.

The 2020 MoU aimed to establish a working relationship for integrating data between KWAP and LPPSA to enhance processes related to pensioners' housing loan repayments. The successful deployment of this integration exercise was achieved in December 2022, marking a significant milestone and demonstrating the transformative impact of the project.



The 40th ASSA Board Meeting in Kuala Lumpur.

ASEAN Social Security Association Conference 2023

On 20 November 2023, the ASEAN Social Security Association (ASSA) Conference 2023 was held in conjunction with the 40th ASSA Board Meeting in Kuala Lumpur.

Under the theme Embracing Diversity, Building a Shared Future, the conference explored inclusive and sustainable social security systems, with a focus on expanding coverage, ensuring adequate retirement provisions, and promoting sustainability. It provided a platform to address current challenges, exchange perspectives, and foster networking and collaboration. The programme was inaugurated by Deputy Minister of Finance I, YB Datuk Seri Haji Ahmad bin Haji Maslan, and attended by over 300 participants, including delegates from more than 20 ASSA member institutions across Southeast Asia, experts from the International Social Security Association (ISSA) and the International Labour Organisation (ILO), and leaders in social security.

The conference marked ASSA's 25th anniversary, reflecting its ongoing commitment to enhancing social security across the ASEAN region. It also highlighted the collaborative efforts of KWAP, EPF, and SOCSO, with EPF leading the event as Vice Chairman of ASSA for the year 2022/2023 and KWAP and SOCSO serving as co-hosts.



YB Tuan Steven Sim Chee Keong with the Senior Management of KWAP.

Official Visit from YB Steven Sim Chee Keong, Deputy Minister of Finance II

On 3 May 2023, KWAP welcomed the Deputy Minister of Finance II, YB Tuan Steven Sim Chee Keong to our office. The purpose of the visit was to provide a comprehensive understanding of KWAP's operational and investment business structure. Additionally, it aimed to foster and maintain a strong rapport between KWAP and the Ministry of Finance (MOF). This official visit presented an invaluable opportunity for the delegates to gain deeper insights into KWAP's role and functions, particularly in the pension ecosystem and the TERAS 5 Transformation Plan.

MANUFACTURED CAPITAL



In today's rapidly evolving technological landscape, the imperative to maintain pace with digital advancements has never been more pressing. At KWAP, we recognise the criticality of ensuring that our digital assets remain cutting-edge and aligned with the demands of the modern era. This acknowledgment has led us to embark on an ambitious journey aimed at elevating our digital capabilities to new heights. We are committed to continuously investing in digital systems to ensure that we remain at the forefront of innovation and adaptability in an ever-evolving digital realm.

Central to this endeavor is the rollout of our comprehensive Digital Transformation Roadmap during the year, a strategic blueprint to guide our digital initiatives moving forward. Anchored by our Digital Transformation Strategy, this roadmap sets a clear path forward as we aspire to achieve digital excellence across all facets of our organisation. Moreover, by championing a culture that embraces digital opportunities, we seek not only to drive efficiency and innovation but also to cultivate a dynamic

environment conducive to growth and adaptation in an increasingly digitised world. Our Digital Transformation Strategy is built upon five key pillars:



Digital Governance and Services



Data Management



Cyber Resilience

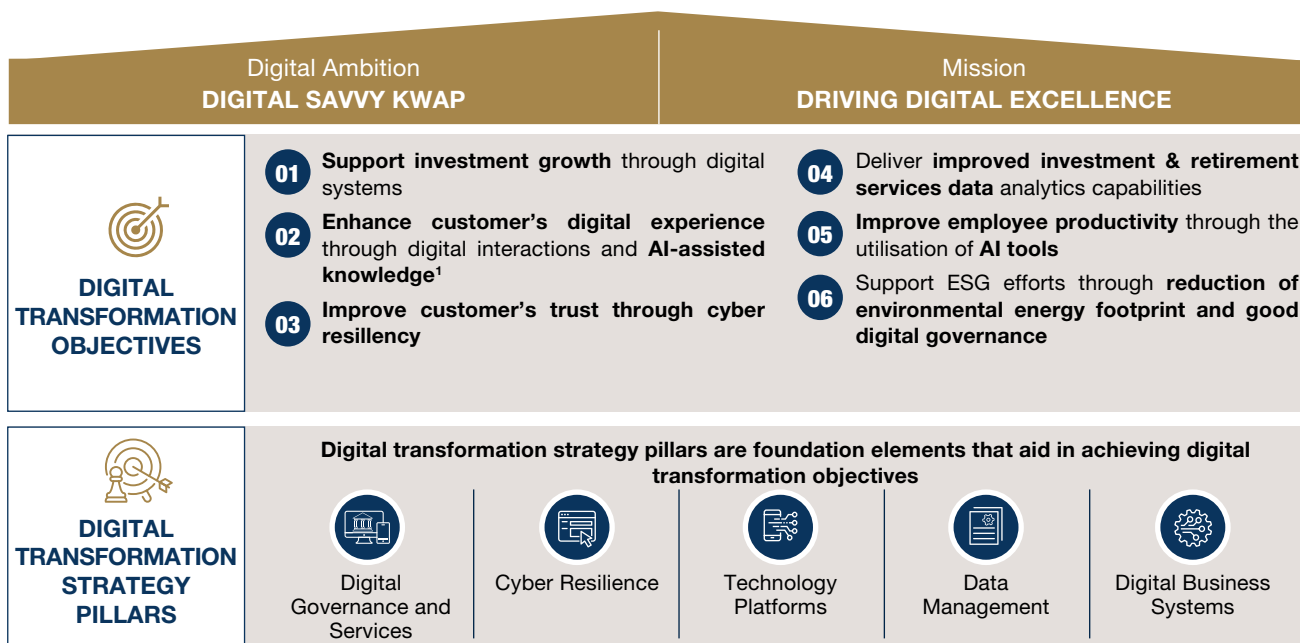


Digital Business Systems



Technology Platforms

These pillars serve as the foundational elements that underpin our digital transformation objectives, providing a structured framework for our mission towards digital excellence. We have an ambition to inculcate a digital savvy culture in KWAP with the objective of elevating customer experiences and enabling seamless collaboration both within the organisation and with external stakeholders, preparing KWAP to be a future-ready organisation.



¹ AI-assisted knowledge refers to the use of artificial intelligence as a tool or aid in the process of acquiring and applying knowledge.

As we advance our technological capabilities, we recognise the critical importance of establishing robust governance frameworks. During the year, we have established KWAP Cloud Governance Framework and Policy as well as started the work on implementing data governance framework. These frameworks outlined best practices for cloud adaptation and data management within the organisation.

With these frameworks in place, we are now able to adapt cloud-based technologies more effectively. Leveraging cloud-based infrastructure offers us a significant advantage over traditional on-premises systems, particularly in terms of scalability and efficiency in handling financial data securely. Cloud computing also grants us unparalleled accessibility to resources and applications, fostering flexibility within the operations.

In today's digitally driven world, cyber security risks remain at the forefront of our concerns. To address these challenges, we have introduced the KWAP Cyber Security Plan, which comprise of a suite of cyber security tools designed to fortify our digital environment and mitigate potential threats. This includes the deployment of cyber security maturity enhancements, as well as implemented Network Security Automated Response and Cyber Security Incident Retainer, alongside the upgrading of Endpoint Detection and Response during the year.

Furthermore, to enhance cyber security awareness amongst our workforce, we have conducted extensive training sessions, achieving a participation rate of 95.3%. This investment in education has yielded tangible results, evidenced by the notable decrease in susceptibility to phishing attacks. Our average susceptibility to phishing attacks or phish-prone percentage has improved to 2.2%, which is a commendable improvement from the 7.8% in the previous year and a significant improvement compared to 15.6% at the start of 2021. We are also pleased to share that there were no reported cases of substantiated complaints received concerning data privacy breaches

during the year. Our commitment to cyber security excellence is also testified by our continuous attainment of the ISMS ISO/IEC 27001:2013 certification, the world's best-known standard for information security management systems (ISMS).

Our commitment to technological advancement extends beyond cyber security to include enhancements in our technology platforms. We believe that investments in the functionality of technology platforms can greatly enhance our value creation capabilities. During the year, we have also upgraded audio and video devices in our meeting rooms to bolster conferencing effectiveness and provided RAM upgrades for employee laptops, enhancing multitasking capabilities. Moreover, we have implemented 31 internal and five collaborated system enhancements and upgraded our data centre storage to accommodate our growing business needs.

Digitising our processes has also been a priority, unlocking significant efficiencies and enabling better value creation. Through the deployment of three additional Robotic Process Automations (RPAs), we have streamlined daily operations and improved productivity across various functions.

In conclusion, our journey towards digital transformation at KWAP has been marked by significant milestones and achievements over the past year. Through the establishment of robust governance frameworks, implementation of advanced cyber security measures, and continuous enhancement of technology platforms, we have fortified our organisation's digital infrastructure and positioned ourselves for future success. We remain unwavering in our dedication to driving efficiency, fostering innovation and delivering value to our stakeholders. With a digital-savvy culture firmly ingrained within our organisation, we are confident that we will be able to better support nation building by delivering sustainable benefits to our stakeholders.

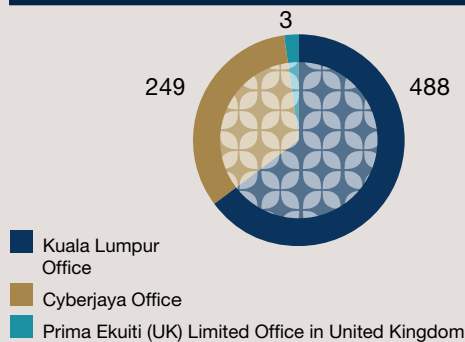
HUMAN CAPITAL



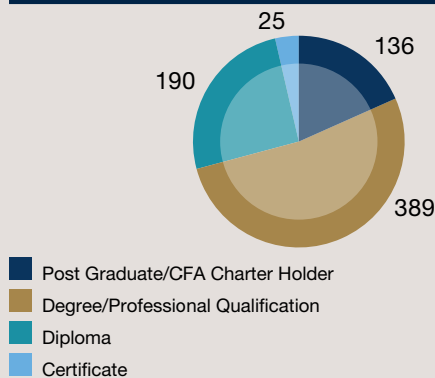
OUR PEOPLE

Our people are our most valuable assets. Their tireless contributions propel our organisation to new heights, exemplifying the dedication and passion that underpin our success. As pivotal players in our entire value creation chain, their unwavering commitment and expertise are the cornerstones of our growth and innovation.

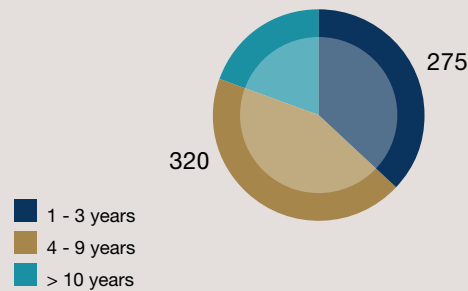
Total Manpower by Location¹



Qualifications



Average Years of Service



Recruitment and Turnover

82
New Hires

35
Attrition

Attrition Rate:
4.6%

OUR PEOPLE STRATEGY

Our People Strategy is designed to cultivate a dynamic and forward-thinking workforce that aligns with KWAP's values and goals, ensuring sustained success and growth. At its core, this strategy focuses on four target outcomes that ultimately transform KWAP into a future-ready organisation.

A **sustainable** and **aligned culture** that produces an **engaged and motivated workforce**

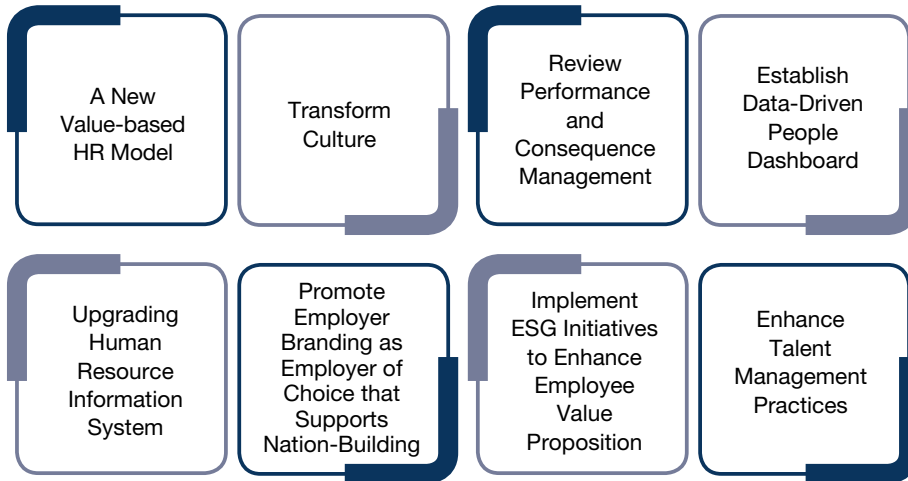
A robust development and **performance management** that drives achievement of business goals

Enhanced **digital HR experience** that leverages on people data analytics

Produce an **ESG-linked Employee Value Proposition** for attraction and retention

¹ Total Manpower for KWAP Group

We have outlined eight Human Resource Strategies to achieve our target outcomes:



KWAP DNA

- Has the capacity to grow
- Heart at the right place
- Represents the KWAP brand

Culture Pillars of Change



Purpose



Trust



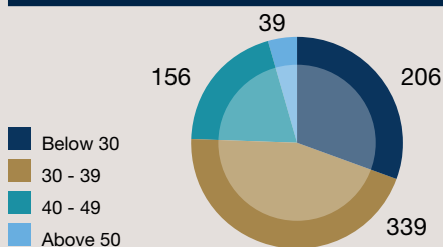
Camaraderie

DIVERSITY, EQUITY AND INCLUSION

We are committed to advocating for a socially responsible capital market. At KWAP, we see strength in diversity and are devoted to equity and inclusion as the foundational pillars for nation building. By championing these values, we are not only creating a better workplace but also making a meaningful impact on our communities and the nation at large.

Manpower Distribution

By Age¹



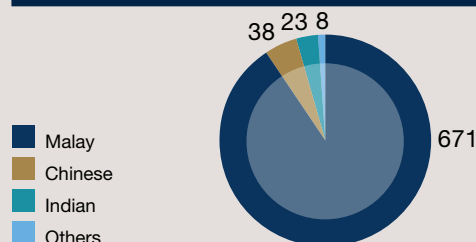
By Generation¹



By Gender¹



By Ethnic Group¹

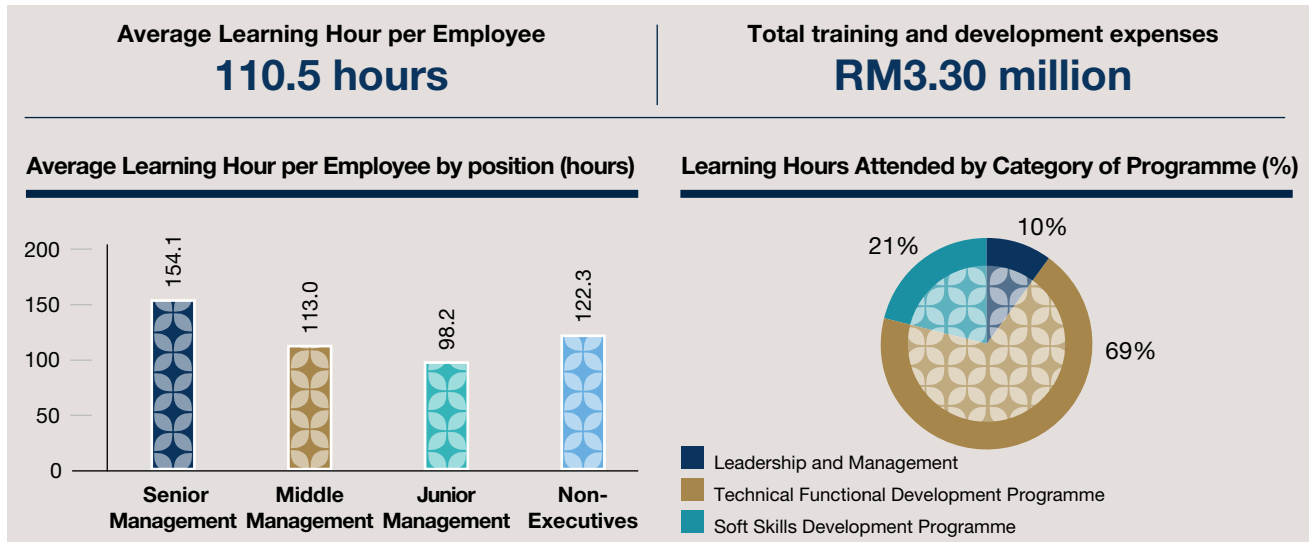


¹ Total Manpower for KWAP Group

HUMAN CAPITAL (CONTINUED)

INVESTING IN HUMAN CAPITAL

In addition to hiring top talents, we continually invest in our human capital by providing training and development opportunities to sharpen their skills and competencies. We believe that this investment not only enhances our employees' performance but also boosts satisfaction, supports career growth and strengthens their ability to create value.

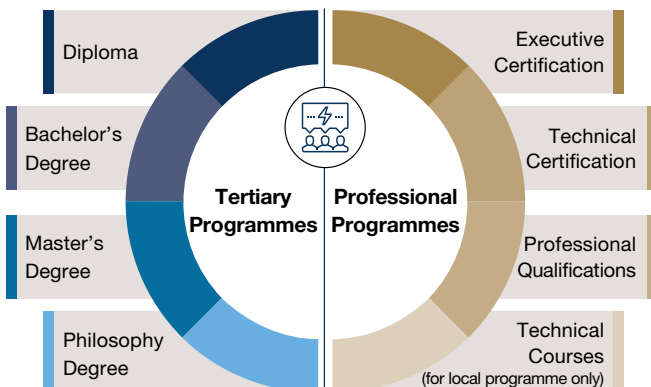


Education Assistance Scheme

We believe in lifelong learning and aim to empower our workforce through high-quality training and education delivered via the Education Assistance Scheme (EAS) as part of our employee learning and development programme. This scheme is designed to assist employees in upgrading their skills thereby enhancing their ability to create more value for the organisation and positively improving their career development.

Initially limited to investment-focused certifications, the EAS has now expanded to cover various disciplines and courses deemed relevant to the industry. During the year, 23 EAS participants completed their studies (17 Master's Degree and six Professional Qualifications) with 13 more employees enrolled in the EAS and are actively pursuing their education.

Under the EAS, we provide support for a wide range of professional and tertiary programmes:



KWAP Upskill 2.0 Education Programme

To foster inclusivity, we have established the KWAP Upskill Education Programme to support non-executive employees' lifelong learning and skill development, aligning with UNSDG 4: Quality Education. The initiative aims to promote continuous learning by providing a pathway for non-executive employees with a Diploma to advance to the Master's level through Accreditation of Prior Experiential Learning (APEL) A. Building on the success of the KWAP Upskill Education Programme, we continued our engagement with Azman Hashim International Business School, Universiti Teknologi Malaysia (AHIBS, UTM) through UPSKILL 2.0 in 2023.

16 participants coming from a diverse range of non-executives, associates and senior associates successfully completed the KWAP Upskill 2.0 Education Programme during the year. The Graduation Ceremony held on 23 February 2024 was witnessed by the Senior Management from KWAP and fellow AHIBS, UTM.



The **KWAP Upskill Education Programme**, a collaboration between KWAP and the AHIBS, UTM, offers customised development through a one year mini-MBA aimed at enhancing qualifications and promoting career growth.



Graduates from the KWAP Upskilling 2.0 Education Programme.

Learning Zone 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.

A total of 5,112 employee enrolments were recorded in our LMS in 2023, highlighting an impressive completion rate of 92.5%. The implementation of tailored LMS initiatives by Integrity and Governance Office and Human Resource Department specifically designed for employees resulted in outstanding completion rates of 95.4% and an exceptional 98.7%, respectively.

KWAP MySTEP Programme 2023

In support of the MySTEP initiative, we have collaborated with strategic partners to provide our MySTEP trainees the training opportunities within KWAP and with our strategic partners. The initial period for the MySTEP programme runs between June 2022 to June 2023 and the target number of MySTEP trainees set by the Ministry of Finance for KWAP was 1,000. As at June 2023, we have successfully recruited a total of 1,019 MySTEP trainees including those placed with our strategic partners. Following the positive feedback from our strategic partners, we extended the MySTEP programme from October 2023 to December 2023 and recruited an additional 484 MySTEP trainees, bringing the total recruitment under MySTEP to 1,503 trainees.



Malaysia Short-Term Employment Programme (MySTEP) 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.

HUMAN CAPITAL (CONTINUED)

PROMOTING EMPLOYER BRANDING

We recognise that a strong employer branding is imperative to attract, retain and motivate top talents. We are proud to be announced as the winner for five categories in the HR Excellence Awards 2023 and the Employee Experience Awards 2023, which was hosted by Human Resource Online. These awards reflect our efforts and commitment to effectively nurturing our valuable human capital.



HR Manager of the Year [Silver]
Puan Siti Sabariah Ahmad Murtazam

Excellence in Workforce Mobility [Bronze]

Excellence in Retention Strategy [Bronze]

HR Excellence Awards 2023 by Human Resource Online



Most Inspiring Leader [Gold]
Encik Ahmad Shakir Mohd Asri

Most Innovative & Sustainable Office Design [Bronze]

Employee Experience Awards 2023 by Human Resource Online

EMPLOYEE ENGAGEMENT AND BENEFITS

We acknowledge the fundamental shift in how people have been working post the COVID-19 pandemic. The priorities of employees have shifted, placing greater emphasis on non-financial aspects such as work-life balance, workplace culture, flexible arrangements, as well as physical and mental well-being. These factors continue to shape and influence our human capital agenda.

In response, we are committed to implementing comprehensive initiatives that prioritise employee well-being, foster a supportive and inclusive workplace culture, and provide flexible work arrangements to accommodate the evolving needs of our workforce. Our aim is to create an environment where our employees can thrive personally and professionally, ensuring their continued satisfaction, engagement and success within our organisation.

Health and Wellness

- Provides equal opportunity to the employees for Health Screening entitlement (*subject to the terms and conditions*) to promote and support a healthy living lifestyle.

Amity Wellness Programme (AWP)

- AWP is an employer-sponsored programme that provides professional support at the workplace in the form of individual private consultation sessions that are conducted virtually or in-person with a mental health professional, such as clinical psychologists or mental health counsellors. Through the AWP, we make mental health support accessible to all employees.
- 20 employees participated the programme in 2023.

Flexible Working Arrangement

- Provides an opportunity for the employee to self-manage the day-to-day job efficiently by introducing flexible working hours. Flexible working hours and Hybrid Working Arrangement (HWA) encourage work-life balance by improving time management, conserving and rebalancing physical energy spent commuting and reducing carbon emission from reduced need for transportation.
- The initiative was introduced to address employees' requests for improved work-life balance and align with the Employment Act 1955's flexible work arrangements.

KWAP Team Building 2023

The full-day KWAP Team Building event, which took place on 24 June 2023, marked KWAP's first enterprise-wide physical team building programme since the onset of the COVID-19 pandemic. The team building aimed to enhance collaboration, foster team spirit and improve communication and camaraderie amongst our employees.

A total of 646 employees attended the event, with participants expressing an 87.6% satisfaction rate, underscoring the success of the event in achieving its objectives.



Our employees participating at our team building event.

Culture Day

KWAP Culture Day was a unique platform for our employees to share their ideas, thoughts, sentiments and aspirations in an open and welcoming atmosphere. The objective of this initiative was to create a culture framework that reflects the essence of an agile, sustainable and high-performing organisation. The culture day recorded an 80.4% participation rate along with key insights from our employees that were presented to the Senior Management.

Culture Retreat

The culture retreat aimed to obtain consensus on the three Culture Pillars of Change deemed critical for KWAP. The three determined culture pillars of change are Purpose, Trust and Camaraderie. Opportunity was given to non-senior management to take centre stage during this retreat and unravelled the fundamental principles that drive the behaviour we aspire to see for KWAP Culture 2.0.



Participants of KWAP's Culture Retreat.

HUMAN CAPITAL (CONTINUED)

HR Marketplace

HR Marketplace is a signature thematic HR programme designed for our employees to foster engagement, facilitate access to services and serve as a platform for local vendors to showcase and sell their products. It is a one-stop centre dedicated to promoting financial well-being, fostering health and wellness, and enriching the overall employee experience. The Bring Your Own Bag concept is always encouraged throughout the programme to inspire employees to embrace sustainable practices in their daily lives. The HR Marketplace received an 88.2% average satisfaction rate from our employees in 2023.

Victory Team Mingling at Department (Vitamin D)

Vitamin D is a subsidised team-bonding initiative in which each department curates and organises their own team bonding activities within the department or collaborates with other departments, in alignment with KWAP Culture Pillars 2 and 3, Trust and Camaraderie.



Participants of the Vitamin D activity.

RECRUITMENT AND TALENT MANAGEMENT

Career Fairs

In a continuous search for top talents, KWAP actively engages in career fairs, networking events, and industry conferences to identify and attract exceptional candidates that resonate with our organisational values and DNA.

The Malaysian Career Fair-UKEC 2023

KWAP's participation in the Malaysian Career Fair is one of the best ways to reach out to Malaysian graduates in United Kingdom and showcase KWAP as the best place to kickstart their career. The event has been one of KWAP's avenues to source for high potential graduates for our KWAP Young Talent Programme. Our career booth was visited by approximately 500 visitors.



KWAP's career booth at the Malaysian Career Fair-UKEC 2023.

Malaysia MADANI Karnival Kerjaya (Program Setahun Bersama Kerajaan MADANI)

In conjunction with the *Setahun Bersama Kerajaan MADANI* event, KWAP, along with other GLICs and PETRONAS have been entrusted by the Prime Minister's Office to participate in a career fair at Dewan Sri Putra, Bukit Jalil. The primary objective of the career fair is to provide a platform for fostering youth entrepreneurship and facilitating career opportunities. Our career booth was visited by approximately 1,000 visitors.



KWAP's career booth during the Malaysia MADANI Karnival Kerjaya career fair.

KWAP Young Talent (KYT) 3.0 Programme

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

During the year, KWAP welcomed 13 young talents from both local and international universities into the KWAP Young Talent 3.0 Programme. To foster their growth and development, these individuals will undergo a comprehensive one-month hybrid (virtual and in-person) training programme before integrating into their respective departments. We anticipate that our young talents will infuse KWAP with fresh perspectives, diverse backgrounds and a digital mindset, aligning with our vision for the future of work. With this latest cohort, KWAP had successfully onboarded a total of 141 young talents since the inception of the programme in 2014.



KWAP's Young Talent 3.0 employees.

Succession Planning

Succession planning is integral to ensuring the continuity, sustainability and effective governance of KWAP's leadership pipeline. These strategies are systematically integrated into KWAP and its subsidiaries. In the event of critical positions becoming vacant within KWAP or its subsidiaries, the succession plan is promptly activated to deploy suitable and prepared successors, ensuring seamless transitions and uninterrupted operations.

Our succession planning involves:

1. Discussion and nomination of successors amongst the C-Suites' and Heads of Departments;
2. Identification of candidates based on criteria;
3. Identification of potential successors with short-term (one to two years) or medium-term (three to five years) readiness to fulfil the expectations of critical positions; and
4. Formalisation of the identification of successors for critical positions in KWAP through Human Resource Committee's approval.

92.6% of our critical positions have at least one identified successor with short-term or medium-term readiness.

SOCIAL AND RELATIONSHIP CAPITAL

CONTRIBUTION MANAGEMENT

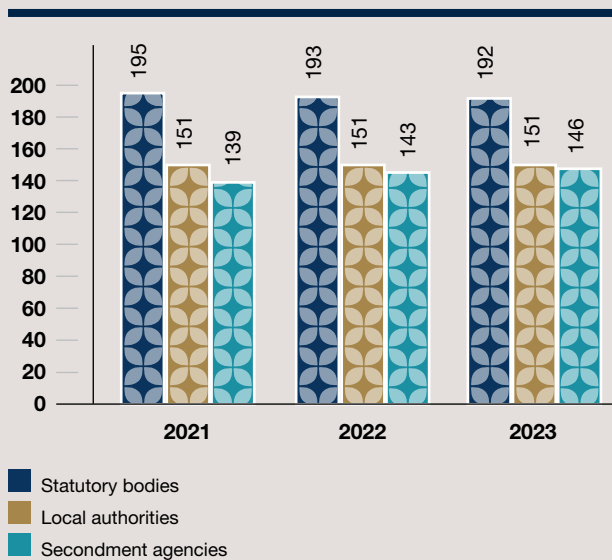


We are mandated to manage, administer and collect contributions on behalf of the Government of Malaysia, from the employers and the contributory agencies in accordance with the relevant acts.

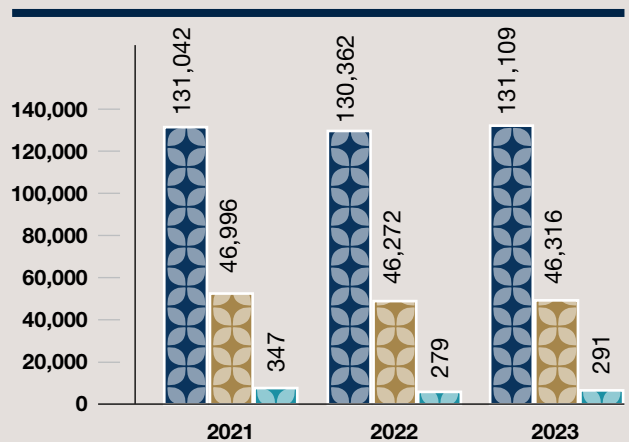
As at 31 December 2023, there are 489 active employers (2022: 487) contributing for 177,716 (2022: 176,913) pensionable employees. We have managed to collect a total contribution amounting to RM2.71 billion during the year as compared to RM2.64 billion in the previous year.

As the entrusted statutory body responsible for collecting pension contributions, our proactive monitoring plays a crucial role in preventing potential leakages. Through our relentless effort in administering and collecting contributions from employers, we engaged with 36 employers during the year, resulting in the recovery of RM0.81 million in contributions. As at 31 December 2023, outstanding accounts in arrears stood at RM15,000, marking a significant 88.6% reduction from RM130,000 in the previous year.

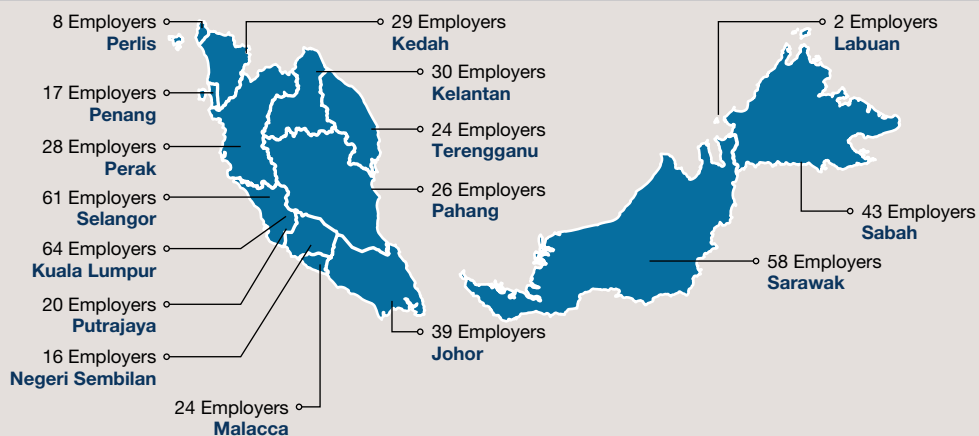
Number of Contributing Employers



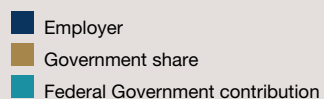
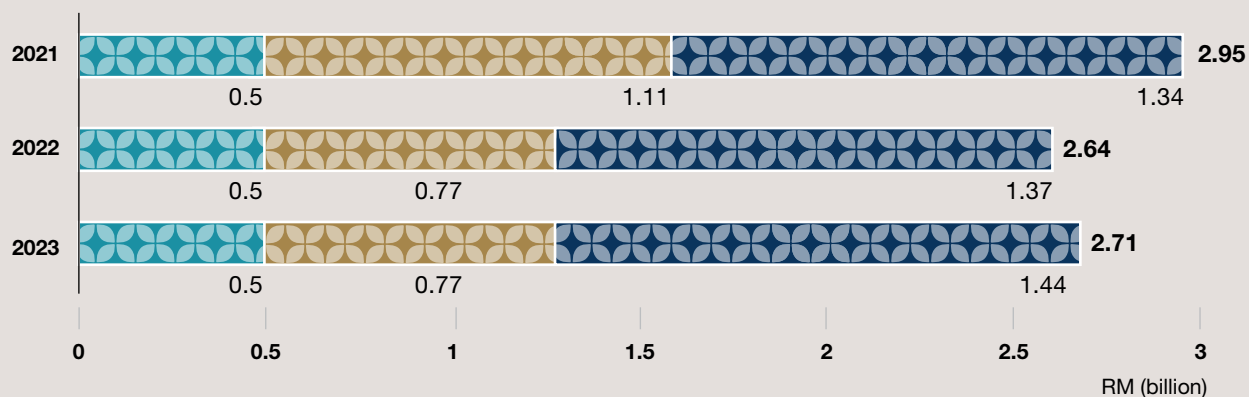
Number of Employees of the Contributing Employers



Distribution of Employers by States



Total Contributions Collected



SOCIAL AND RELATIONSHIP CAPITAL (CONTINUED)

Top Ten Contributors

No.	Employer	RM (million)
1.	Universiti Teknologi Mara	175.76
2.	Majlis Amanah Rakyat	91.30
3.	Universiti Kebangsaan Malaysia	76.75
4.	Universiti Putra Malaysia	51.68
5.	Universiti Malaya	46.00
6.	Dewan Bandaraya Kuala Lumpur	45.25
7.	Universiti Teknologi Malaysia	44.44
8.	Hospital Universiti Sains Malaysia	38.98
9.	Universiti Sains Malaysia	35.31
10.	Pusat Perubatan Universiti Malaya	30.51

PENSION MANAGEMENT



Service Level Agreement Performance Score

KWAP has been entrusted with the role of serving as the Government's agent to administer Pension Management Services. The performance of KWAP is closely monitored in accordance with the Service Level Agreement (SLA) established between the Government of Malaysia and KWAP. Amongst other provisions, the SLA delineates the responsibilities regarding pension disbursements, benefits in the event of death during service or retirement, derivative benefits, funeral assistance and related claims. The SLA includes a minimum score threshold of 95% which will be monitored by the Public Service Department (PSD) monthly. Notably, we have consistently demonstrated outstanding performance by consistently surpassing the minimum required performance score, achieving an average weighted score of 99.4% in 2023 as compared to 98.4% in 2022.

Furthermore, we remain steadfast in our commitment to continually enhance the efficiency of pension payments and improve services for stakeholders, including pensioners and their beneficiaries. To this end, we have implemented several initiatives resulting in enhanced functionality and improved accessibility to services.

Change of Pension Payment Mode

We have also conducted a proactive exercise to change pensioners' pension payment mode from Scheme B to Scheme A. This exercise aims to enhance efficiency in the pension payment processing and reducing the number of expired pension cases.

Under Scheme A, pension payments are directly credited to the pensioners' or recipients' bank accounts unlike Scheme B, which require pensioners or recipients to physically visit their respective bank counters monthly to claim their pension payment. Failure to claim the pension for three consecutive months will result in the payment expiring or lapsing. Our system had showed that the total number of expired pensions at the beginning of the year was 4,698 cases, amounting to RM12.58 million.

This exercise targeted specific groups of pensioners, including disabled children, pension recipients aged below 18 years old and joint bank account users which were carried out in two phases. As a result, a total of 5,281 pension payment recipients were successfully changed to Scheme A in 2023.

E-Hemodialysis System Enhancement: Biometric Solution

Over the years, KWAP has made significant enhancements to the functionality of the e-Hemodialysis (eHemo) system, which has had a positive impact on payment turn-around-time and record management. In our pursuit towards enhancing overall customer experience, we recognised the necessity to continuously improve the authentication process at specific dialysis centres.

During the year, a dedicated project team had identified and successfully installed 50 biometric devices at selected dialysis centers across Klang Valley as part of its pilot programme. Since commencement of the project on 9 November 2023, these devices that have been installed had been frequently used by the participating centres, recording a total of 17,177 verifications by the pensioners and eligible pension derivative recipients.

Since its implementation, this initiative had benefited pensioners, dialysis centres and KWAP as the agent responsible for medical claim payments by minimising the risk of unauthorised, erroneous or fraudulent claims by the dialysis panel, reducing human intervention during claims submission by dialysis panel and improved the turn-around-time for claim processing.



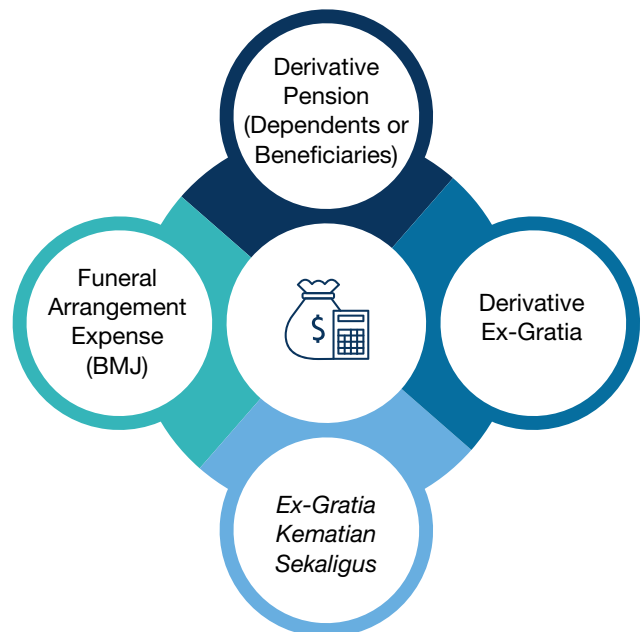
KWAP and Public Service Department representatives during a visit to Avisena Dialysis Centre, Shah Alam after the successful installation of biometric device.

Implementation of Digital File Escalation (DFE) module in Power Gen-2 System (PG2) for Pension Processing

Building on our continuous efforts to digitise document processing for pension payment, we have initiated our Digital File Escalation (DFE) project which endeavored to improve overall process effectiveness by facilitating the digitalisation of document processing.

During this initial stage, the DFE system was successfully launched in July 2023 with selected modules under post-retirement processing, namely Death in Retirement, Pension Recalculation, Pension Adjustment and Share Redistribution for Pension Derivatives.

Following that, digitisation of other post-retirement processes that were successfully implemented in 2023 were for payments of the following:-



The Digital File Escalation module aims to modernise and streamline pension processing by improving efficiency, accuracy, accessibility and security, whilst reducing costs and ensuring regulatory compliance. Since launched, the module has processed 26,826 documents.

SOCIAL AND RELATIONSHIP CAPITAL (CONTINUED)

Implementation of Customer 360 Data Warehouse

Customer 360 Data Warehouse (DW) development is a follow-through initiative resulting from the DW review exercise done in the previous year. The enhanced DW is aligned with Pillar 4 of KWAP's Digital Transformation Strategy, which aims to establish a centralised data warehouse to enhance KWAP's digital analytics capabilities. This will enable a more robust analyses of our processes, pensioners as well as opening more opportunities to serve our pensioners better through data-driven policy recommendations and continuous process improvements.

Jelajah MyPesara

In 2023, we launched the Jelajah MyPesara Programme through a collaborative initiative between KWAP and the Public Service Department (JPA). This year-long annual engagement programme is tailored for current and future pensioners aged 50 years and above. It serves as a pivotal platform for disseminating information and fostering awareness on matters pertinent to retirement. The programme is centred around three primary themes – financial planning, health and entrepreneurship and aims to address the specific needs of pensioners towards achieving better quality of life post-retirement.

We have also made courtesy visits to the chronically ill and low-income pensioners as an integral component to our Jelajah MyPesara and KWAP's engagement activities in collaboration with the state governments and pension associations. The primary objective of these compassionate visits is to alleviate the challenges faced by individuals enduring chronic illnesses and financial constraints. During these visits, we extend the necessary support by providing basic essential items to help ease their burden.

Pension Derivatives Benefits Validation Programme

As part of our commitment to provide good customer service, we go beyond our mandated roles by proactively reaching out to potential derivative recipients.

The Pension Derivatives Benefits Validation Programme is a value-added service provided by KWAP, dedicated to identifying potential derivative recipients who have yet to apply for their entitled derivative benefits.

Our initial data checking revealed that there were no pension derivative applications received from over 3,000 potential recipients. As a result, personalised outreach efforts and support services were carried out to locate them.

The Programme involved two approaches: in-house data verification and on-site visits. The former involved telephone calls, issuance of letters and retrieval of data from pensioner files, whilst the latter required house visits.

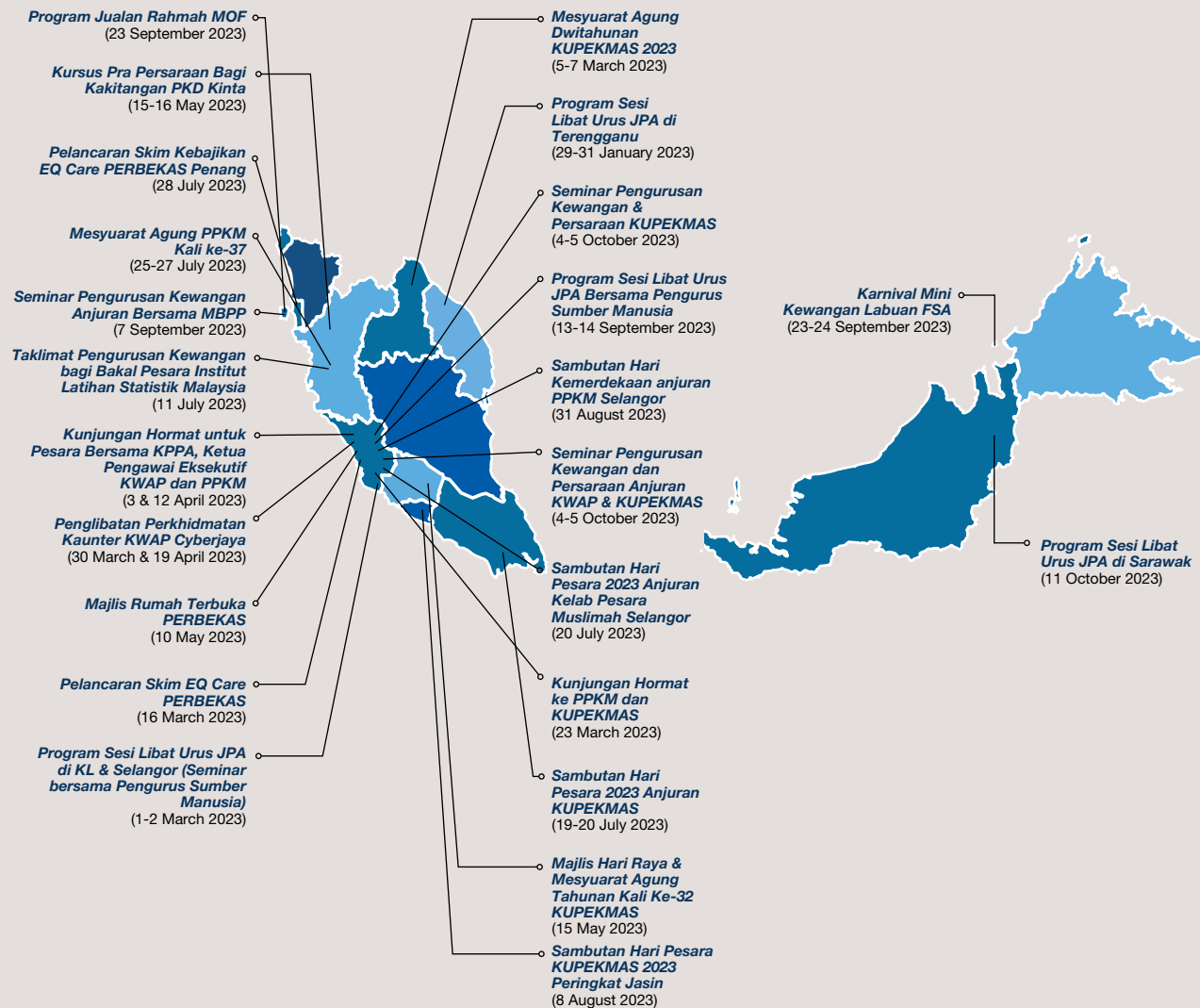
During the year the Programme was conducted across five states, namely Selangor, Kuala Lumpur, Negeri Sembilan, Melacca and Johor. A total of 799 new pension derivative recipients were successfully identified and registered as eligible pension derivative recipients.

This initiative aligns with our commitment to being Your Retirement Companion, as we do our best to continue to support pensioners and their dependents every step of the way.

Jelajah MyPesara Programme 2023



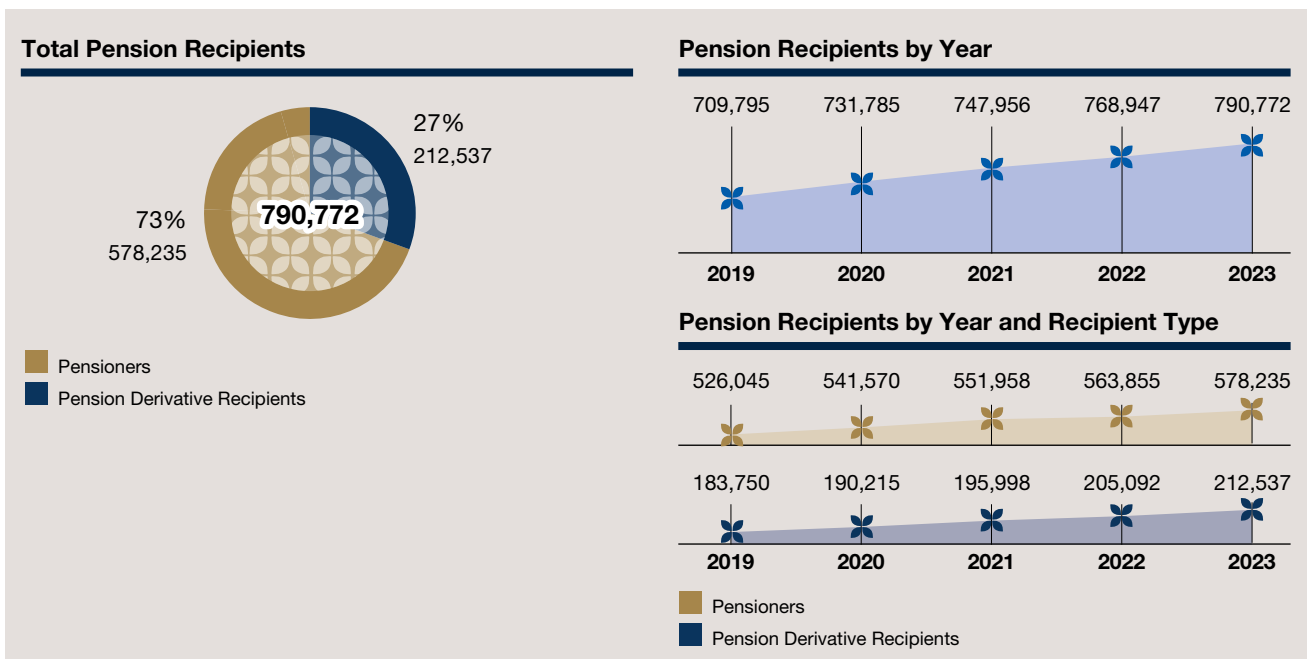
Collaborated Engagement Programmes 2023



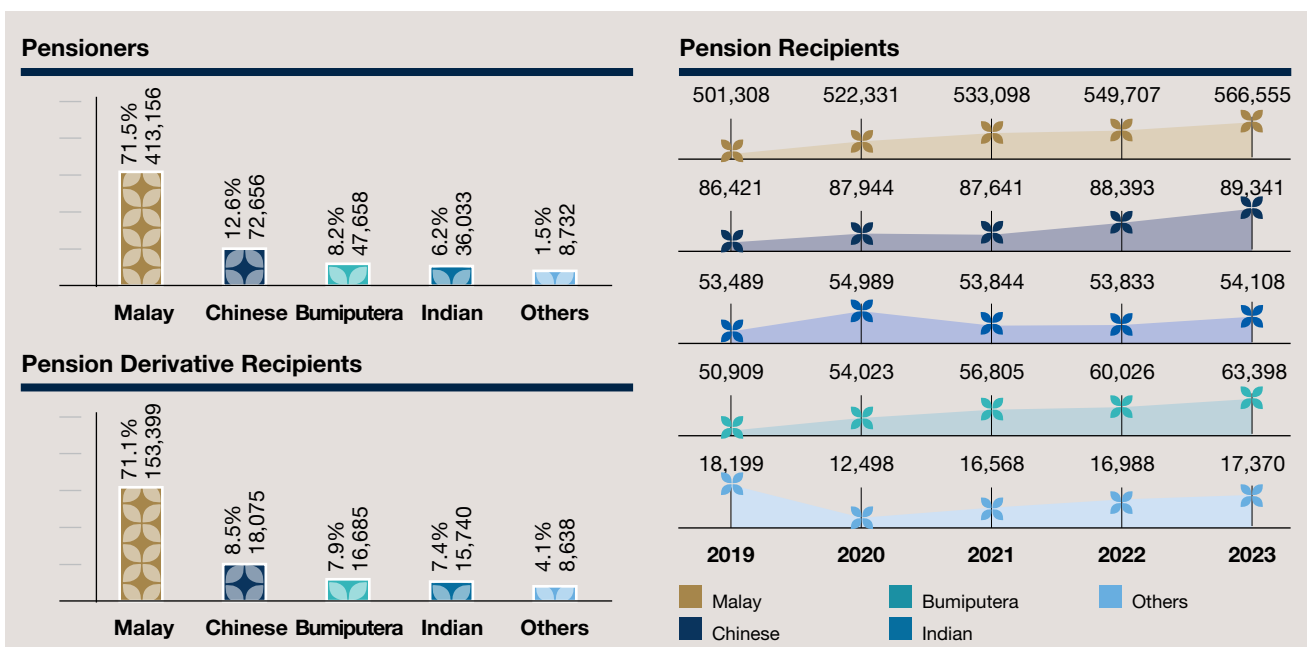
SOCIAL AND RELATIONSHIP CAPITAL (CONTINUED)

PENSION DEMOGRAPHICS AS AT 31 DECEMBER 2023

Pension Recipients Overview

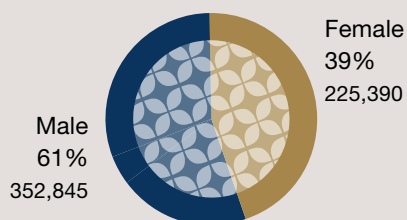


Pension Recipients by Race

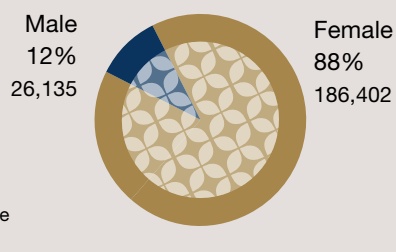


Pension Recipients by Gender

Pensioners

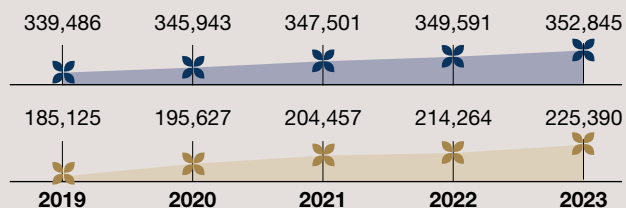


Pension Derivative Recipients

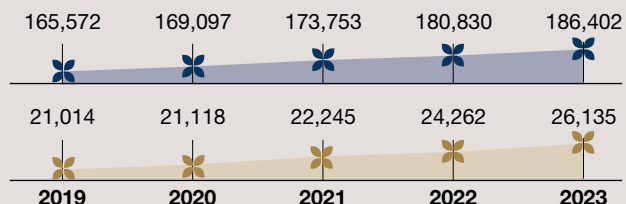


Female
Male

Pensioner by Year



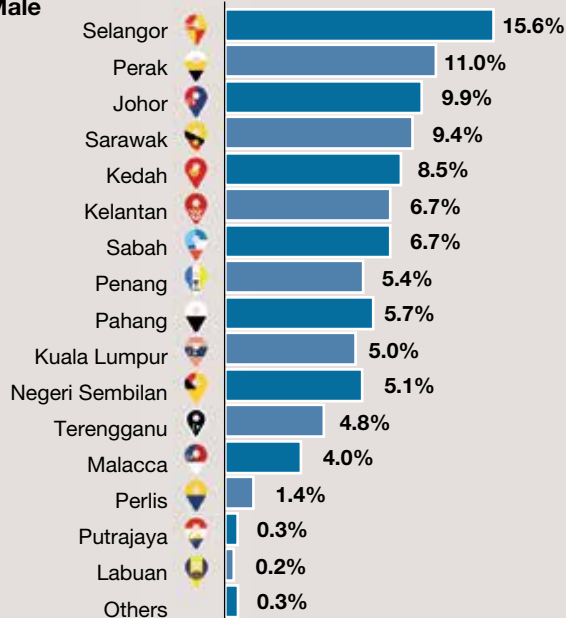
Pension Derivative Recipients by Year



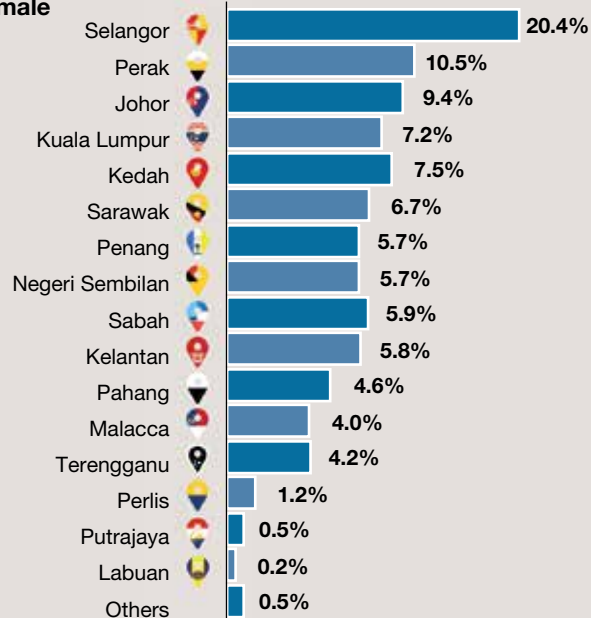
Pension Recipients by Location and Gender

Pensioners

Male



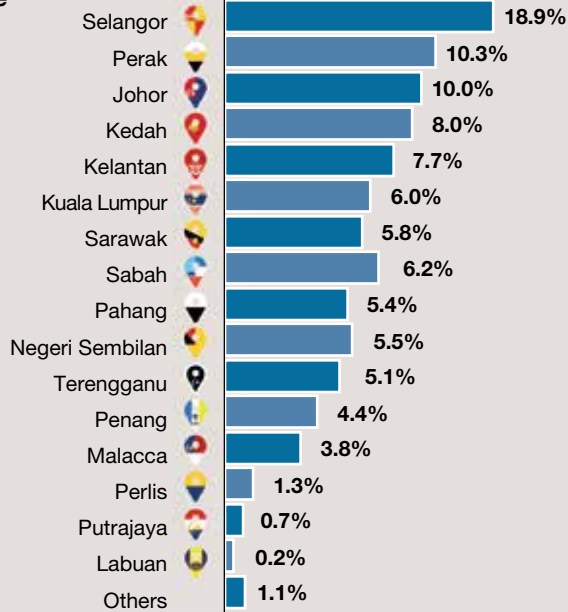
Female



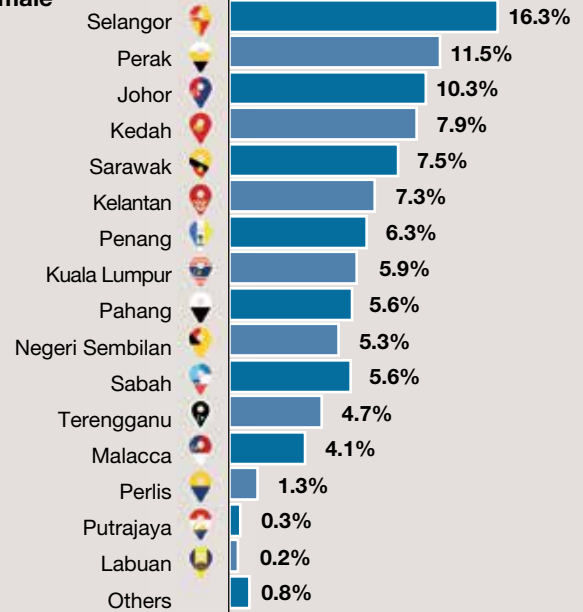
SOCIAL AND RELATIONSHIP CAPITAL (CONTINUED)

Pension Derivative Recipients

Male

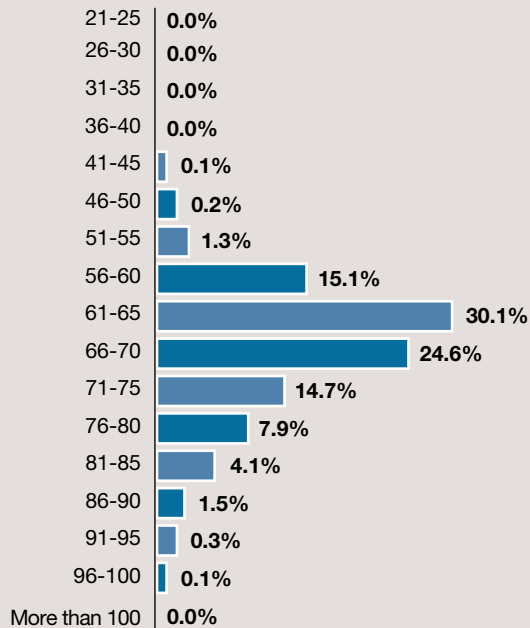


Female

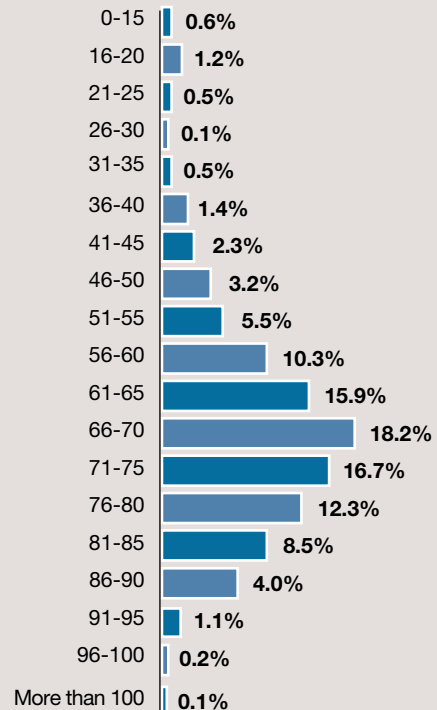


Pension Recipients Age Distribution

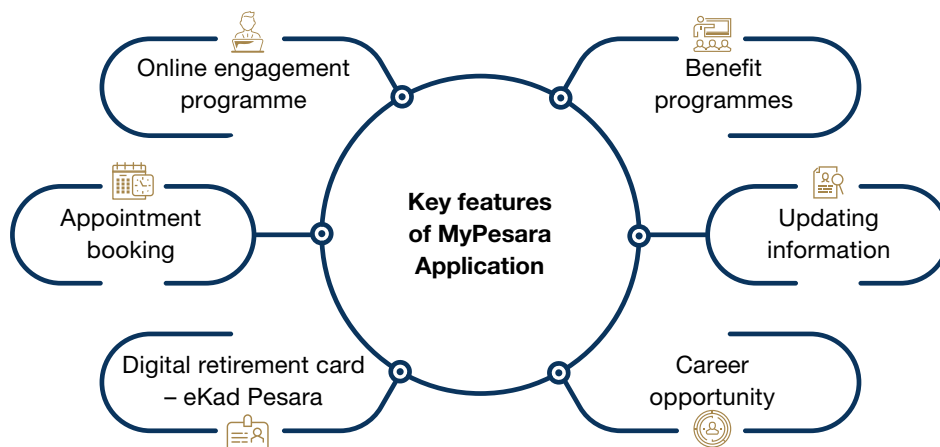
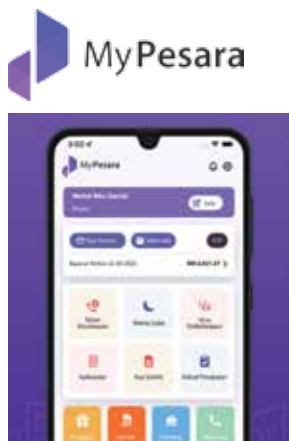
Pensioners



Pension Derivative Recipients



MyPESARA MOBILE APPLICATION



In an effort to reinvent the retirement experience for the digital age, we have launched the MyPesara mobile application (MyPesara app) in 2017. The MyPesara app provides quick access to pension-related information and serves as a platform for pensioners and their family members to stay informed about the latest announcements and activities for retirement. In addition, the application serves as the centre for information related to pension benefits, health tips, financial tips, senior rehiring opportunities and other social wellness guides.

Today, the MyPesara app has evolved into a crucial touchpoint for KWAP, providing payment-related information and key announcements. We are committed to continuously enhancing our MyPesara application to improve pensioners' retirement experience in line with our tagline as Your Retirement Companion.

MyPesara Mobile Application Snapshots



Total No. of Downloads

379,693

as at 31 December 2023

Total Registered Pensioners

131,906

Total No. of Active Users

168,436

as at 31 December 2023

Total Registered Non-Pensioners

36,530



Total Appointments made via Application as at 31 December 2023

1,328



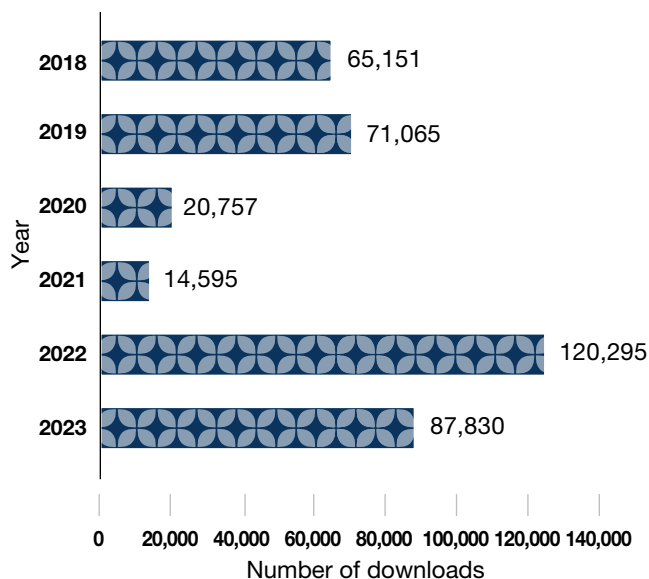
Application Ratings

4.56/5



Feedbacks Submission

5,350



SOCIAL AND RELATIONSHIP CAPITAL (CONTINUED)

Enhancing Customer Service

We continuously strive to enhance overall customer satisfaction, refusing to settle for the status quo. We are pleased to have received a total of 1,507 compliments, although we acknowledge the 797 recorded complaints received during the year. Notably, all complaints received were resolved within 8.6 working days, achieving a 100% score under the SLA. Total complaints for the year decreased by 27% compared to the previous year. Additionally, our call centre was able to answer 97% of total call interactions, a commendable improvement by our customer service team, as compared to 84% the year before.

We have recently introduced new features, including an Interactive Voice Response (IVR) self-service system and a customer satisfaction survey via the call centre. The IVR system expedites responses to common queries, reducing the need for callers to speak with a customer service representative. This enables our officers to allocate more time to handling complex cases. Additionally, the customer satisfaction survey allows callers to rate their experience based on the service provided by the customer service officer, providing valuable feedback to continuously improve our service. We are actively exploring opportunities for greater personalisation, omnichannel integration and more technological adoption to further elevate our customer journey in the digital age.

CORPORATE SOCIAL RESPONSIBILITY INITIATIVES



KWAP fervently pursues its mission by actively engaging and empowering communities, particularly pensioners and their derivatives, through a range of corporate events, community engagements, sustainability efforts, and corporate social responsibility (CSR) initiatives. By addressing societal challenges and striving to create a positive long-term impact across social, economic, and environmental fronts, KWAP endeavours to advance the collective well-being of the stakeholders and progress of our nation.

Inisiatif Cahaya Berembang

The *Inisiatif Cahaya Berembang*, held on 23 February 2023, in Kampung Sungai Panjang, Sabak Bernam, stands as a significant achievement for KWAP. The CSR initiative witnessed the participation of 58 volunteers who were involved in a variety of activities, including repainting the jetty, planting 150 mangrove trees along the river and landscaping with 400 plants around the Firefly Conservation Centre. Additionally, volunteers had the opportunity to engage with selected pensioners, providing them with information about KWAP's functions, pension-related matters, and promoting the MyPesara mobile application, KWAP's social media platforms and upcoming pensioners' engagement events.

KWAP remains committed to sustaining these efforts. Our objectives include expanding the firefly population through additional tree planting initiatives, fostering socioeconomic progress within the village community, establishing the region as a premier tourism destination in Malaysia, and ultimately increasing our contributions to environmental preservation in the future.

Inspirasi Maya: Digital Untuk Semua

The *Inspirasi Maya: Digital Untuk Semua* was held on 27 February 2023 at Dewan Orang Ramai Chengkau, Rembau, Negeri Sembilan. This CSR initiative has positively impacted 100 school-going children. KWAP's contribution of 100 refurbished laptops and desktops were presented by our Chief Executive Officer, Datuk Hajah Nik Amlizan Mohamed, accompanied by our Chief Digital Officer, Encik Maz Mirza Aminurashid.

13 KWAP volunteers actively participated in the initiative, which also included visits to three pensioner homes in the Rembau area as part of the *Menyantuni Pesara* Programme. These engagements fostered direct interaction with our stakeholders, offering valuable insights and demonstrating our commitment to community outreach.

RM1 million contribution to *Tabung Akaun Amanah Kemanusiaan Rakyat Palestin*

In response to this humanitarian crisis, we have donated RM1 million to *Tabung Akaun Amanah Kemanusiaan Rakyat Palestin*, managed by the Ministry of Foreign Affairs of Malaysia. This contribution reaffirms our steadfast commitment to the United Nations Sustainable Development Goals, particularly Goal 1: No Poverty, Goal 2: Zero Hunger, Goal 3: Good Health and Well-being, Goal 10: Reduced Inequalities, Goal 16: Peace, Justice, and Strong Institutions, and Goal 17: Partnerships for the Goals. It also aligns with collaborative efforts among Government-Linked Companies (GLCs) and Government-Linked Investment Companies (GLICs). The cheque was presented by Encik Hazman Hilmi Sallahuddin, Chief Investment Officer of KWAP, to YAB Dato' Seri Anwar Ibrahim, the Prime Minister of Malaysia, at Seri Perdana, Putrajaya. This donation underscores our unwavering support for humanitarian efforts and our commitment to making a positive impact on a global scale.



KWAP Chief Investment Officer, Encik Hazman Hilmi Sallahuddin, presented the mock cheque to the Prime Minister of Malaysia, YAB Dato' Seri Anwar Ibrahim, at Seri Perdana, Putrajaya.

Program Motivasi MySTEP Lembaga Kenaf Dan Tembakau Negara (LKTN) Bersama KWAP

In line with the Government's efforts to address youth unemployment, KWAP established a strategic partnership with LKTN to provide short-term employment opportunities to over 300 employees under the MySTEP programme. These employees, with educational backgrounds ranging from SPM, Diploma to Degree holders, were generally involved in administration, processing fibre, crop monitoring, IT and R&D within LKTN's operations in Kelantan and at various locations in Peninsular Malaysia.

During the event, a motivational session titled "Break the Silence, Live the Best Life" was presented by Encik Zarif Affandi, aimed at inspiring attendees to overcome challenges and pursue excellence in all aspects of life. As a continuation of the half-day event, our Chief Executive Officer, Datuk Hajah Nik Amlizan Mohamed, together with KWAP representatives visited low-income pensioners as part of our ongoing CSR efforts towards our main stakeholders. Given the rising cost of living post-pandemic, this initiative hopes to ease their burden with the donation of essential items such as basic necessities and food aids.

Benchmarking Visits to KWAP

In 2023, KWAP hosted several benchmarking visits, welcoming delegates from Maldives Pension Fund on 11 January 2023 and Kenya Pension Fund on 14 December 2023. The primary aim was to facilitate the exchange of knowledge on investments, governance, digitalisation and pension operations between KWAP and the visiting pension funds. Participants gained valuable insights into KWAP's sustainable pension schemes and strategies for ensuring the longevity of pension recipients. Furthermore, the visits included benchmarking sessions to analyse corporate structures and functions within the investment and pension ecosystem.

SOCIAL AND RELATIONSHIP CAPITAL (CONTINUED)

Bursa Bull Charge

Our participation in the Bursa Bull Charge 2023 marked the 7th consecutive year of involvement in this significant CSR initiative organised by Bursa Malaysia, reflecting our resolute commitment to CSR, particularly within the Investment Ecosystem pillar of our CSR Policy. It also demonstrates our dedication to community enrichment and cultivating a culture of well-being and unity amongst our employees.

Encik Hazman Hilmi Sallahuddin, our Chief Investment Officer, achieved a commendable top-20 position in the CEO 1.5km Men's Veteran Category, whilst Mr. Kamraj Shanmuganathan from our Equity Department secured an impressive top-10 position in the 5km Men's Open Category. Additionally, 20 other runners displayed excellent sportsmanship and the event featured spirited KWAP cheerleaders who provided enthusiastic support, further motivating our runners and contributing to the overall atmosphere of encouragement and camaraderie.

Prihatin MyPesara Package Distribution

Prihatin MyPesara is an initiative aimed to reach out to the low-income pensioners in the Klang Valley. After extending its reach to the urban poor community, in 2023, *Prihatin MyPesara* also encompasses main festive seasons and birthday celebrations, coinciding with national events like Merdeka and Malaysia Day. With dedicated volunteers spearheading the effort, nearly 1,000 pensioners and selected communities have experienced the uplifting effects of *Prihatin MyPesara*, underscoring KWAP's unwavering commitment to community welfare and solidarity.

Kasih KWAP Ramadan Initiatives

Introduced since 2014, *Kasih KWAP* embodies the spirit of Ramadan through various activities aimed at supporting targeted communities. To date, these initiatives have reached out to more than 3,000 individuals, including underprivileged children, the elderly, *asnaf* recipients, low-income pensioners and their dependents, as well as residents of neighbouring communities. In line with our Brand Strategy Roadmap, the focus of the Ramadan initiatives and the target beneficiaries are the pensioners and the derivatives recipients:

a) The Path of Discovery by Ustaz Mizi Wahid

KWAP has invited a renowned preacher, Ustaz Mizi Wahid to conduct four sessions of *tazkirah* Ramadan for the employees and it was broadcasted live via our Facebook channel. Some of the topics chosen were You Are Enough: Developing A Healthy Self Image, Handling Uncertainties With Faith and Confidence, The Fault In Us : Being Honest With Ourselves and Working On Our Shortcomings and Breaking The Silence: Rising Above The Stresses of Everyday Life and Unconditional Love With The Almighty.

b) Dates Distribution

More than 2,000 packs of dates were distributed to all employees and our stakeholders throughout the month of Ramadan. The dates were packed in eco-friendly bags to promote sustainability and environmental responsibility.

c) Iqra Ramadan

To encourage our employees and the pensioners to stay productive during the month of Ramadan as well as to improve on the understanding of selected *Surahs*, four sessions of *Iqra* Ramadan were conducted by certified *Ustaz* via online platform. The selected *Surahs* were *Surah An-Nas*, *Surah Al-Ikhlas* and *Surah Al-Kausar* amongst others.

d) *Ihya* Ramadan

Under the *Ihya* Ramadan initiative, two mosques, namely Masjid Sultan Salahuddin Abdul Aziz Shah in Shah Alam and Masjid Jamek Sultan Hisamuddin in Sepang, were selected with the aim of assisting the *qariah* in preparing *bubur lambuk*, *iftar* meals, and organising *tazkirah* sessions featuring invited *ustaz*. Nearly 3,000 servings of *bubur lambuk*, 1,300 *iftar* meals, and *moreh* were distributed at both mosques. Volunteers were assigned to assist in the preparation and distribution of *bubur lambuk* to the surrounding community.

e) Charity Visit to Rumah Seri Kenangan Cheng, Melacca

As part of the *Kasih* KWAP Ramadan Initiative, we organised a charity visit to Rumah Seri Kenangan Cheng, Melacca. Volunteers were engaged in various activities, including adorning the premise with vibrant *Raya* decorations, fostering a sense of celebration and togetherness.

Additionally, dates were distributed to the residents and a *tazkirah* Ramadan was organised for the residents, offering spiritual enlightenment and encouraging reflection on the significance of the holy month. The event culminated with an *iftar* meal shared amongst KWAP volunteers and residents, fostering camaraderie and solidarity. Through the acts of kindness and support, KWAP advocates for compassion and social responsibility, thereby contributing to the establishment of resilient communities grounded in care and harmony.

KWAP Sejiwa Malaysia MADANI: Tekad Perpaduan Penuhi Harapan

We have expanded our KWAP *Sejiwa* initiative by introducing a variety of enriching activities promoting the *Malaysia MADANI* principles.

These activities included a *Wau*-making Workshop led by a skilled pensioner from an arts and craft shop, a Patriotic Video Competition centered on the theme of *Tekad Perpaduan Penuhi Harapan*, and the KWAP *Prihatin-Merdeka* Edition Birthday Package Delivery initiative. KWAP volunteers were mobilised to distribute *Merdeka* and *Hari Malaysia* packages to pensioners born on 31 August and 16 September in the Klang Valley area.

A notable addition to the programme was the launch of the *MyPesara Bazar*, a collaborative effort with KPJ Healthcare designed to provide a platform for pensioners with home or small businesses to showcase their products and services.

22 KWAP volunteers proudly participated for the first time in the National Merdeka Parade at Dataran Putrajaya, standing alongside other esteemed organisations as a symbol of unity and solidarity. This participation was a collaborative effort within the *Gabungan GLIC* Contingent, comprising KWAP, Perbadanan Nasional Berhad (PNB), Khazanah Nasional Berhad, Kumpulan Wang Simpanan Pekerja (KWSP) and Lembaga Tabung Angkatan Tentera (LTAT) with a total of 150 representatives.

Through initiatives like KWAP *Sejiwa*, we would like to reaffirm our commitment to fostering patriotism, unity and progress as we continue to contribute to the prosperity of our nation.

NATURAL CAPITAL



As part of our unwavering dedication to sustainable and responsible investing, we are committed to combating climate change with a comprehensive decarbonisation strategy. Acknowledging the impact of our carbon footprint, we aim to invest responsibly to achieve sustainable returns. Being a responsible long-term investor, addressing both current and future climate risk is integral to our operating model.

ESG GUIDELINES AND FRAMEWORKS

We continue to internalise good ESG practices across our business and operational activities encompassing all the core areas namely investment, operations and support as well as retirement services. We embed ESG considerations across all investment decision-making process via the following guidelines and frameworks:

- Investment Policy and Investment Guidelines
- KWAP Group Sustainability Guidelines
- ESG Guidelines for Investment
- Voting Guidelines for Domestic Listed Equity Investments
- ESG Guidelines for Fixed Income Investments
- ESG Tracking Methodology
- ESG Guidelines for Private Equity Investments
- KWAP Sustainability Roadmap
- Sustainability Risk Framework
- Sustainability Risk Policy

TRANSITIONING TO NET ZERO

Acknowledging the urgency of environmental challenges, we have established ambitious targets and adopted a multifaceted approach to reduce carbon emissions across our investment portfolio.

In 2023, we have initiated a thorough examination of our emissions to determine our baseline for FY2022. This exercise comprised two components: Enterprise Emissions and Financed Emissions.

Our commitment to achieving net zero is reflected in our holistic approach, which includes setting short-term targets to reduce emissions, investing in climate solutions and advancing the transition to a net-zero global economy.

ENVIRONMENTAL HIGHLIGHTS



Established **scope 1, 2 and 3 carbon emissions baseline**



Committed to increase investment in transition assets to **RM20 billion** by 2030



Committed to **Net Zero Portfolio** by 2050



Five out of **21 properties** are **green certified** in our directly managed real estate portfolio

We have developed our environmental reporting to include all GHG emissions from Scope 1, 2, and 3. Utilising GHG Protocol and Partnership for Carbon Accounting Financials (PCAF) calculation methodologies, this has amounted to an emissions exposure of 6,369,232.09* tCO₂e. To better manage our emissions portfolio moving forward, we have set 2022 as our emissions baseline. The baseline is intended to assist us in determining future targets for reducing emissions and allow us to monitor progress more effectively as we continue to decarbonise KWAP and our investment portfolios. It will be the yardstick for measuring the performance of our decarbonisation strategy.

We have assessed the emissions generated by our investments using the Global GHG Accounting and Reporting Standard tailored for the financial industry, developed by the PCAF.

Asset classes relevant to KWAP:

	Listed equity and corporate bonds		Business loans and unlisted equity
	Project Finance		Sovereign debt

* Scopes 1, 2 and 3 carbon emissions baseline was established from Financial Year 2022 data

Our absolute financed emission is 6,365,134.51 tCO₂e on our base year. KWAP's lending portfolio has exposure to emissions from four out of seven relevant asset classes based on Global GHG Accounting and Reporting Standard. These emissions pertain to our exposure totaling up to RM145.04 billion and represents 100% of KWAP's lending and investment portfolio.¹

SHAREHOLDER ACTIVISM AND STEWARDSHIP

We engage proactively with investee companies on ESG issues, using proxy voting and active ownership to influence outcomes. Our approach, grounded in transparency, accountability and continuous improvement, demonstrates our commitment to responsible investing. This aligns with our focus on the long-term financial health of our beneficiaries and societal well-being. Through direct engagement and proxy voting, we urge companies to enhance their disclosures and address sustainability challenges and opportunities.

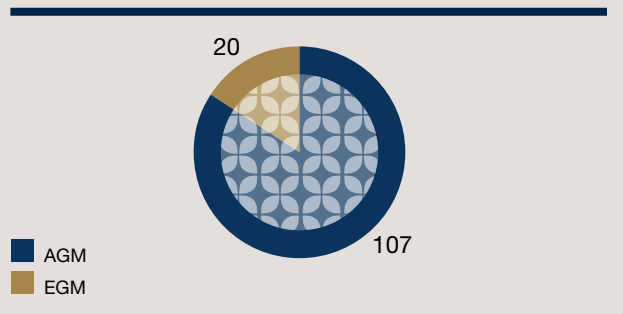
In 2023, we actively exercise our voting rights at Annual General Meetings (AGMs) and Extraordinary General Meetings (EGMs). We submitted 127 resolutions to investee companies and voted in line with KWAP's published Voting Guidelines.

To address specific issues with the investee companies, we initiate targeted discussions, focusing on their governance and strategic initiatives through:

1. Voting at AGMs/EGMs

KWAP recognises the immense responsibility that accompanies our influential role in the investment landscape. As a conscientious investor, we engage with investee companies ensuring their continuous enhancement in ESG practices and performance. These engagements are led by the respective management teams through Annual General Meetings/ Extraordinary General Meetings (AGMs/EGMs) and one-on-one meetings.

Voting at AGMs/EGMs



2. Company Engagement

In December 2023, KWAP's officers have attended the Texas and New York Research Tour conducted by Daiwa and engaged with 17 companies to get insights on their financial and ESG progress.

Based on our overall observation, we have identified the following key ESG takeaways during the engagement:

a. Environmental

Most of the companies have established climate targets, in line with Science Based Targets initiative. Additionally, the reduction plans for the companies include waste management, obtain green building certification and sourced their owned-site energy from renewable energy.

b. Social

The focus area for Social is mostly on Diversity, Equity and Inclusion initiative which includes:

- Diversifying their key leadership team to have more non-white people on board.
- Closing the salary gap between male and female to ensure equitable pay between both genders.
- Sourcing or funding Black/Asian/Hispanic owned businesses

¹ More details on KWAP's sustainability efforts can be found in our Sustainability Report 2023 available on our website at kwap.gov.my.

NATURAL CAPITAL (CONTINUED)

c. Governance

Generally, Board members for all companies have oversight on ESG matters. Additionally, most of the companies linked their executive annual compensation plan in line with their company's ESG performance.

3. Capacity Building

• Speaking Engagement

KWAP Senior Management has also participated as guest speaker in ESG-related events such as:

- i. Securities Industry Development Corporation's Sustainable and Responsible Investment (SRI) 2022 Virtual Conference: Preserving the Climate through Sustainable Business and Living.
- ii. Asian Investor - Investing for The Future: ESG Opportunities and Implementations

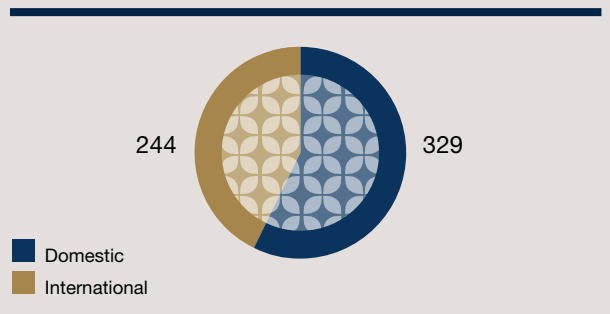
• Knowledge Sharing Session on ESG

- i. In November 2023, KWAP organized KWAP-Invesco LEAP Programme 2023 on Sustainable Investing Trends and Opportunities. The ESG topics that were covered during the session include ESG Outlook, Climate Investing, Circular Economy, and Nature Investing. The event was attended by a total of 106 employees from all divisions.

4. Analyst Engagement

Our internal research analysts conducted a total of 573 engagements, consisting of 329 domestic and 244 international interactions. These engagements encompassed analyst briefings, internal meetings, and discussions with investee companies, with a particular emphasis on evaluating their ESG practices where relevant.

Number of engagements



INVESTING IN TRANSITION ASSETS

KWAP's investment into Vantage Solar UK Limited (VSUK) in 2017, together with Tenaga Nasional Berhad, marks our initial venture into the sustainable and renewable energy generation sector. VSUK owns and operates 24 solar photovoltaic (PV) with a total capacity of 365 MW, spanning across the United Kingdom. This investment underscores our commitment towards environmental sustainability in our investments and our endeavour in combating climate change.

VSUK's generated 342.63 GWh from its large scale solar PV power generating projects in 2023. This marks a slight decrease of 6.4% year-on-year, owing to lower solar irradiation. This is equivalent to the energy needed to power approximately 92,602 households annually.

We firmly believe that addressing sustainability challenges and the transition to cleaner energy sources is crucial to limiting global warming to below 1.5°C. Building on this, we plan to increase our investments in transition assets to RM20 billion by 2030.

PROMOTING GREEN BUILDINGS AND SUSTAINABLE REAL ESTATE DEVELOPMENT PRACTICES

We are proud to share that five out of 21 KWP properties are green certified, whereas four properties are en route for green certification. We continue to embrace ESG principles in our investments embedded in our investment process.

KWP Real Estate's ESG Commitment:



All existing logistics and office properties to be **green certified by 2030**.



KWP to invest in **strong green certified office and logistics**.

Certified Green Office and Logistics Buildings in KWP's Portfolio

Five out of 21 properties are green certified.



MALAYSIA



Integra Tower, KL (Office)
LEED (Platinum Core & Shell)



Capsquare Tower, KL (Office)
Green Building Index Malaysia & LEED (Gold)



AUSTRALIA



747, Collins Street, Melbourne (Office)
NABERS Energy (6.0)
& NABERS Water (5.0)



UNITED KINGDOM



100 Cheapside, London (Office)
BREEAM (Excellent), LEED (Platinum) & EPC (B)



GERMANY



Zalando, Erfurt (Logistics)
DGNB (Gold)

Office and Logistics Buildings en route for green certification

Four properties are en route for green certification.



AUSTRALIA



133 Lenore Drive, Sydney (Logistics)
NABERS certification



145, Lenore Drive, Sydney (Logistics)
NABERS certification



38-46 Bernera Road, Sydney (Logistics)
NABERS certification



UNITED KINGDOM



10 Gresham Street, London (Office)
BREEAM certification



06

**ENRICHING
ACCOUNTABILITY
AND INTEGRITY**



PROFILE OF THE BOARD



**DATUK JOHAN
MAHMOOD MERICAN**

*Secretary General of Treasury, Ministry of Finance
Section 6(4)(a) Retirement Fund Act 2007
Chairman*

Datuk Johan Mahmood Merican was appointed as the Chairman of the Board effective 27 February 2023.

He is currently the Secretary General of Treasury, Ministry of Finance. Prior to that, he was the Deputy Secretary General (Policy) at the Ministry of Finance since March 2022.

Datuk Johan has served in the Government in various roles such as the National Budget Director at the Ministry of Finance, Deputy Director General of the Economic Planning Unit and Chief Executive Officer of Talent Corporation Malaysia. Before serving the Government in 2004, he had worked for nine years in corporate finance and accounting roles in the private sector.

Datuk Johan is a qualified Chartered Accountant of Institute of Chartered Accountants in England and Wales (ICAEW) and graduated with an Economics Degree from the University of Cambridge.



**ENCIK ADNAN ZAYLANI
BIN MOHAMAD ZAHID**

*Bank Negara Malaysia's Representative
Section 6(4)(b) Retirement Fund Act 2007*

Encik Adnan Zaylani was reappointed as a member of the Board on 1 March 2021. He is currently the Deputy Governor of Bank Negara Malaysia (BNM) since September 2023.

Throughout his 29-year career with BNM, he has been involved in diverse areas of central banking ranging from investments and financial markets, foreign exchange policy, Islamic finance and financial sector development. He is currently the Chairman of the Financial Markets Committee, a member of the Board Executive Committee of the International Islamic Liquidity Management Corporation, and the Board of Directors of International Centre for Education in Islamic Finance.

Encik Adnan Zaylani holds a Master of Public Policy from the Blavatnik School of Government, University of Oxford. He also holds a Master of Science in Global Market Economics and a Bachelor of Science in Economics from the London School of Economics and Political Science.

PROFILE OF THE BOARD (CONTINUED)



**DATUK DR. SHAHRAZAT
BINTI HAJI AHMAD**

*Ministry of Finance's Representative
Section 6(4)(c) Retirement Fund Act 2007*

Datuk Dr. Shahrazat binti Haji Ahmad was appointed as KWAP Board Member on 11 October 2023. She is currently the Deputy Secretary General of Treasury (Investment), Ministry of Finance.

Datuk Dr. Shahrazat started her career in early 1995 first as Assistant Secretary and later as Principal Assistant Secretary, Government Investment Companies Division (GIC). She then joined the Implementation Coordination Unit (ICU) of the Prime Minister's Department and held several positions such as Deputy Director General (Development), Director (Outcome Evaluation Division), Director (Social Division), Director (Economic Division) and Deputy Director (Infrastructure Division) from 2010 to 2021. She was later appointed as Deputy Secretary General (Development), Ministry of Defence from November 2021 to October 2023 before being transferred to her current position in the Ministry of Finance.

Datuk Dr. Shahrazat also serves as the Director of the National Trust Fund of Malaysia (KWAN), Director of Telekom Malaysia Berhad and Director of several private companies under the purview of the Ministry of Finance.

She holds an Advanced Diploma in Accounting from MARA Institute of Technology (ITM) in 1993 and later attained both her Master's and Doctorate in Social Sciences in International Economics from the International University of Japan and The University of Kitakyushu, Japan, respectively.



**DATUK HAJAH NIK AMLIZAN
MOHAMED**

*Chief Executive Officer (Ex-Officio Member)
Section 6(4)(d) Retirement Fund Act 2007*

**DATUK AHMAD TERRIRUDIN
BIN MOHD SALLEH**

*Government of Malaysia's Representative
Section 6(4)(e) Retirement Fund Act 2007*

Datuk Hajah Nik Amlizan was appointed as the Chief Executive Officer of KWAP since 2 November 2020.

She previously served as the Chief Executive Officer of Lembaga Tabung Angkatan Tentera (LTAT) since September 2018. Prior to that, she was KWAP's Chief Investment Officer and had served the organisation under various roles since she joined in 2007.

Her professional career spans more than 30 years in financial services and pension funds, overseeing investment functions across all asset classes, whilst having vast experience in fund management industry, transformational change and change management as well as corporate governance matters.

She is currently the Chairman of the Malaysia Institutional Investors Council and a member of the Institute of Integrity Malaysia. She is also a Board member of Prima Ekuiti (UK) Limited and a Board member of KWEST Sdn. Bhd. – both of which are wholly owned subsidiaries of KWAP.

She graduated with a Bachelor's Degree in Economics / Accounting from Claremont McKenna College, United States in 1991. She also completed the Advanced Management Programme from Harvard Business School in 2023 and is a member of the Harvard Business School Alumni.

Datuk Ahmad Terrirudin was appointed as KWAP Board member on 16 October 2023. He is currently the Attorney General of Malaysia. Prior to his appointment as the Attorney General, he was the Solicitor General of Malaysia.

Datuk Ahmad Terrirudin has more than 28 years of experience in the Government Service, particularly in the judicial and legal service where he held various post in both fields including Magistrate, Session Court Judge, Special Officer to the Chief Justice of Malaysia, Deputy Head of Civil Division, Legal Advisor to the State of Kedah and Chief Registrar of the Federal Court.

Datuk Ahmad Terrirudin holds a Bachelor of Laws (Honours) Degree from Universiti Malaya.

PROFILE OF THE BOARD (CONTINUED)



**PUAN NOR YATI
BINTI AHMAD**

*Government of Malaysia's Representative
Section 6(4)(e) Retirement Fund Act 2007*

**DATO' AZMI
BIN ABDULLAH**

*Private Sector's Representative
Section 6(4)(f) Retirement Fund Act 2007*

Puan Nor Yati binti Ahmad was appointed as KWAP Board member on 6 November 2023. She is currently the Accountant General of Malaysia, effective 18 September 2023. Prior to that, she was the Deputy Accountant General (Corporate) and had served in various departments in the state and federal level in the last 28 years of service.

Currently, she is the Chairman of Government Accounting Standard Advisory Committee which issues the Malaysian Public Sector Accounting Standard (MPSAS) and the Board member of International Public Sector Accounting Standard. Puan Nor Yati Ahmad is also a member of the Malaysian Institute of Accountants (MIA) and Certified Practising Accountant Australia (CPA Australia).

She holds a Bachelor of Accounting from University Putra Malaysia and a Master of Accountancy and Finance from University of Adelaide.

Dato' Azmi bin Abdullah, was reappointed as a member of the Board on 1 March 2021.

He is currently a Director of Ireka Corporation Berhad, a Board member of Transnational Insurance Brokers Sdn Bhd and he also sits on the board of several other private limited companies.

He was the first Managing Director and Chief Executive Officer of SME Bank for more than four years and the Managing Director and Chief Executive Officer of Bumiputera-Commerce Bank Berhad, where he served for more than 26 years in various departments. He was also an Independent Non-Executive Director of Bank Muamalat Malaysia Berhad from 2009 to 2018.

He holds a B.A. (Hons) Degree in Economics from Universiti Kebangsaan Malaysia (UKM) and Honorary Doctorate in Business Administration from UKM on 16 August 2006.



**YM RAJA TEH MAIMUNAH
BINTI RAJA ABDUL AZIZ**

*Private Sector's Representative
Section 6(4)(f) Retirement Fund Act 2007*

YM Raja Teh Maimunah was reappointed as a member of the Board on 1 March 2021.

YM Raja Teh Maimunah has over 30 years of financial services experience covering Investment, Wholesale, Islamic and Digital Banking. She is at present the Chief Executive Officer of AEON Bank. Prior to her current appointment, she was the Managing Director of Wholesale Banking, AmBank Group and Chief Executive Officer of AmlInvestment Bank and before that, the Managing Director and Chief Executive Officer of Hong Leong Islamic Bank Berhad and COO of Digital Innovation and Transaction Banking at Hong Leong Banking Group. Prior to that, she held the positions of Global Head of Islamic Markets at Bursa Malaysia, Chief Corporate Officer and Head of International Business at Kuwait Finance House Malaysia, Senior Director of Bank Alkhair Bahrain (previously known as Unicorn Investment Bank) and Head of Investment Banking at RHB Sakura Merchant Bank (now RHB Investment Bank).

YM Raja Teh Maimunah also served in Pengurusan Danaharta Nasional Berhad (Malaysia's national asset management and debt recovery agency) during the Asian financial crisis in 1998 and was with CIMB Investment Bank for almost 10 years covering debt and equity origination and equity sales. She spent her early days at KPMG Peat Marwick Consultants.

She holds an LLB (Hons) from the University of East London, United Kingdom and was awarded an Honorary Doctorate of Law from the same university.

YM Raja Teh Maimunah is a member of the Board of Trustees of Amanah Warisan Negara and the Adviser on Islamic Banking and Finance to the World Islamic Economic Forum Foundation. She also sits on the Board of Advisors for PichaEats, a social enterprise.

PROFILE OF THE BOARD (CONTINUED)



Dato' Maznah binti Abdul Jalil was appointed as a Board Member on 1 March 2023.

She has over 30 years of investment banking work experience with an investment Bank and DRB-HICOM Berhad Group of Companies.

She is currently the Investment Panel's Chairman of Lembaga Tabung Angkatan Tentera. She is a Director in Malayan Flour Mill Berhad, Innature Berhad, Opus Asset Management Sdn Bhd and, was formerly a Director in Pavilion REIT Management Sdn Bhd. Prior to her current appointment, she served the directorship of a wide range of companies such as Boustead Heavy Industries Corporation Berhad, Lembaga Tabung Angkatan Tentera, FELCRA, United Overseas Bank Berhad, and DRB-HICOM Berhad Group of Companies comprises automotive, services, financial services and property & infrastructure. She was also the former Chairman of AwanBiru Technology Berhad and a member of the Board of Governance of University of Technology and Computer Science (UNIMY).

Prior to that, she held positions as Executive Vice President of Kenanga Investment Bank Berhad, Head of Corporate Finance & Principal Investment under Hong Leong Financial Group, Senior Group Director – Corporate Finance & Advisory of DRB-HICOM Berhad, Executive Director of Corporate Affairs at Master-Carriage (Malaysia) and Manager of Corporate Finance & Advisory at Amanah Merchant Bank Berhad.

Dato' Maznah is the Executive Council Member of Economic Club of Kuala Lumpur and also serves as the Trustee of Yayasan Alumni Pegawai Tadbir dan Diplomati and a Life Member of Women's Institute of Management.

She graduated with a Bachelor of Science in Business Administration (Finance) in Northern Illinois University, USA and a Master of Science in Business Administration (Finance) in Central Michigan University, USA.



ENCIK ABDUL RAHMAN BIN MOHD NORDIN

*Contributories' Representative
Section 6(4)(g) Retirement Fund Act 2007*

Encik Abdul Rahman was reappointed as a member of the Board on 1 March 2021.

At present, he is the Secretary-General of CUEPACS, having served in the position since 2019. He is also the President of KESUKMA (Kesatuan Kakitangan Am Universiti Kebangsaan Malaysia) of Universiti Kebangsaan Malaysia.

RESIGNED / RETIRED BOARD MEMBERS

NO	NAME OF BOARD MEMBER	DATE OF RESIGNATION / RETIREMENT
1	Datuk Seri Asri bin Hamidon @ Hamidin	4 January 2023
2	Dato' Sri Sharifah Sofianny binti Syed Hussain	28 February 2023
3	Datuk Siti Zainab binti Omar	30 May 2023
4	Datuk Dr. Yacob bin Mustafa	2 August 2023
5	Dato' Anis Rizana binti Mohd Zainudin @ Mohd Zainuddin	25 September 2023
6	Dato' Mohd Shaiful bin Ibrahim	15 December 2023

PROFILE OF THE INVESTMENT PANEL



**DATO' MOHAMAD NASIR
BIN AB LATIF**

*Chairman of the Investment Panel
Section 7(2)(a) Retirement Fund Act 2007*

Dato' Mohamad Nasir bin Ab Latif was appointed as the Chairman of Investment Panel of KWAP since 1 March 2021.

Dato' Mohamad Nasir started his career with the Employees Provident Fund (EPF) Board in 1982 and held several positions before being promoted to Deputy Chief Executive Officer (Investment) in May 2013. The positions held include as State Enforcement Officer between 1990 to 1995, Senior Research Officer, Manager and Senior Manager in the Investment and Economics Research Department between 1995 to 2003, and General Manager of the International Equity Investment Department in July 2009 before becoming EPF's Investment Chief in 2013. He retired as the Deputy Chief Executive Officer (Investment) from EPF on 31 December 2019.

Dato' Mohamad Nasir is currently the Chairman of RHB Islamic Bank Berhad, PLUS Malaysia Berhad, United Plantations Berhad and Malaysia Resources Corporation Berhad. He is also a Director of RHB Bank Berhad and Yinson Holdings Berhad.

Dato' Mohamad Nasir graduated with a Bachelor's degree in Social Science (Major-Economics) from Universiti Sains Malaysia in 1989. He then obtained a Diploma in Accounting and Finance from the Association of Chartered Certified Accountants in 1996 and a Master of Science in Investment Analysis from the University of Sterling, United Kingdom in 1999.



**ENCIK MOHAMMAD REEZAL
BIN AHMAD**

*Ministry of Finance's Representative
Section 7(2)(c) Retirement Fund Act 2007*

Encik Mohammad Reezal bin Ahmad was appointed as the Investment Panel member of KWAP since 1 March 2021.

He currently serves as Deputy Under Secretary, (Indirect Taxes & GST Policy), Tax Division, Ministry of Finance Malaysia (MOF). Prior to the current designation, he was the Deputy Chief Economist (Macroeconomics) at the Fiscal and Economics Division, MOF after holding the post of Under Secretary of Statutory Body Strategic Management Division, MOF.

Encik Mohammad Reezal began his career in 1999 as an Accountant in Kedah State Government. Later in 2000, he joined MOF as the Assistant Secretary in the Economic Analysis and International Division. He was once the Head of Strategy, Fiscal Policy Office under the Fiscal and Economics Division, MOF. From 2000 until 2022, he has been serving the Ministry of Finance for about 19 years

and held numerous positions with responsibilities mainly related to fiscal policy formulation and macroeconomic management as well as monitoring Federal Government statutory bodies' financial performance and governance. In his working career, he also served the Ministry of International Trade and Industry as the Senior Principal Assistant Director in the Multilateral Trade Policy and Negotiations Division with main responsibility related to monitoring compliance to multilateral trade agreements and international trade negotiations.

Encik Mohammad Reezal currently sits as Non-Independent Non-Executive Director of Perbadanan Kemajuan Pertanian Selangor, Westports Malaysia Sdn Bhd and Lembaga Hasil Dalam Negeri Malaysia respectively.

He holds a Master's Degree in Public Policy from the National Graduate Institute for Policy Studies (GRIPS), Tokyo, Japan in 2011.

PROFILE OF THE INVESTMENT PANEL (CONTINUED)



**DATO' NOORAZMAN
BIN ABD AZIZ**

*Private Sector's Representative
Section 7(2)(e) Retirement Fund Act 2007*

Dato' Noorazman bin Abd Aziz has been a member of the Investment Panel of KWAP since 23 July 2019 as a representative from the private sector.

He is currently the Chairman of CTOS Digital Berhad, Sun Life Malaysia Assurance Berhad, Sun Life Malaysia Takaful Berhad and sits on the Boards of Kumpulan Perangsang Selangor Bhd and MUFG Bank (Malaysia) Berhad.

He also serves as Chairman of the Board of Trustees of Yayasan UEM, the philanthropic arm of UEM Group and Chairman of the Board of Trustees of International Centre for Education in Islamic Finance (INCEIF). In 2005, Dato' Noorazman was named as the winner of the first Asian Banker Achievement Award for Islamic Finance.

Dato' Noorazman started his career as an investment analyst at Perbadanan Nasional Berhad (PERNAS) in 1982. He left 3 years later for an illustrious 25 year career with Citigroup in areas of corporate banking, investments, treasury and financial markets. It was during this period that he was seconded to Malaysia's Ministry of Finance (MOF) where he served as the Director-

General of Labuan Offshore Financial Services Authority (LOFSA) and Kuala Lumpur Stock Exchange Berhad's Chief Operating Officer. After the secondment, he re-joined Citibank Berhad as its Managing Director (MD), Head of Corporate and Investment Bank. In 2005, he was appointed as MD/Chief Executive Officer (CEO) of Bank Islam Malaysia Berhad and later became the MD/CEO of BIMB Holdings Berhad. He left in 2007 to co-found and became an MD of FajrCapital Ltd, a Syariah-based private equity firm based in Dubai and thereafter joined Khazanah Nasional Berhad as its Executive Director, Investments until he retired in June 2019.

Dato' Noorazman also sits on the Advisory Boards of private equity firms Ancora Fund Management Co, Indonesia and Malaysian-based Creador Sendirian Berhad.

Dato' Noorazman holds a BSc Finance from Louisiana State University, USA. He holds membership of professional bodies like the Chartered Institute of Islamic Finance Professionals (CIIF), Malaysia, the Institute of Corporate Directors (ICDM), Malaysia and the Australian Institute of Corporate Directors (AICD), Australia.



DATO' MOHAMED ROSS BIN MOHD DIN

*Private Sector's Representative
Section 7(2)(e) Retirement Fund Act 2007*

Dato' Mohamed Ross bin Mohd Din was appointed as a member of the Investment Panel of KWAP since 1 March 2021.

Dato' Mohamed Ross began his career in HSBC Bank Malaysia Berhad (HSBC) in early 1972 and served in various capacities ranging from Corporate and Retail Banking and Branch Management. He also served as Head of Treasury Malaysia and Head of Group Audit Malaysia between 1987 and 1996. During this period, he also worked for a year in Hong Kong, London and New York in areas of Foreign Exchange and Treasury. As the Managing Director (2003), he was responsible for HSBC's Islamic onshore business franchise in Malaysia until he retired on 31 December 2007.

Upon retirement, Dato' Mohamed Ross was appointed as an Executive Director and Senior Advisor of HSBC Amanah Takaful Malaysia Sdn Bhd until December 2008. At the same time and until April 2016, he was also an Independent Director of HSBC Amanah Malaysia Berhad,

where he sat as Chairman of the Risk Committee and was a member of the Audit Committee and Nomination Committee.

Dato' Mohamed Ross joined CIMB Group Holdings Berhad as an Independent Non-Executive Director in April 2016. At the same time, he was also appointed as an Independent Non-Executive Director of CIMB Islamic Bank Berhad and made the Chairman in May 2017. He is currently Chairman of the Group Audit Committee and is a member of the Group Board Risk & Compliance Committee and Group Nomination & Remuneration Committee of CIMB Group Holdings Berhad.

Dato' Mohamed Ross currently also sits on two Advisory Boards overseeing a Private Equity Fund (Ekuinas OFM Programme and one other) as an Independent Member. Additionally, he also sits as a Trustee on the Board of Lembaga Zakat Selangor and also serves as an Independent Director on the Board of an asset management company.

PROFILE OF THE INVESTMENT PANEL (CONTINUED)



ENCIK ANTHONY LIM CHOON ENG

*Private Sector's Representative
Section 7(2)(e) Retirement Fund Act 2007*

Encik Anthony Lim Choon Eng was appointed as an Investment Panel Member of KWAP since 1 March 2021.

Throughout 33 years of his career, Encik Anthony Lim's exposure spanned across corporate and investment banking, capital and treasury markets, risk management and private equity. He started his career in the ANZ Banking Group, Australia in 1987 as dealer in the interest rate and capital markets and later joined St. George Bank, Australia covering both the fixed-income and derivatives markets. He returned to Malaysia in 1994 and was appointed as Director/CEO, Maybank Futures Sdn Bhd to set-up the financial derivative business under the Maybank Group.

In 2000, he was appointed as Executive Vice President/ Group Head, Risk Management and from 2005 to 2009, as Executive Director/Chief Operating Officer, Maybank Investment Bank (formerly known as Aseambankers Malaysia Berhad) in charge of finance, IT, operational and regulatory compliance and risk management. He later joined Implico GmbH, Germany and Malaysia from

2010 to 2014 as Private Equity Investor/Director. In 2011, he joined Sumitomo Mitsui Banking Corporation Berhad, Malaysia as Independent Director and Chairman of Risk Management Committee, and was later appointed as Deputy Chief Executive Officer of the same bank from 2015 to 2020.

Encik Anthony Lim is also an Independent Non-Executive Director of Credit Guarantee Corporation Malaysia Berhad (CGC) and a Non-Executive Director of CGC Digital Sdn Bhd, a subsidiary of CGC. He is also an independent director of Bank of America Malaysia Berhad.

Encik Anthony Lim graduated with a Master's Degree in Applied Finance from the Macquarie University, Sydney and is a Fellow of the Australian Institute of Banking and Finance, Australia. He is a Chartered Banker with the Asian Institute of Chartered Bankers and had attended both the Advance Management Programme and Senior Leadership Programme in Wharton School of Business, University of Pennsylvania, USA.



**ENCIK MOHAMED NAZRI
BIN OMAR**

*Private Sector's Representative
Section 7(2)(e) Retirement Fund Act 2007*

**DATUK HAJAH NIK AMLIZAN
MOHAMED**

*Chief Executive Officer
Secretary of the Investment Panel
Section 7(2)(d) Retirement Fund Act 2007*

Encik Mohamed Nazri bin Omar was a member of the Investment Panel of KWAP since 1 May 2016 until 29 February 2024 as a representative from the private sector.

Encik Mohamed Nazri is currently the Managing Director, Group Corporate Banking & Investments of Bank Pembangunan Malaysia Berhad. Previously, he was a Chief Executive Officer of Danajamin Nasional Berhad, effective 1 May 2014. He started his career at Citibank Berhad and subsequently served in Macquarie Bank Limited as well as RHB Sakura Merchant Bankers Berhad (currently known as RHB Investment Bank Berhad). Encik Mohamed Nazri served in several capacities during his tenure with Kuwait Finance House (M) Bhd, which included Director of Investment Banking and Head of Capital Markets and Advisory.

Encik Mohamed Nazri holds a Bachelor of Arts Degree, majoring in Economics (Hons) and Government, from Cornell University, USA.

Datuk Hajah Nik Amlizan Mohamed was appointed as the Chief Executive Officer of KWAP since 2 November 2020. Her full profile is available on page 91.

PROFILE OF THE SENIOR MANAGEMENT



**DATUK HAJAH NIK
AMLIZAN MOHAMED**

Chief Executive Officer

**ENCIK HAZAD RIZAL
BIN A AZIZ**

Chief Financial Officer

Datuk Hajah Nik Amlizan Mohamed was appointed as the Chief Executive Officer of KWAP since 2 November 2020. Her full profile is available on page 91.

Encik Haizad Rizal has over two decades of experience in financial services and served as Chief Financial Officer at Sime Darby Oils, SME Bank Group and Johawaki Group previously. He began his career in Ireland for nine years with BDO Simpson Xavier, Daiwa Europe Fund Managers and KPMG Ireland. Subsequently, he joined RHB Banking Group in 2009 where he took on various roles.

He is a Fellow Chartered Accountant (FCA) from Institute of Chartered Accountants in Ireland (ICAI) and holds a BA (Hons) in Accounting and Finance from Dublin Business School. He also attended the Advanced Management and Leadership Programme at Said Business School, University of Oxford.



**ENCIK HAZMAN HILMI
BIN SALLAHUDDIN**

Chief Investment Officer

**ENCIK MAZ MIRZA
BIN MOHD AMINURASHID**

Chief Digital Officer

Encik Hazman Hilmi was appointed as the Chief Investment Officer of KWAP on 3 January 2022. He was previously the Managing Director of Damansara Assets Sdn Bhd (DASB) – a wholly owned real-estate subsidiary of Johor Corporation (JCorp) and the Chief Executive Officer of AMAL by Malaysia Airlines – a wholly owned subsidiary of the Malaysian Aviation Group. Prior to that, Encik Hazman Hilmi was with Khazanah Nasional Berhad where he served in various roles across the organisation over 12 years, including as the Senior Vice President of Khazanah Europe Investment Limited based in London, and Vice President of Khazanah Turkey Regional Office based in Istanbul. Encik Hazman Hilmi has multi-sector experience in private equity and venture capital investments with a focus on strategy, investment execution, deal negotiations and value creation planning.

He obtained his MEng (First Class) in Engineering, Economics and Management from Balliol College, University of Oxford, United Kingdom, and MSc in Operational Research from the London School of Economics and Political Science, United Kingdom.

Encik Maz Mirza was appointed as the Chief Digital Officer of KWAP on 3 October 2022. Encik Maz Mirza who brings over 25 years of expertise in the Information Technology (IT) industry and cyber security previously served as the Head of IT at Mass Rapid Transit Corporation (MRT Corp). Before joining MRT Corp, he served as the Head of IT at Puspakom. Prior to that, he was attached to several subsidiaries of Sime Darby Group for a span of 13 years.

With extensive experience in establishing robust digital frameworks and infrastructure, Encik Maz Mirza has pioneered organisational efficiency initiatives through digital technologies throughout his career. Notably, he championed cloud adoption and spearheaded the integration of vital enterprise systems. As a distinguished member of various committees and industry forums, Encik Maz Mirza continues to shape organisational cyber security standards, driving forward-thinking projects.

Encik Maz Mirza graduated with a Bachelor's Degree (Honours) in Computer Science from University of Cambridge, United Kingdom in 1997.



**ENCIK AZLAN
BIN HUSSIN**

Head, Equity Department

Encik Azlan has more than 25 years of experience in portfolio management. Prior to this, he was the CEO of MIDF Amanah Asset Management Berhad where he managed to grow the asset under management to RM4 billion from an initial size of RM300 million.

Encik Azlan started his career with SBB Asset Management (SBBAM) as Investment Analyst and later was promoted to Vice President of Investment managing a total portfolio of RM800 million.

Subsequently, he joined AmanahRaya-JMF Asset Management as a General Manager for Equity Investment where he managed portfolios worth RM1 billion ranging from trust fund, state government, corporate and including EPF. He was also responsible for putting in place the overall investment policies and guidelines for AmanahRaya Berhad.



**ENCIK MOHAMED KHABIR
REEZA BIN MUSTAFFA**

Head, Fixed Income Department

Encik Mohamed Khabir has more than 15 years of experience in the financial markets, covering a wide spread of institutions which include regulatory, development as well as fund management.

He started his career with Bank Negara Malaysia and subsequently moved to SME Development Bank where he led the Treasury and Investment department.

Currently, he is the Head of Fixed Income Department where he oversees the management of a variety of products which includes bonds, loans and derivatives for both domestic and international portfolios.

He graduated with a Bachelor's Degree in Finance from University Teknologi Mara and is a member of the Financial Market Association Malaysia.



**ENCIK SAIFULBAHRI
BIN HASSAN**

Head, Private Equity Department

Encik Saifulbahri has over 20 years of experience in various technology-related sectors ranging from IT services to manufacturing. Encik Saifulbahri spent over 15 years in private equity and venture capital investing in various stages of enterprise development and its funding needs. He is also active in the development of the domestic and international private investing ecosystem from influencing policymaking to building linkages with international ecosystems.

He graduated with a Bachelor's Degree in Economics from University of Missouri-Kansas City, Missouri, USA and obtained his Master's Degree in Management from the International Islamic University, Malaysia.



**ENCIK AHMAD SHAKIR
BIN MOHD ASRI**

Head, Real Estate Department

Encik Ahmad Shakir has over 15 years of experience in various positions, with more than 10 years in investments across different asset classes. More recently, he had joined the Real Estate Department in 2019 after his stint as Principal Officer at Prima Ekuiti (UK) Limited, a KWAP subsidiary in the United Kingdom. Earlier, he had joined KWAP as an Equity Fund Manager in 2014 after completing almost seven years in Bank Negara Malaysia.

He had graduated with a BSc in Accounting and Finance from the University of Warwick, United Kingdom. Encik Ahmad Shakir is also a CFA charterholder.

PROFILE OF THE SENIOR MANAGEMENT (CONTINUED)



**ENCIK NAZAIFUL AFFENDI
BIN ZAINAL ABIDIN**

*Head, Portfolio Strategy and
Research Department*

Encik Nazaiful Affendi has over 20 years of experience in capital markets including roles in research, market analysis and strategy with exposures in equity, fixed income and commodity. Prior to joining KWAP, he was an economist with the Securities Commission.

He graduated with a BBA (Hons) in Finance/Economics, International Islamic University Malaysia and obtained his MBA in Finance from the same institution. He attended 4th ASEAN Senior Management Development Programme held in June and July 2011.



**ENCIK KHAIRUL AZWA
BIN KAMALUL BAHRIN**

*Head, Risk Management and
Compliance Department*

Encik Khairul Azwa has over 30 years of experience in the financial sector, of which 25 years was in risk management, governance and compliance. He started his career in Bank Treasury, trading financial products before moving on to various roles in risk management, including derivative risk management, asset liability management and treasury control functions.

His current role covers all aspect of risk governance and compliance which includes Enterprise risk, Investment risk, Operational risk, business continuity management and compliance.

He has a LLB (Hons) from the University of Liverpool and an MBA from the University of Wales, Cardiff. Professionally, he is a Certified Financial Risk Manager (FRM), accredited by the Global Association of Risk Professionals (GARP). And recently he was admitted as a Chartered member of the Chartered Institutes of Islamic Finance Professional which carries the designation of Chartered Professional in Islamic Finance (CPIF).



**ENCIK MOHD FAIZAL
BIN MOHD YUSOF**

*Head, Corporate Strategy
Department*

Encik Mohd Faizal has over 20 years of experience in accounting, corporate strategy & planning, corporate finance and financial advisory services. He started his career in PricewaterhouseCoopers where he had over seven years of experience, providing financial statutory audit and advisory services to multinational corporations, listed and private entities mainly in the plantation, consumer & industrial manufacturing, property development and infrastructure sectors.

He joined Felda Global Ventures (FGV) in 2010 where he co-led the corporate finance team in the Initial Public Offering exercises of Malayan Sugar Manufacturing (MSM) Berhad and FGV Berhad. Subsequently, he joined KWAP as Vice President of Corporate Finance in 2014.

He holds a Bachelor of Business, majoring in Accounting & Finance from the Royal Melbourne Institute of Technology University and is a member of CPA Australia since 2005.



**PUAN SITI ILMIAH
BINTI RAMLI**

*Head, Human Resource
Department*

Puan Siti Ilmiah has over 30 years of experience as a legal practitioner in a non-profit organisation and human resource practitioner in local and foreign organisations in Malaysia. Prior to this, she had served in Maybank Berhad.

She graduated with LL.B (Hons) from University of London, UK and Certificate of Legal Practice, Legal Profession Qualifying Board, Malaysia.



**ENCIK SYED ALI HAIDAR
BIN SYED SHAHABUDDIN**

*Head, Group Legal Services
Department*

Encik Syed Ali Haidar has over 27 years of experience in various roles ranging from legal practice, commercial sector, banking industry, and for the last eight years in the retirement fund industry. He began his training and career in legal practice in 1996, firstly with Messrs Albar Zulkifly and Yap, and thereafter Messrs Lee Choon Wan & Co before setting up a legal firm partnership under the name and style of Messrs Shahabuddin Hon & Aziz where he practised in, amongst others, corporate and commercial law, corporate advisory, corporate banking, capital markets and securities litigation. He subsequently ventured into the commercial sector and served as an Executive VP Corporate Services in a private limited company specialising in parking facility management and digital solutions. Prior to joining KWAP in April 2015, he served with KAF Investment Bank Berhad for 12 years as its Head of Legal & Corporate Affairs and a board member of KAF Research Sdn Bhd (an investment research company within KAF Group) from 2005 until early 2015.

He was called to the Malaysian Bar and admitted as an Advocate and Solicitor of the High Court of Malaya in January 1998.

He graduated with LL.B (Hons) from University of Glamorgan, Wales, UK in 1994 and obtained his Certificate of Legal Practice, Legal Profession Qualifying Board, Malaysia in 1996.



**ENCIK HAMKHUSHAIRI
BIN JAHARI**

Head, Internal Audit Department

Encik Hamkhushairi has over 20 years of working experience in banking industry. Prior to joining KWAP, he was the Senior Country Audit Manager at Standard Chartered Bank Malaysia Berhad and Senior Risk Manager at Perbadanan Insurans Deposit Malaysia. He also spent considerable number of years with Bank Negara Malaysia as Senior Supervisor.

He graduated with Bachelor of Accountancy from University of Malaya, Kuala Lumpur and obtained Certificate in Internal Audit and Business Risk from Chartered Institute of Internal Auditors, United Kingdom. He is a Chartered Accountant under the Malaysian Institute of Accountants and a member of Chartered Institute of Internal Auditors, United Kingdom.



**ENCIK MUHAMAD HAFIZ
BIN ABAS**

*Head, Pension Services
Department*

Encik Muhamad Hafiz has over 20 years of experience in the area of internal audit, risk management and operations management. Prior to joining KWAP, he was the Head of Risk Management at RHB Insurance Berhad and internal auditor at Public Bank Berhad.

He graduated with a Bachelor's Degree in Finance and Economics from New York University, USA and obtained his Master of Business Administration from International Islamic University, Malaysia.

PROFILE OF THE SENIOR MANAGEMENT (CONTINUED)



**ENCIK MOHD NASIR
BIN AB. HADI**

*Head, Integrity and Governance
Office*

Prior to joining KWAP, Encik Mohd Nasir was the Head of Integrity Education and Communication, Group Integrity of Petronas since 2013.

He has over 20 years of experience as an Anti-Corruption practitioner whilst serving the MACC since 1984 to 2005. He was seconded to the Malaysian Human Rights Commission (SUHAKAM) as Principle Assistant Secretary in 2001 to 2003.

He has eight years of experience as an Industrial Relation practitioner whilst serving the Internal Affairs Division of Tenaga Nasional Berhad (TNB) from 2005 to 2013. He has been a Panel Member of the Kuala Lumpur Industrial Court from 2010 to 2012.

He is a Member of Association of Certified Integrity Officer (ACeIO) since 2012 and was the President of ACeIO from 2016 to 2018. He is currently the President of Pertubuhan Anti Korupsi Malaysia (PAKAR). He graduated with LL.B (Hons) from International Islamic University Malaysia (IIUM).



**PUAN FAROZA
BINTI MOHAMED SOHOR**

Head, Contribution Department

Puan Faroza has over 25 years of experience in governance, transformation, business process improvement, management information systems and data management.

Prior to joining KWAP in 2013, she was the Head of Management Information System at the Asian Finance Bank Berhad (AFB), a foreign full-fledged Islamic Bank backed up by Qatar Islamic Bank Group, now known as MBSB Bank Berhad.

Prior to that, Puan Faroza was with the Ambank Group, where she led the non-performing loan statutory and management reporting for consumer banking by implementing business application enhancements for both conventional and Islamic products.

Puan Faroza obtained her Masters in Business Administration (MBA) in Applied Finance Investment from the University Kebangsaan Malaysia (UKM) in 2008 and Bachelor of Science (BSc) in Finance from Oklahoma State University, Oklahoma USA in 1996. She also obtained her Diploma in Banking Studies from the Universiti Teknologi Mara (UiTM) in 1992.



**PUAN NAJIAH
BINTI MOHAMAD NORWI**

*Head, Accounts and Finance
Department*

Puan Najihah has over 20 years of experience as a corporate accountant in sectors such as insurance, IT, utilities and infrastructure. Prior to KWAP, she was a corporate accountant at MMC Berhad.

She is a professional accountant, a member of CPA Australia and graduated with Bachelor of Business (Accounting and Finance) from Monash University, Australia.



**ENCIK MD HAYRANI
BIN MIRESO**

*Head, Corporate Treasury
Department*

Encik Md Hayrani joined KWAP in 2007. He has over 30 years of experience as an accountant as well as in treasury and fixed income management in the banking sector. Prior to joining KWAP, he served as a manager in Treasury Division, Treasury and Investment Department in Bank Simpanan Nasional.

He obtained his Masters in Business Administration (Finance) from International Islamic University Malaysia (IIUM) and Bachelor of Accounting (Honours) from University Kebangsaan Malaysia. He is also a Chartered Accountant under the Malaysian Institute of Accountants and member of Financial Market Association of Malaysia.



**ENCIK ABDUL RAZAK
BIN JABAR**

*Head, Digital Strategy and Services
Department*

**PUAN NOR FARIDAH
BINTI AMIN**

*Head, Strategic Communications
Department*

Encik Abdul Razak has 20 years of experience in the Information Technology industry. Prior to joining KWAP, he was a senior consultant at a local and a multinational corporation implementing software and systems in the financial services industry.

He obtained his Bachelor of Information Technology (Information System) from Charles Sturt University, Australia. He is also a Certified Lead Auditor of Information Security Management Systems (ISMS) ISO 27001, and has certificates in ITIL v3 Foundation and COBIT v5.

Puan Nor Faridah is a marketing graduate with more than 20 years of experience in sales, marketing and promotions, communications and event management.

Before joining KWAP, she has served at Asia Unit Trusts Berhad and Prudential BSN Takaful, handling marketing, branding and communication.

She holds a Bachelor in Business Administration (Hons) in Marketing from MARA Institute of Technology, Shah Alam.

STATEMENT ON CORPORATE GOVERNANCE

THE BOARD

Composition of the Board

KWAP's Board comprises qualified, experienced and skillful members with mixed backgrounds representing the Government, Private Sector, Bank Negara Malaysia and representative of Contributories, which are imperative for the overall strategic achievements of KWAP.

Section 6 of Act 662 (KWAP Act) stipulates that the Board shall consist of the following members, who are appointed by the Minister of Finance:

- (i) a Chairman who shall be the Secretary General of Treasury, the Ministry of Finance;
- (ii) a representative from Bank Negara Malaysia;
- (iii) a representative from the Ministry of Finance;
- (iv) the Chief Executive Officer who shall be an ex-officio member;
- (v) three representatives of the Government of Malaysia;
- (vi) three other persons from the private sector with experience and expertise in business, investment, banking and finance; and
- (vii) a representative of the contributories to the Retirement Fund other than the representative of the Government of Malaysia.

A brief profile of each Board member is presented on page 85 to 95 of this Integrated Report.

In 2023, the following Board members had resigned or retired:

- (i) Datuk Seri Asri bin Hamidon @ Hamidin (Chairman) has resigned on 4 January 2023. Datuk Johan Mahmood Merican was then appointed as the new Chairman of the Board on 27 February 2023;
- (ii) Dato' Sri Sharifah Sofianny binti Syed Hussain's term ended on 28 February 2023. The Minister of Finance had subsequently appointed Dato' Maznah binti Abdul Jalil, as one of the private sector's representatives on 1 March 2023;

- (iii) Another vacant Board seat under Section 6(4)(e) of the Act due to the retirement of Datuk Siti Zainab binti Omar on 30 May 2023, was filled in by Datuk Ahmad Terrirudin bin Mohd Salleh, the Attorney-General of Malaysia, effective from 16 October 2023;
- (iv) Meanwhile, another representative of the Government of Malaysia, Datuk Dr. Yacob bin Mustafa has retired on 2 August 2023. He was replaced by Puan Nor Yati binti Ahmad, the newly appointed Accountant General of Malaysia on 6 November 2023;
- (v) Pursuant to her appointment as the Director-General of Royal Customs Malaysia, MOF's representative, namely, Dato' Anis Rizana binti Mohd Zainudin @ Mohd Zainuddin has resigned on 25 September 2023. Her position was replaced by Datuk Dr. Shahrazat binti Haji Ahmad, the newly appointed Deputy-Secretary General of Treasury (Investment), effective from 11 October 2023; and
- (vi) Dato' Mohd Shaiful bin Ibrahim has resigned on 15 December 2023.

Chairman and Chief Executive Officer

As per KWAP Act and as part of good governance and best practices recommended by the Malaysian Code of Corporate Governance (MCCG) issued by the Securities Commission Malaysia as well as the Principles on Good Governance for Government-Linked Investment Companies (PGG) issued by the Ministry of Finance, the roles of the Chairman and the Chief Executive Officer of KWAP are distinct and separated.

The Chairman is principally responsible for conducting and ensuring the effectiveness of Board meetings whilst the Chief Executive Officer, who is duly appointed by the Board with the approval of the Minister of Finance, is responsible for the daily operations, administration, and management of KWAP which include overseeing the overall operations of the business and the implementation of policies and decisions made by the Board and the investment decisions made by the Investment Panel in accordance with KWAP Act.

Section 9 (1) of KWAP Act provides that the Board shall appoint a Chief Executive Officer on terms and conditions as the Board deems fit, subject to the approval of the Minister of Finance. The Chief Executive Officer shall have such powers and duties as may be conferred or imposed upon him by this Act or as may be conferred or imposed by the Board from time-to-time.

The Chief Executive Officer is assisted by the management in handling the day-to-day administration of KWAP and its employees. The Chief Executive Officer is also an ex-officio member of the Board as well as the Secretary to the Investment Panel.

Responsibilities and Accountabilities of the Board

Under Section 6 of KWAP Act, the Board shall be responsible for the administration and management of KWAP. The Board is therefore entrusted to administer, set the strategic directions and oversee the management of KWAP with a focus on protecting and enhancing the interests of its contributors and stakeholders.

In line with its statutory responsibility and as part of its functions, the Board formulates and determines administration and management of policies and procedures to ensure KWAP achieves its objectives with success and excellence.

Initiatives Undertaken in Line with Principles on Good Governance for Government-Linked Investment Companies (PGG)

In continuation of its initiative in 2022, the outcome of the Board and Investment Panel's Effectiveness Assessment (BEA) had been presented to the Board Nomination and Remuneration Committee (BNRC) and Board in May 2023. BEA had been conducted for prudence and best practice, in ensuring that the Board and Investment Panel members of KWAP are continuously improving and carried out their roles and functions effectively.

This is also in line with the PGG which states that "a board evaluation facilitated by independent experts is conducted once every year".

Components of an Effective Board

Structuring a High-Performing Board

KWAP aspires to put in place a Board structure that matches the organisational requirements. For the Board to operate efficiently and give the right level of attention and consideration to relevant matters, the Board Committees assist the Board in fulfilling its oversight functions. The terms of reference of each Board Committee defines committees' roles with composition to complement the Board's requirements. Board members are selected based on the requirements as prescribed by KWAP Act. The performance of the Board, as a whole and each individual member, is assessed and evaluated regularly.

Ensuring Effective Board Operations and Interactions

Effective Board operations and interactions require productive meetings. KWAP ensures quality and timeliness of all Board information in line with good governance and best practices for well-informed decision making by the Board. Trust is built through positive interaction, dynamics and open communication within the Board and with the Management.

Fulfilling the Board's Fundamental Roles and Responsibilities

The Board provides guidance to the Management in developing corporate strategy, policy directions and setting of targets for performance management. It upholds a strong corporate performance management approach whilst exercising its oversight function. It also oversees development of the organisation's future leaders and human capital to ensure continuity and manages the organisational risks. The Board ensures its obligations to the stakeholders are met by adopting a stakeholders' perspective when making decisions as well as balances valid stakeholders' interests.

STATEMENT ON CORPORATE GOVERNANCE (CONTINUED)

Board Meetings

KWAP Act prescribes that the Board shall meet at least once in every quarter of the calendar year. Nevertheless, as a matter of best practice, the Board endeavours to meet on a regular basis with a minimum of eight times a year, to approve, inter alia the strategic plans and direction for KWAP, the annual business plans and budget, operational and financial performance reports and to review the performance of KWAP. Additional meetings are convened to deliberate on urgent and important matters. Sufficient notices are duly given for all scheduled and additional meetings of the Board.

During the financial year 2023, nine Board meetings and three Special Board Meetings were held. The proceedings of all meetings of the Board including all issues raised, enquiries made and responses thereto, were also presented and recorded in the minutes of the respective Board and its Committees' meetings. Where necessary, decisions have been taken by way of circular resolutions. Decisions via circularisation requires simple majority approval, which will be reported during the following Board meeting for notification.

Attendance at Meetings

The Board's commitment to carry out their duties and responsibilities is affirmed by their attendance at the Board meetings held as set out below. The number of Board and Board Committees meetings during the year ended 31 December 2023, together with a record of the attendance is detailed in the table below:

Board members in office during the financial year ended 31 December 2023	Board	Board Audit Committee	Board Integrity Committee	Board Risk and Compliance Committee	Board Nomination and Remuneration Committee	Board Procurement Committee
Datuk Johan Mahmood Merican <i>Chairman</i> (Appointed on 27 February 2023)	7/11					
Datuk Dr. Shahrazat binti Haji Ahmad (Appointed on 11 October 2023)	1/4	0/1			1/1	
Datuk Ahmad Terrirudin bin Mohd Salleh (Appointed on 16 October 2023)	2/4	1/1	1/1			0/1
Puan Nor Yati binti Ahmad (Appointed on 6 November 2023)	2/2	1/1	1/1			
Encik Adnan Zaylani bin Mohamad Zahid	7/12			6/6	4/6	5/6
Dato' Azmi bin Abdullah	12/12	6/6	1/1	6/6	6/6	
YM Raja Teh Maimunah binti Raja Abdul Aziz	9/12		2/4	4/6		6/6

Board members in office during the financial year ended 31 December 2023	Board	Board Audit Committee	Board Integrity Committee	Board Risk and Compliance Committee	Board Nomination and Remuneration Committee	Board Procurement Committee
Dato' Maznah binti Abdul Jalil (Appointed on 1 March 2023)	10/11	4/4	1/1	5/5	4/4	5/5
Encik Abdul Rahman bin Haji Mohd Nordin	12/12		4/4		5/6	6/6
Datuk Hajah Nik Amlizan Mohamed	10/12					
Datuk Seri Asri bin Hamidon @ Hamidin Chairman (Resigned on 4 January 2023)	No meeting was held in 2023 up to his resignation.					
Dato' Mohd Shaiful bin Ibrahim (Resigned on 15 December 2023)	11/12		3/3			
Datuk Dr. Yacob bin Mustafa (Retired on 2 August 2023)	6/6	3/5	2/2			
Datuk Siti Zainab binti Omar (Retired on 30 May 2023)	4/4	1/2	1/1			3/3
Dato' Anis Rizana binti Mohd Zainudin @ Mohd Zainuddin (Resigned on 25 September 2023)	6/7	3/5		3/4	5/5	
Dato' Sri Sharifah Sofianny binti Syed Hussain (Term ended on 28 February 2023)	1/1	1/1		1/1	1/1	1/1

STATEMENT ON CORPORATE GOVERNANCE (CONTINUED)

Summary of Key Proposals

The Board is responsible for the long-term success of KWAP and is accountable to the stakeholders in ensuring that KWAP is managed effectively and achieves the strategic objectives that have been set. The Board discharged those responsibilities through Board Meetings and focused on a number of specific areas such as strategy, governance and performance. The key proposals approved by the Board for 2023 are as follows:

- KWAP's Corporate Scorecard and Financial Results for 2022;
- KWAP's Business Plan, Corporate Scorecard and Manpower Planning for Financial Year 2024;
- KWAP Investment Strategy and Return Target 2024;
- KWAP's Audited Financial Statements for Financial Year 2022;
- KWAP's Expenditure Budget for Financial Year 2024;
- Establishment of KWAP Investment Policy Statement;
- KWAP's Corporate Governance Framework;
- KWAP Sustainability Roadmap;
- Revision of Retirement Fund Act 2007 [Act 662] - Final KWAP Implementation Proposals;
- Digital Transformation Strategy for KWAP;
- Amendments to KWAP Whistleblowing Policy;
- Amendments to KWAP Anti-Bribery and Corruption Policy;
- Revision of the Terms of Reference of Management Committees of Kumpulan Wang Persaraan (Diperbadankan);
- Board, Board Committees and Investment Panel Remuneration Policy;
- Incorporation of Special Purpose Vehicle (SPV) for KWAP's Property Acquisition;
- Appointment of Board Nominee Directors in KWAP's Subsidiaries and Associates;
- Enhanced Procurement Model for KWAP;
- Sustainability Risk Framework and Policy;
- Cloud Governance Framework and Policy; and
- KWAP's Thought Leader Framework.

Apart from approval papers, the Board of KWAP had also deliberated on reports which were tabled for its notification on monthly or quarterly basis, amongst others, are as follows:

- Notification on Investment Activities and Performance Reports;
- Notification on Financial Reports;
- Notification on Pension Services Department Performance Review;
- Quarterly Pension Contribution Report;
- Quarterly Risk Management and Compliance Department Report;
- Progress Report on TERAS 5 Implementation;
- Notification on Integrity, Governance and Anti-Corruption Measures Update by KWAP and its Subsidiaries; and
- Notification on Action Plan on Principles on Good Governance for Government-Linked Investment Companies.

THE INVESTMENT PANEL

KWAP Act also requires the establishment of an Investment Panel, a body which is responsible for matters pertaining to the investment of the Fund established under Section 7(1) of KWAP Act. The Investment Panel is generally responsible to recommend the relevant investment policies and strategies of KWAP to be approved by the Board. Further, the Investment Panel shall have the authority and limit as specified under KWAP Act, KWAP's Investment Policy, Investment Guideline and/or other relevant policies currently in force.

Composition of the Investment Panel

The Investment Panel shall consist of the following members, as stipulated in Section 7(2) of KWAP Act, who shall be appointed by the Minister of Finance:

- (i) a Chairman who shall be the Chairman of the Board or such other person as may be appointed by the Minister of Finance (Section 7(2)(a) of KWAP Act);
- (ii) a representative from the Ministry of Finance (Section 7(2)(c) of KWAP Act);
- (iii) the Chief Executive Officer of KWAP, who shall be the Secretary of the Investment Panel (Section 7(2)(d) of KWAP Act); and

- (iv) Four other persons from the public or private sector with experience and expertise in business, investment, banking and finance (Section 7(2)(e) of KWAP Act).

A brief profile of each Investment Panel member is presented on page 96 to 101 of this Integrated Report.

Primary Duties and Responsibilities of the Investment Panel

The Investment Panel is governed by Section 7(1) of the Act and is primarily responsible to approve, amongst other things, KWAP's strategic direction in relation to all investment matters which includes investment policy, guidelines, asset allocation strategy as well as the directions or decisions for all investment proposals. In discharging its function, the Investment Panel, where required shall report to the Board and shall act in accordance with the general policy that may be issued by the Board and approved by the Minister of Finance.

Investment Panel Meetings

During the financial year 2023, 12 Investment Panel meetings and three Special Investment Panel meetings were held. A summary of attendance of the Investment Panel members is set out below:

Investment Panel Meetings' Attendance:

Investment Panel members in office during the financial year ended 31 December 2023	Attendance
Dato' Mohamad Nasir bin Ab Latif <i>Chairman</i>	15/15
Encik Mohammad Reezal bin Ahmad	14/15
Dato' Noorazman bin Abd Aziz	15/15
Dato' Mohamed Ross bin Mohd Din	11/15
Encik Mohammed Nazri bin Omar	7/15
Encik Anthony Lim Choon Eng	14/15
Datuk Hajah Nik Amlizan Mohamed	10/15

BOARD COMMITTEES

In order to assist the Board in discharging its duties, the Board has established various committees to oversee specific matters relating to the operations of KWAP, namely the Board Audit Committee, Board Integrity Committee, Board Risk and Compliance Committee, Board Nomination and Remuneration Committee, Board Procurement Committee and Board Disciplinary Committee. The Board Committees are granted the authorities to act on the Board's behalf in accordance with their respective Terms of Reference which are provided in the Board and Investment Panel Charter.

At the Board Committees' meetings, items are discussed and, as appropriate, endorsed, approved or recommended to the Board for approval. Following the Board Committees' meetings, the Chairman of each Board Committee provides the Board with a summary of the main decisions and discussion points, and the minutes of the Board Committees' meetings as well as Investment Panel meetings are presented to the Board for notation hence, the non-committee members are kept up-to-date with the work undertaken by each Board Committee.

Details of activities of the Board Committees during the financial year 2023 are outlined below:

BOARD AUDIT COMMITTEE

The Board Audit Committee (BAC) was established to provide oversight on KWAP Group's financial reporting process and internal controls framework and to assist the Board in assessing the adequacy of controls in the processes and procedures undertaken are in accordance with applicable laws, rules and regulations directives and guidelines established by the relevant regulatory bodies.

Membership

Currently, BAC comprises five Board members, namely a Chairman and four members who have been appointed by the Board:

1. Dato' Azmi bin Abdullah – Chairman
2. Dato' Maznah binti Abdul Jalil
(Appointed on 31 March 2023)
3. Datuk Ahmad Terrirudin bin Mohd Salleh
(Appointed on 30 November 2023)
4. Datuk Dr. Shahrazat binti Haji Ahmad
(Appointed on 30 November 2023)

STATEMENT ON CORPORATE GOVERNANCE (CONTINUED)

5. Puan Nor Yati binti Ahmad
(Appointed on 30 November 2023)
6. Dato' Sri Sharifah Sofianny binti Syed Hussain
(Term ended on 28 February 2023)
7. Datuk Siti Zainab binti Omar
(Retired on 30 May 2023)
8. Datuk Dr. Yacob bin Mustafa
(Retired on 2 August 2023)
9. Dato' Anis Rizana binti Mohd Zainudin @ Mohd Zainuddin
(Resigned on 25 September 2023)

Five BAC meetings and one Special BAC meeting were held throughout year 2023.

Summary of the BAC's Activities:

Amongst major issues deliberated by the BAC during the year 2023 were:

- (i) Consolidated Financial Statements of KWAP for the Financial Year Ended 31 December 2022;
- (ii) Internal Audit Plan 2023;
- (iii) Internal Audit Department Scorecard 2022 Results;
- (iv) 2023 Internal Audit Department's Initiatives;
- (v) Audit Activity Report; and
- (vi) Internal Audit Reviews and Outstanding Audit Issues of several departments in KWAP.

BOARD INTEGRITY COMMITTEE

The Board Integrity Committee (BIC) was established to assist the Board in overseeing the implementation of integrity, anti-corruption and governance functions in KWAP and/or KWAP Subsidiaries, as the case maybe, monitor related issues, and ensure adequate measures for integrity and good governance within the organisation.

Membership

Currently, BIC comprises four Board members, namely a Chairman and three members who have been appointed by the Board:

1. Dato' Mohd Shaiful bin Ibrahim - Chairman
(Resigned on 15 December 2023)
2. Datuk Ahmad Terrirudin bin Mohd Salleh
(Appointed on 30 November 2023)
3. Puan Nor Yati binti Ahmad
(Appointed on 30 November 2023)
4. YM Raja Teh Maimunah binti Raja Abdul Aziz
5. Encik Abdul Rahman bin Mohd Nordin
6. Dato' Azmi bin Abdullah
(Appointed on 27 September 2023 and ceased as Interim Member on 30 November 2023)
7. Dato' Maznah binti Abdul Jalil
(Appointed on 27 September 2023 and ceased as Interim Member on 30 November 2023)
8. Datuk Siti Zainab binti Omar
(Retired on 30 May 2023)
9. Datuk Dr. Yacob bin Mustafa
(Retired on 2 August 2023)

Four BIC meetings were held throughout the year 2023.

Summary of the BIC's Activities:

Key issues deliberated by the BIC in 2023 were:

- i) Proposal to Approve the Amendments to KWAP Whistleblowing Policy; and
- ii) Progress Update and Proposal on Timeline Extension for Initiatives under KWAP Organisational Anti-Corruption Plan 2021 – 2025.

BOARD RISK AND COMPLIANCE COMMITTEE

The Board Risk and Compliance Committee (BRCC) was established to assist the Board in reviewing the risk management strategies, determining risk appetite, reviewing the risk management framework, policies and limits, reviewing risk exposures and overseeing the overall risk management.

Membership

Currently, BRCC comprises five Board members, namely a Chairman and four members who have been appointed by the Board:

1. Dato' Maznah binti Abdul Jalil – Chairman
(Appointed as Chairman on 31 March 2023)
2. Dato' Azmi bin Abdullah
3. Encik Adnan Zaylani bin Mohamad Zahid
4. YM Raja Teh Maimunah binti Raja Abd Aziz
5. Dato' Sri Sharifah Sofianny binti Syed Hussain – Chairman
(Term of appointment ended on 28 February 2023)
6. Dato' Anis Rizana binti Mohd Zainudin @ Mohd Zainuddin
(Resigned on 25 September 2023)

Six BRCC meetings and one Special BRCC meeting were held throughout the year 2023.

Summary of the BRCC's Activities:

Key issues deliberated by the BRCC in 2023 were:

- a) Proposal to Approve the Revision of Risk and Compliance Committee Membership in its Terms of Reference;
- b) Proposal to Approve the Revised Risk Matrix and Parameters;
- c) Proposal To Approve Risk Management and Compliance Department's Departmental Scorecard For 2023;
- d) Proposal to Approve the Establishment of Sustainability Risk Framework and Policy;
- e) Proposal to Approve the Revision of KWAP Risk Appetite Statement and Formalisation of the Key Risk Indicators and Risk Treatment Plan;
- f) Proposal to Approve the Revision of the Investment Risk Guidelines;
- g) Proposal To Approve the Disestablishment of the Credit Value-At-Risk Policy and Guideline; and
- h) Proposal to Approve Risk Management & Compliance Department's Business Plan for 2024.

BOARD NOMINATION AND REMUNERATION COMMITTEE

The Board Nomination and Remuneration Committee (BNRC) was established to assist the Board in discharging its functions with its primary responsibility to establish the relevant policy framework in determining the appointment and remuneration of the management and staff of KWAP and recommend to the Board the performance-related remuneration of the respective staff.

Membership

Currently, BNRC comprises five Board members, namely a Chairman and four members who have been appointed by the Board:

- (i) Datuk Dr. Shahrazat binti Haji Ahmad – Chairman
(Appointed on 11 November 2023)
- (ii) Dato' Azmi bin Abdullah
- (iii) Encik Adnan Zaylani bin Mohamad Zahid
- (iv) Encik Abdul Rahman bin Mohd Nordin
- (v) Dato' Maznah binti Abdul Jalil
(Appointed on 1 March 2023)
- (vi) Dato' Anis Rizana Mohd Zainudin @ Mohd Zainuddin – Chairman
(Resigned on 25 September 2023)
- (vii) Dato' Sri Sharifah Sofianny binti Syed Hussain
(Term ended on 28 February 2023)

Five BNRC meetings and one Special BNRC meeting were held throughout the year 2023.

STATEMENT ON CORPORATE GOVERNANCE (CONTINUED)

Summary of the BNRC's Activities:

Amongst the proposal and notification papers deliberated and endorsed by BNRC during the year 2023 were:

- Payment of Bonus 2022 and Annual Increment 2023;
- Renewal of Several Contracts of Employment of Heads of Departments in KWAP;
- Proposal to Establish a Workplace Harassment Policy for KWAP;
- Proposal to Approve the Board, Board Committees and Investment Panel Remuneration Policy;
- Proposal on the People Strategy for Kumpulan Wang Persaraan (Diperbadankan) [KWAP]; and
- Notification on the Outcome of KWAP Board and Investment Panel's Effectiveness Assessment Exercise 2022.

BOARD PROCUREMENT COMMITTEE

The Board Procurement Committee (BPC) was established to assist the Board in discharging its functions with regard to evaluation of operational-related procurement proposals.

Membership

Currently, BPC comprises five Board members, namely a Chairman and four members who have been appointed by the Board:

- YM Raja Teh Maimunah binti Raja Abd Aziz –
Chairman
(Appointed as Chairman on 27 September 2023)
- Dato' Maznah binti Abdul Jalil
(Appointed on 31 March 2023)
- Datuk Ahmad Terrirudin bin Mohd Salleh
(Appointed on 30 November 2023)
- Encik Adnan Zaylani bin Mohamad Zahid
- Encik Abdul Rahman bin Mohd Nordin
- Datuk Siti Zainab binti Omar – Chairman
(Retired on 30 May 2023)
- Dato' Sri Sharifah Sofianny binti Syed Hussain
(Term ended on 28 February 2023)

Four BPC meetings and two Special BPC meetings were held throughout the year 2023.

BOARD DISCIPLINARY COMMITTEE

The BDC is generally responsible for deliberating disciplinary cases and implementing appropriate actions on employees in accordance with KWAP's Disciplinary Policy and Guidelines.

Membership

There were no members appointed by the Board as there were no BDC meetings held throughout the year 2023.

Composition of the BDC Membership

The BDC shall comprise three Board members, namely a Chairman who is the chairman of the BNRC and two members who shall be appointed by the Board.

APPOINTMENT AND REMUNERATION OF BOARD AND INVESTMENT PANEL MEMBERS

As prescribed under the KWAP Act, the Board and the Investment Panel members are appointed for a period not exceeding three years, and on the expiry thereof are eligible for reappointment. The remuneration of the Board and Investment Panel is determined from time-to-time, subject to the approval of the Minister of Finance.

In 2023, the Board and the Investment Panel members received a total remuneration of RM1,030,599 and RM521,860 respectively.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

OVERVIEW

In line with KWAP's expansion over the last 17 years, in both investment and non-investment activities, our risk profile has also evolved, as the organisation grew both in size and complexity. Recognising that a dynamic external environment presents multiple threats and opportunities to KWAP in meeting KWAP's mission and vision, we have invested in building risk management capacity and capabilities to support KWAP in meeting its strategic objectives. We are committed to moving forward, assessing risks, managing threats and seizing opportunities for value creation, all the while protecting KWAP and its stakeholders.

RESPONSIBILITY

The Board recognises its overall responsibility in reviewing and maintaining a sound internal control process and robust risk management practices to ensure good corporate governance. Both elements are designed to manage and mitigate risks within acceptable risk tolerance levels whilst in compliance with the statutory mandate, objectives and the established policies and procedures of KWAP.

The Board also recognises the ongoing process to evaluate the effectiveness and integrity of the internal controls via the identification, assessment and management of risks faced by KWAP. In view of the inherent limitations in any form of internal control, this is designed to manage rather than eliminate the risk of failure in the achievement of goals and objectives of KWAP.

The internal controls are reviewed and updated from time-to-time, to align with the dynamic changes in the business environment or the risks faced by KWAP. The Board acknowledged the Management team's responsibility to implement the Board policies, procedures and processes for sound internal controls and effective risk management.

In managing risk and internal control processes, KWAP adopts the three lines of defence model in which:

- (i) Primary responsibility, or the first line of defence, is with the individual and functions that are responsible for directly managing risks within the business units. They are accountable for identifying, assessing and mitigating risks, via the implementation of sound internal controls, in their day-to-day activities.

- (ii) The second line of defence comprises risk management, compliance and control functions that support and oversee the first line. Their role is to provide guidance, monitoring and ensure effective risk management and sound controls processes are in place.

- (iii) The third line of defence is the internal audit function that provides to the Board, independent and objective assurances of the effectiveness and adequacy of governance, risk management and internal control processes.

We believe and invest in our people, develop clear governing policies and ensure robust and risk-aware operational processes (with significant investment in systems to ensure adequate control and automation). Underlying all this is a robust governance structure to ensure the segregation of reporting lines between departments in KWAP to prevent conflicts of interest and ensure the independence and integrity of the different functions or roles in KWAP.

RISK MANAGEMENT FRAMEWORK

The risk management framework is anchored on the adoption of Enterprise Risk Management (ERM) as the core strategy across the enterprise. KWAP adopts the International Organisation for Standardisation (ISO) 31000:2018 ERM Standard (ISO Standard), as a framework that guides the organisation in managing its risks. This approach is designed to identify potential events that may adversely affect KWAP and manage risks within KWAP's risk appetite, thus providing reasonable assurance on KWAP being able to achieve its organisational objectives.

RISK GOVERNANCE

We remain very prudent in managing the risk in our investment and non-investment activities, guided by the "tone from the top" as articulated in the KWAP's Risk Appetite Statement (RAS). The RAS defines KWAP's overarching attitude toward investment and non-investment activities, thereby guides KWAP strategy and decision-making process. RAS also sets out KWAP's capability and capacity to take risk in the context of investment objectives and risk tolerance. The RAS is complemented by a robust governance structure and is further enhanced by a series of frameworks, policies, guidelines, and standard operating procedures.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONTINUED)

In managing our investment portfolios, KWAP extensively leverages on best-in-class technology to handle multiple portfolio analytics and scenario analysis to cater to KWAP's investment risk management needs. KWAP subscribes to investment risk systems with integration to the investment management systems and market data providers for risk analytics purposes, of which key risk measures are generated and used for management reporting and insights.

RISK MANAGEMENT AND COMPLIANCE

Introduction

The Risk Management and Compliance Department (RMCD) reports directly to KWAP Board through Board Risk and Compliance Committee (BRCC), which is responsible to review the risk management strategies, to determine risk appetite, review the risk management framework, policies and limits, to review risk exposures and oversee the overall risk management in KWAP. RMCD facilitates and monitors the implementation of effective risk management and provides independent oversight of risk management activities in KWAP.

RMCD operates with a structured framework comprising three integral sections: the Enterprise Risk Section, the Investment Risk Section and the Compliance Section. Each of these segments plays a pivotal role in ensuring the robustness and integrity of the organisation's operations, as follows:

- Enterprise Risk Section: Focuses on identifying, assessing and mitigating risks that could potentially impact the overall functioning and strategic objectives of the enterprise. This section also manages operational risk and business continuity in KWAP.
- Investment Risk Section: Evaluates and manages risks associated with investment activities, safeguarding financial assets and optimising returns.
- Compliance Section: Monitors regulatory requirements and internal policies, ensuring adherence to legal standards and industry guidelines.

Together, these sections collaborate to fortify the organisation's risk management framework, fostering resilience and sustainability in a dynamic business landscape.

KEY ACTIVITIES IN 2023

Enhanced Enterprise Risk Management Processes

In 2023, after the integration of ISO 31000:2018 standards, we have strategically realigned risk management policy to the KWAP's Corporate policy and embedding it in KWAP's Balanced Scorecard (BSC). Several initiatives were introduced to further enhance enterprise-wide risk monitoring and assessment i.e., Risk Capacity, Risk Appetite, Key Risk Indicators (KRI) and Risk Matrix. These are in line with KWAP's dedication to continually nurture, improve and uphold our risk infrastructure and culture.

Continuous Risk Management Awareness Engagement and Talks

Enhancing risk awareness and updating the organisation and employees on developments and best practices across all aspects has been a constant in KWAP. We have conducted various activities aimed at promoting risk management awareness and sound risk management practices within KWAP. These activities are as follows:

1. Risk and Compliance Day on 29 November 2023 for all KWAP employees with two main sharing sessions by external industry experts as follows:
 - i. Ethical Leadership: Empowering Decision Makers in the Workplace.
The talk was to reinforce the importance of ethics within KWAP and how to practice them in our day-to-day working life.

Continuous Risk Management Awareness Engagement and Talks

- ii. Gearing up for 2024: Moody's Sectoral Trends, Risks and Rewards
An informative session to empower employee with the opportunities and challenges in the financial markets and business landscape for year 2024 and beyond.
- 2. A talk on Know Your Counterparty (KYC) Session: Sanctions Awareness and Adverse Media was conducted on 6 December 2023 to deepen the understanding of compliance matters amongst KWAP employees and provide update on the latest development in the field.
- 3. KWAP has published four public articles via KWAP's Website, LinkedIn and Instagram in 2023 covering topics as follows:
 - i. Navigating the Future of Pension Sustainability Vol 1.
 - ii. Navigating the Future of Pension Sustainability Vol 2.
 - iii. ESG in Focus: Unpacking Risks and Opportunities in Sustainable Business Practices.
 - iv. Investing in a Sustainable Future: How Green Bonds are Making a Difference.
- 4. KWAP has also improved our public engagement profile on risk management and governance by joining the Securities Industry Development Corporation (SIDC) Compliance Roundtable 2023 on 21 November 2023 and *Karnival MyPesara* on 26 November 2023. Both sought to send the message of KWAP as an integrity-first and strong compliance culture organisation.

Risk and Compliance Visits to KWAP Properties / Associate Companies / Potential Investment

We conducted visits to our properties and external fund managers offices (both public and private markets) to ensure an independent risk assessment and risk oversight of the properties and the external fund managers. In 2023, we also visited private equity fund managers, and both current as well as potential properties acquisition, to better understand the market and specific assets. These engagement visits with the asset manager, investment advisors and our fund managers were to ensure effective investment management, risk and compliance matters and to ensure implementation of relevant risks identification, controls and mitigations are in place.

ENTERPRISE RISK MANAGEMENT (ERM)

The fundamental principles for managing risk in KWAP are anchored on the ERM principles and key components described in both the ERM Framework and ERM Policy to support a sound and holistic risk management within KWAP.

KWAP adopts the International Organisation for Standardisation (ISO) 31000:2018 ERM Standard (ISO Standard), as a framework to guide us in managing our

risks. KWAP has revised and streamlined the previous ERM framework to be in sync with the ISO standards. The revised document also elaborates on the principles, key components and processes that make for effective risk management. These documents, which are accessible to all KWAP employees and enhanced by a structure risk awareness and socialisation strategy, are in line with KWAP's initiative to foster a healthy risk culture within the organisation.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONTINUED)

As to support and complement the ERM framework and policy, there are two approaches in managing enterprise-wide risk in KWAP:

Develop and maintain a Corporate Risk Profile (CRP)

CRP has been used as a platform with a consistent approach in identifying, assessing, managing and reporting risks relevant to KWAP in its pursuit to achieve its strategic objectives and target outcomes.

Develop and maintain multiple Departmental Risk Profile (DRIP)

Although risk management is a continuous process of identification, assessment and management, the departmental-level risk oversight is done annually, through DRIP assessment where participation from all departments and functions are required. Each department or function is represented by Risk Liaison Officers (RLOs), who are the risk champions in their departments and functions. During a DRIP assessment, the RLOs from each department and functions within KWAP conduct assessments of their own areas of responsibility to identify potential risks, evaluate the effectiveness of existing controls in managing those risks and propose improvements or additional controls where necessary. KWAP leverages DRIP as a proactive approach to risk management, allowing departments and functions to identify and address potential issues down to the nitty gritty details before they have the chance to escalate into more significant problems.

These approaches should methodically address all the risks associated with KWAP's activities and consequently deliver benefits related to having a better-informed strategic decision making, successful delivery of change and increased operational efficiency.

OPERATIONAL RISK MANAGEMENT (ORM)

ORM in KWAP focuses on identifying, assessing and mitigating risks associated with business operations. It is an integral process of ERM that aims to manage potential and actual loss resulting from inadequate or failed internal process, people, systems or from external events. It includes, but is not limited to, fraud, physical damage, business disruption, transaction failures, legal and regulatory breaches as well as employee health and safety hazards. Suboptimal management of operational risk may result in reputational risk to KWAP.

Operational Risk Event Reporting

KWAP utilises Operational Risk Event (ORE) reporting to effectively respond and manage operational losses arising from the actual risk events. In addition to monitoring risk related incidents, ORE report is used to identify root cause of the incidents and make necessary enhancements to prevent similar incidents from occurring. When implemented effectively, the positive outcomes of ORE will not only produce better responses to risk events but also lead to better management of risks.

In 2023, there were no risk events that had significantly impacted KWAP's operations, as majority of the OREs were promptly rectified. Proactive measures that were taken to address the reported OREs are amongst others as follows:

- Facilitated discussions with multiple parties to mitigate the risk and avoid recurrence of incident;
- Root cause analysis and validation on the key process on the risk events to enhance risk controls and to ensure clearly defined roles and responsibilities of parties involved;
- Presented the OREs reported at Senior Leadership Committee (SLC), Risk and Compliance Committee (RCC) and BRCC meetings to ensure all issues were properly addressed; and
- Tracked and monitored outstanding OREs with respective parties to ensure mitigation actions are in place to minimise recurrence of the incident.

Fraud Risk Management Programme

Fraud Risk Management Programme (FRMP) was developed to demonstrate the expectations of the Board and Senior Management; and their commitment to high integrity and ethical values regarding managing fraud and corruption risk in KWAP. The KWAP's FRMP comprises of policy and guidelines, training and awareness programme and departmental fraud and corruption risk assessment.

Pursuant to the establishment of Integrity and Governance Office (IGO) in 2019, Corruption Risk Management (CRM) has been embedded into the risk management framework. The RMCD and the IGO have worked collaboratively on the fraud and corruption risk assessment exercise and conducted workshops for all departments, functions and

subsidiaries in KWAP on annual basis. The two departments continue to instil the awareness on fraud and corruption risk during training programmes and challenge sessions with all departments, functions and subsidiaries in KWAP.

In 2023, in order to benchmark ourselves against the best industry practice, KWAP engaged with an external consultant to conduct a thematic review on FRMP. The objectives were to enhance KWAP's practices in fraud and corruption risk management and to incorporate industry-leading practices. The external consultant provided advisory support and recommendations for improving the overall implementation of fraud and corruption risk management at KWAP and assurance that we were on the right track and operating within industry best practices.

BUSINESS CONTINUITY MANAGEMENT (BCM)

BCM continues to be a key focus in KWAP. Crisis management, contingency planning and scenario development, ensures timely continuity and recovery of KWAP's critical business processes following disruptive events or crises. KWAP has automated the business continuity management framework and implemented a practical and sustainable business continuity management process.

In 2023, in line with its business expansion, KWAP has successfully conducted several BCM exercises and programme which not only aim to test the continuity of KWAP's operations, but also to identify gaps and weaknesses. Subsequently, the result of the BCM exercises were presented to the RCC and the BRCC based on KWAP's BCM Policy. Following are the BCM programmes conducted:

- Planned and surprise BCM Exercises involving critical system and business functions in a live and non-live environment.
- Periodic Call Tree exercises to test employee's responses in emergency communications.
- Mobilisation of KWAP personnel to alternate site to perform system recovery and critical business functions.

- Data Loss Tolerance Workshop to identify the maximum data loss that KWAP can tolerate after the disruptive of events.
- Annual review of all the enterprise Risk Assessment (RA) and departmental Business Impact Analysis (BIA).

INVESTMENT RISKS

MARKET RISK MANAGEMENT

KWAP monitors market risk closely to safeguard its financial assets against unexpected losses stemming from fluctuations in interest rates, equity prices, and foreign exchange rates. This proactive approach allows KWAP to adapt its investment strategies accordingly, ensuring resilience in dynamic market conditions. By continuously assessing and mitigating market risk, KWAP aims to optimise returns whilst maintaining prudent risk management practices.

Market risk management in KWAP is anchored on the Market Risk policies, guidelines, risk system and risk controls in place, of which these are implemented to support sound and holistic market risk management. In addition, the RMCD provides an independent risk review of investment proposals, as well as periodic investment risk reporting to senior management.

Market Risk Controls

Market Risk controls represent a series of market risk limits implemented to manage the market risk-taking activities. They are periodically reviewed and adjusted to reflect dynamic changes of KWAP's investment strategy and external business environment. The key market risk controls are illustrated below:

Value-at-Risk	to measure and manage the possible losses that might happen because of changes in market rates and prices over a set period, within a certain level of certainty. This helps KWAP understand how it deals with risk based on guidelines from the KWAP Board.
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STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONTINUED)

Modified Duration	to manage the sensitivity or change in value of a security or portfolio in response to a change in interest rates. It also follows the notion that interest rates and bond prices move in opposite directions. It is a sensitivity analysis used to determine the effects of a 1% change in interest rates will have on the price of a bond.
Stress Testing Exercise	to assess the investment portfolio's vulnerabilities to historical stressed market events as well as 'what-if' scenarios.
Hedging and Derivative Products	to hedge market risk exposures on KWAP's investments, especially on currency and interest rate movements. Derivative instruments used to manage those exposures are Cross Currency Swaps (CCS), Interest Rate Swaps (IRS) and Foreign Exchange Forward contracts (FX Forward). KWAP mainly uses FX Forwards to hedge and mitigate currency volatility on KWAP's overseas investments.

CREDIT RISK MANAGEMENT

KWAP employs stringent credit risk assessment procedures to ensure the stability of its investment portfolio. By closely monitoring the creditworthiness of counterparties and diversifying across various sectors, KWAP mitigates the potential impact of credit risk on its financial assets. Proactive risk management strategies enable KWAP to safeguard its capital whilst pursuing opportunities for sustainable returns.

The purpose of credit risk management is to keep credit risk exposures within an acceptable level and to ensure the returns commensurate with the risk taken. The RMCD is responsible for developing, enhancing, and communicating effective and consistent credit risk management policies, guidelines, and methodologies across KWAP to ensure that appropriate standards are in place to identify, measure, control, monitor and report such risks. These are carried out mainly through the Credit Risk Management Policies and Credit Risk Management Guidelines. Industry best practices are instilled via continuous updates of credit risk policies, guidelines and processes to minimise credit defaults and losses.

KWAP has established, amongst others, limits and related guidelines, for:

Credit Risk Controls

Leverage Risk

KWAP's leverage activities are maintained within a pre-determined acceptable risk levels based on Total KWAP level, asset class level and portfolio level

Concentration Risk

Risk of loss arising from having a significant position in a single asset, product or market exposure

Credit Analysis

Rating Monitoring

Review internal and external credit rating scoring model for corporate bond, loan and unrated counterparty

Counterparty Risk

The risk to each party of contract that the counterparty is not able to meet the contractual obligations

Credit Evaluation

Conduct a detailed evaluation to measure the issuer's ability to meet its debt obligation by maintaining credit risk exposure within acceptable parameters

Issuer Risk

The probability of loss resulting from the default or downgraded credit rating of the issuer of a security

Credit Review

Evaluate credit proposals before tabling to the management and committee



PRIVATE MARKETS RISK MANAGEMENT

KWAP's private market investments consists of Private Equity (PE), Infrastructure and Real Estate.

Private Equity and Infrastructure

Risk management of PE and Infrastructure investments were typically concentrated in the pre-appointment evaluation of its managers/partners and investment strategies. Getting the right managers in is the key to building a successful, healthy private market investment portfolio. Post-investment activities concentrated on operational risk management and monitoring of the funds with potential red flags as well as to possible write-offs. The ability to exit in PE and infrastructure investments post investments are severely limited due to the illiquid nature of the asset class, therefore active monitoring and management is the key to maintaining a healthy portfolio.

We are constantly developing our knowledge and skills to improve risk management of these markets as interest has grown over the years and it has become more attractive for investors as opposed to traditional asset classes such as public equity and bonds or other fixed income instruments.

Real Estate

KWAP's real estate investments are diversified both domestically and internationally. Portfolio construction is important in this space, portfolio diversification by geography and sector asset types provides risk diversification and naturally reduces the sum of individual property risk to a lower portfolio risk level. The properties' holding period are long term in nature, hence the risk is structural as opposed to transactional. Besides being exposed to the movement on real estate prices, management of the rental leases and overhead costs are also important in maintaining a sustainable income stream. Risk management activities for real estate investment portfolios are focused on pre-investment assessment vis-à-vis independent risk review, as well as post-investment monitoring vis-à-vis risk limits.

SUSTAINABILITY RISK MANAGEMENT

Sustainability risk is defined as the potential negative impacts on the profitability of the organisation, arising from an adverse sustainability impact and the climate impact.

Recent years has seen sustainability and ESG concerns come to the forefront of global, national and organisational zeitgeist. In supporting the national sustainability agenda, KWAP designed the KWAP Sustainability Roadmap.

The roadmap itself spells out our sustainability commitments to deliver five Sustainability Pledges. The Sustainability Risk Framework (Framework) and Sustainability Risk Policy (Policy), which were established in 2023, are the governing documents that serve as guardrails for this KWAP Sustainability Roadmap.

The Sustainability Risk Framework and Policy are crucial elements for integrating sustainability risk into our ISO 31000-compliant Enterprise Risk Management process, as it allows for a systematic approach to identify, assess and respond to sustainability risks in investment and business operations to ensure our sustainability objectives are met. In brief, the Sustainability Risk Framework and Policy address ESG and climate-related risks, its regulatory contexts, sustainability risk principles as well as responsibilities and risk management oversights.

By establishing and adhering to the Sustainability Risk Framework and Policy, we can better demonstrate our commitment to the nation as well as our own sustainability goals through proactive approaches to identify and manage all forms of associated sustainability risks.

COMPLIANCE

The compliance function remains a very important core function in KWAP. Failures of the compliance function in high profile cases in Malaysia and abroad has highlighted the impact, both financial and reputational, of non-compliance.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONTINUED)

The Compliance Section serves as an independent function that identifies, assesses, advises on, monitors and reports on compliance risk. Compliance risk is defined as the risk of legal or regulatory sanction, financial loss, or loss to reputation that the organisation may suffer as a result of its failure to comply with all applicable laws, regulations, codes of conduct and standards or good practice.

The main objective of compliance is to preserve KWAP's reputation so that our competitive standing and reputation are not only maintained, but also enhanced. Providing the foundation to this aspiration is the Compliance Framework which was implemented in 2010 and further revised in 2022; from which the building blocks of the compliance functions are shaped. Compliance is a core pillar of the three lines of defence model alluded to earlier.

Scope of Compliance

a) Regulatory Compliance

This covers the external regulations and guidelines which KWAP is bound to comply with such as the relevant Acts of Parliament, Minister of Finance's Decrees, regulations issued by Bank Negara Malaysia, Securities Commission, Bursa Malaysia and other regulatory bodies. The regulatory requirements will be embedded into the internal processes and practices to ensure adherence to the regulations.

b) Internal Compliance

This covers compliance with the Frameworks, Policies, Guidelines and Standard Operating Procedures established by KWAP. Ownership of internal compliance lies with the Business Units as the first line of defense, any potential non-compliance should be identified upfront before the event, addressed and highlighted to Compliance Section. This will be escalated as per good corporate governance standards.

Compliance Process

Compliance activities are closely intertwined with compliance developments on the global front, existing legal requirements as well as KWAP's policies and procedures. The following diagram illustrates the compliance process and general approach taken in managing the compliance risk.



Identification	Identifying the relevant regulations and internal requirements that business units need to comply with.
Assessment	Assessing the relevant regulations and internal requirements to ensure compliance by business units.
Attestation	Semi-annual or/and annual of periodic attestation via Self Compliance Checklist and declare any incident of non-compliance during the reporting period.
Monitoring and Reporting	Monitor the controls and process. Report any non-compliance incident to Management.
Validation	Perform periodic compliance review to assess the veracity of approved Self-Compliance Checklist via sample checks.

Value of Compliance

Business models change, new technologies emerge and new investment asset classes are adopted. All amidst an intense focus on operational efficiencies and accompanied by a dynamic global and local compliance environment. KWAP has never been more exposed to such a myriad of risks. In this regard, KWAP's Board and Senior Management have extended their full support and cooperation in moving compliance to the front line. They have done this by establishing the tone from the top, which is quite simply, to comply with all rules and regulations and employ ethical behavior. All employees are aware that the Board and Senior Management take an uncompromising stance on compliance. The Compliance Section is also increasingly becoming a point-of-reference and advisor for key strategic initiatives that KWAP embarks on.

The compliance culture has also been expanded to our External Fund Managers (EFMs). Our EFMs are required to declare on a monthly basis, their adherence to the KWAP Investment Management Agreement and to immediately report to KWAP on any breach of the approved Investment Mandate. This is to ensure that the EFMs are always adhering to the guidelines imposed on them. In addition, EFMs are also required to declare on an annual basis that the parameters of the compliance requirements are captured in their relevant systems.

Chinese Wall Policy

KWAP has implemented Chinese Wall Policy since 2014. KWAP's Chinese Wall Policy was introduced to establish procedures to control the flow of material non-public and price sensitive information within KWAP to minimise the risk of insider trading and potential breach of laws and Capital Markets and Services Act (CMSA). It also helps to ensure that the possession of material non-public and price sensitive information does not give rise to the risk or perceived risk of a conflict between the public interest, KWAP's interest and the employee's personal interest.

Automated Self-Compliance Checklist

KWAP has implemented an automated Self-Compliance Checklist where all the attestation processes are performed via a compliance system. The compliance system covers both regulatory and internal requirements. The Self-Compliance Checklist will be filled in by the respective department/function's compliance liaison

officers and approved by their Head of Department/Function via the system. The attestation exercise is performed on a bi-annual basis for all the investment-related departments/functions and annually for other departments/functions including KWAP's subsidiaries.

Compliance Review Exercise

To ensure we are doubly confident in our compliance process, KWAP employs a programme we call "Compliance Review", where periodic review exercises are conducted on departments and functions within KWAP. This exercise ensures the veracity of the Self-Compliance Checklists declared and submitted by the respective departments/functions via the compliance system. This exercise is conducted through performing sample tests on the requirements stipulated in the Self-Compliance Checklist. It has been successful in identifying potential compliance pain points and providing a solution to resolve these issues.

Risk and Compliance Visits to EFMs

KWAP has implemented visits to respective EFMs since 2017 and has successfully completed the second cycle of visits to domestic EFMs and initiated visits to international EFMs in 2023. The objective of the visits is to ensure that the EFMs' activities and practices comply with the approved Investment Mandates and to ensure their internal risk controls are in place. Furthermore, the visit to international EFMs offered KWAP opportunities to learn about the best practices or new developments adopted on risk and compliance controls.

Know Your Counterparty (KYC) Screening

The Compliance team performs KYC screening and checking for KWAP's counterparties using a third-party screening platform. This screening exercise is to identify financial crime (i.e. Anti-Money Laundering / Counter Financing of Terrorism (AML/CFT)), regulatory risk and reputational risk for counterparties that may put KWAP in a bad light. This is a step taken to ensure we capture any Red Flags as KYC screening checks the real identity or background of the counterparties, detect potential financial fraud, political exposure, or corruption, and prevents KWAP from being used for criminal activities like money laundering or terrorist financing. In 2023, the Compliance team had taken an initiative to review and enhance the KYC screening process, including the relevant intellectual documents and control mechanisms.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONTINUED)

Principles on Good Governance (PGG)

The PGG was launched on 15 April 2022 by Ministry of Finance (MOF). It was developed in support of the initiative to enhance the governance and sustainability standards and practices across all Government-Linked Investment Companies (GLICs). The PGG serves as the single reference on baseline governance and sustainability practices that should be adopted by GLICs.

Our Compliance team had spearheaded the initiative to identify relevant departments in KWAP to fulfil the PGG



requirements. We then designed the programme to close any identified gaps and ensure compliance with the timeframe as set by the PGG (the deadline is by 15 April 2025). As at 31 December 2023, KWAP had completed 97% of the identified action plans and target to be fully completed by the fourth quarter 2024.

In summary, Risk Management and Compliance provides the guardrails for KWAP as an organisation to operate, innovate and strive to meet its strategic objectives.

KEY RISK AND OPPORTUNITIES FOR YEAR 2024

KWAP acknowledges the presence of numerous risks that may impact the global economy and financial markets in 2024 and beyond. It is, nevertheless a challenging and intricate task to accurately predict the risk outlook and trajectory for a specific year. Despite the complexity of the task given the uncertain geo-political outlook on the global economy, some potential risks that may impact KWAP in 2024 and beyond include:

Risk	Description	Key Actions
 <p>Economic factors and uncertainties</p>	<p>The global economy is slowly recovering from the COVID-19 pandemic, though its effects are still felt. The pandemic's long-term impact on our lives remains significant. New challenges, including inflation, rising interest rates, supply chain disruptions, stock market volatility, and changes in trade policies, could affect the economic outlook for 2023. Additionally, lingering memories of the pandemic and potential new variants pose ongoing risks to public health and economic recovery.</p>	<p>Regular internal assessments and external engagements are conducted to evaluate risks from economic or geopolitical factors and their potential impact on investments. Continuous monitoring of market developments is performed to monitor signs of economic uncertainties.</p> <p><i>Key actions are detailed on page 33 to 37 of this Integrated Report.</i></p>
 <p>Geopolitical risks</p>	<p>Escalating tensions between major global powers like the United States, China, and Russia have heightened geopolitical risks, with long-term impacts expected beyond 2023. Regional conflicts in the Middle East, North Africa, and Africa, along with intensified natural disasters, also threaten global economic stability. Global warming has statistically increased the frequency and severity of natural disasters, potentially leading to more regional conflicts and severe natural events.</p>	<p>KWAP has continuously enhanced its investment processes by integrating ESG considerations into all investments and refraining from investing in companies related to weapons manufacturing and other sensitive industries. Additionally, KWAP adopts a balanced approach to dynamically assess and respond to potential impacts on its investments.</p> <p><i>Key actions are detailed on page 33 to 37 of this Integrated Report.</i></p>

Risk	Description	Key Actions
 Cybersecurity risks	<p>The increasing reliance on technology and digital infrastructure has heightened the risk of cyberattacks. As technology evolves, cyber security risks are likely to grow, leading to greater losses from cyber theft and cyber terrorism, including decreased productivity due to rising cybercrimes. Both cybercriminals and cyber security professionals are expected to widely adopt artificial intelligence, driving rapid changes in this sector.</p>	<p>Established KWAP Cyber Security Framework and Programme that aims to manage risk of cyberattacks and strengthen the monitoring security control to protect KWAP.</p> <p><i>Key actions are detailed on page 33 to 37 of this Integrated Report.</i></p>
 Sustainability risks	<p>Comprises of two types of risk - ESG risks which encompass environmental, social, or governance events that could negatively impact an organisation's profitability due to adverse sustainability effects; climate-related risks on the other hand involve the potential negative physical impacts of climate change on an organisation, affecting lives, livelihoods, health, economic and cultural assets, and infrastructure. The challenge lies in mitigating short-term policy impacts whilst managing long-term benefits.</p>	<p>Establishing the Sustainability Risk Framework (Framework) and Sustainability Risk Policy (Policy), as the governing documents that serve as guardrails for the KWAP Sustainability Roadmap.</p> <p><i>Key actions are detailed on page 33 to 37 of this Integrated Report.</i></p>

Keeping the aforementioned factors in mind, KWAP will continue to focus on mitigating risks and building resilience in 2024 through continued investments in risk infrastructure and technology, cybersecurity, sustainability, and contingency planning. KWAP will continue solidifying collaboration and communication within KWAP to ensure maximum agility and responsiveness to changing market conditions.

KWAP anticipates continued digital transformation internally and across the organization, accelerated adoption of sustainable practices through the establishment of the Sustainability Risk Framework and Sustainability Risk Policy, and increased focus on social and environmental responsibility.

Consistent with the adoption of ISO31000 Enterprise Risk Management Standard, KWAP will continue to innovate our Risk Infrastructure through the introduction of new risk mitigation measures and the revamping of our current risk governance, ensuring all risks are duly and promptly managed.

In conclusion, it is essential to acknowledge that the future is unpredictable, and unforeseen events could always impact the risk outlook and directions for 2024. KWAP will stay informed, adapt to changing circumstances, and make informed decisions based on current information and expert advice.

STATEMENT ON INTERNAL AUDIT

OVERVIEW

The Internal Audit Department provides independent, objective assurance and consulting services designed to add value and improve KWAP's operations. The mission of the Internal Audit Department is to enhance and protect organisational value by providing risk-based and objective assurance, advice and insight. The Internal Audit Department helps KWAP accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management and control processes.

INDEPENDENCE AND OBJECTIVITY

The Head of Internal Audit reports functionally to the Board Audit Committee (BAC) and administratively to the Chief Executive Officer. The current reporting arrangement for internal audit allows the Internal Audit Department to fulfil its responsibilities and does not interfere with the Head of Internal Audit's responsibility to the BAC.

The independent status of Internal Audit Department has not been challenged during the past year. There have been no restrictions to Internal Audit Department scope of work, resources and access during the year.

The Head of Internal Audit is aware that should major restrictions on the scope of Internal Audit Department occur, this would be reported to the BAC.

SCOPE OF WORK

The scope of Internal Audit Department encompasses, but is not limited to, objective examinations of evidence for the purpose of providing independent assessments to the BAC, Management and external parties on the adequacy and effectiveness of governance, risk management and control processes in KWAP.

The Internal Audit Department's secondary scope of work encompasses the following:

- Conducting special investigations.
- Participating as an observer in selected project committees set up to develop or implement new systems or processes. Such participation is limited to providing advice on control matters and does not preclude the Internal Audit Department from auditing the systems or processes.

The Internal Audit Department adopts a risk-based audit plan approach, prioritising the internal audit function according to the audit risk level. In 2023, a total of 12 audit reports were issued, whilst the same number of reports was issued in 2022. The status of outstanding audit issues is reported to the Management on a monthly basis and to the BAC on a quarterly basis. The Internal Audit Department continues to monitor the implementation of action plans as agreed upon by the Management. For both 2023 and 2022, there were no overdue action plans reported to the BAC.

2023 HIGHLIGHTS

In 2023, the Internal Audit Department had completed the enhancement of Audit Methodology Guidelines, staff competency matrix and a targeted Learning and Development Plan. Additionally, Internal Audit Department has successfully hosted two awareness sessions on good governance practices and anti-money laundering for all staff in KWAP, aiming to raise awareness of the importance of practicing good governance and preventing money laundering and terrorist financing. The Internal Audit Department has also successfully implemented the Guest Auditor Programme which serves as leadership training programme for future KWAP leaders.

INTEGRITY AND GOVERNANCE

At KWAP, we hold an unwavering commitment to integrity and stand firmly against corruption in all its forms. We implement relevant controls and measures to prevent corruption, continuously promote the importance of integrity among our employees and stakeholders, and espouse good governance practices to safeguard the interests of the organisation for the sustainability of its business. For the year 2023, these were evident through the following key accomplishments and/or undertakings:

Penarafan Semula Risiko Tahun 2023 - Badan Berkanun Persekutuan (BBP) Kementerian Kewangan oleh Suruhanjaya Pencegahan Rasuah Malaysia (SPRM)

In 2020, the Malaysian Anti-Corruption Commission (MACC) categorised KWAP as a High-Risk organisation. However, following the 2023 evaluation, KWAP has been reclassified as a Low Risk organisation based on the MACC's assessment. The result of this evaluation serves as a testament to amongst others, KWAP's commitment in implementing anti-corruption controls and measures for the past three years.

ISO 37001: 2016 ANTI-BRIBERY MANAGEMENT SYSTEM

KWAP has been certified with ISO 37001:2016 Anti-Bribery Management System (ABMS) since 3 December 2021 which is part of our continuous efforts in ensuring efficient business operations through the management of bribery and corruption risks. For 2023, KWAP had completed its second ABMS surveillance audit covering its departments operating in Kuala Lumpur and Cyberjaya offices as well as KWAP's subsidiaries, namely, KWEST Sdn Bhd and Prima Ekuiti (UK) Limited.



KWAP ORGANISATIONAL ANTI-CORRUPTION PLAN 2021 - 2025

We have established and launched KWAP Organisational Anti-Corruption Plan 2021 - 2025 (KWAP OACP) on 24 February 2021. The KWAP OACP consists of 57 initiatives, targeted to be undertaken and completed within a period of 5 years. These initiatives aimed to address integrity, governance as well as corruption issues and risks within KWAP. As at the end of 2023, which is the third year of the KWAP OACP implementation, 70% or 40 out of the total initiatives have been completed.

ANTI-BRIBERY AND CORRUPTION POLICIES

Several existing and new policies, procedures and guidelines have been reviewed and developed to ensure they are up-to-date and remain effective for good governance and corruption prevention. These include:-

i. Policy on Support Letter

This new policy was established as part of KWAP Anti-Bribery and Corruption Policy (ABC Policy) which stipulates KWAP's stance on receiving, issuing, and requesting Support Letter from/to any external individual/organisation.

ii. Whistleblowing Policy

The policy was amended to improve on the effectiveness of the established whistleblowing mechanism, particularly on the deliberation and decision making of whistleblowing cases.

iii. Anti-Bribery and Corruption Policy (ABC Policy)

The definition of "corruption" in the ABC Policy was refined to provide better clarity, contributing towards, for instance, improved Fraud and Corruption Risk Assessment process.

INTEGRITY AND GOVERNANCE (CONTINUED)

iv. KWAP Code of Business Ethics and Conduct

This newly developed code, which is expected to be launched in 2024, sets out how KWAP personnel are expected to behave in relation to their duties to KWAP.

INTEGRITY, GOVERNANCE AND ANTI-CORRUPTION TRAINING AND AWARENESS

Throughout the year 2023, we continued raising awareness on KWAP's anti-corruption policies and issues concerning integrity and corruption. This was done through various approaches and platforms including messages by the top management, policy briefings, integrity talks, monthly INTEGRITY & U e-bulletin, email communications as well as observance of national and international integrity and anti-corruption days.

Below are the highlights of the trainings, awareness programmes and events held in 2023:

i. Declaration and Signing Ceremony of Corruption-Free Pledge

The Corruption-Free Pledge or *Ikrar Bebas Rasuah* (IBR) ceremony, led by our Chief Executive Officer, Datuk Hajah Nik Amlizan Mohamed, and observed by Tan Sri Dato' Sri Haji Azam Baki, the Chief Commissioner of the MACC, along with Datuk Haji Razim Mohd Noor, Director of the MACC Community Education Division and Encik Mohd Nasir Ab. Hadi, our Head of Integrity and Governance Office, symbolised KWAP leadership and employees' commitment to integrity and their rejection of corrupt practices. The event, which was held on 22 February 2023, also featured a talk by Dato' Muhammad Salim Sundar, Trustee of Perdana International Anti-Corruption Champion Foundation on the importance of whistleblowing in promoting transparency.

ii. Online Training

The inaugural online training on integrity, governance and anti-corruption for KWAP employees was deployed during the year. Two e-learning modules were developed internally for such purpose, titled Introduction to Anti-Bribery and Corruption and Whistleblowing 101: Reporting with Confidence. The training aimed to enhance our employees' understanding on integrity and corruption, and their roles in preventing corrupt practices.

iii. Board and Investment Panel Members Trainings

To raise awareness on matters related to potential abuse of position, conflicts of interest and corporate liability offence, two online training sessions for KWAP Board and Investment Panel members as well as the Board of Directors of KWEST Sdn Bhd were held:

- Ethics in Leadership: Overcoming Abuse of Position and Conflict of Interest by Dr. Mark Lovatt on 13 January 2023.
- Strategies for Identifying and Managing Conflict of Interest and Corporate Liability: Understanding Corruption in Malaysia and Its Impact on the Organisation by Dr. Muhammad Mohan, President of Transparency International Malaysia on 21 September 2023.

iv. KWAP Integrity Day 2023

KWAP Integrity Day was celebrated on 15 November 2023 with the theme Integrity Unites, Corruption Divides, in conjunction with the National Integrity Day observed annually on 5th of November. The highlight of the event was the Special Talk by Tan Sri Abu Kassim Mohamed, Chairman of the National Anti-Financial Crime Centre, who emphasised on the

crucial roles and responsibilities individuals hold in the fight against corruption. Additionally, at the event, the MACC set up a booth to provide exposure to our employees on MACC roles and functions as well as the use of polygraph test for lie detection.

v. **KWAP Business Associates Outreach Programme**

In the effort to foster anti-corruption commitment and raise awareness amongst our business partners, we have circulated an information sheet outlining the anti-corruption controls and measures implemented in KWAP to our vendors, custodian banks, brokers, fund managers, asset managers, consultants and other entities who have business dealings with KWAP and its subsidiaries.

vi. **Integrity Talks**

Other integrity talks by external speakers/motivators held for our employees in 2023 include:-

- Unravelling the MACC Act 2009: Understanding Main Offences and its Sanctions by Encik Hatta Hashom on 29 May 2023.
- Guarantee Money: *Perkongsian dari Tirai Besi* by Encik Md Shahrizal bin Che Dan on 14 September 2023.

WHISTLEBLOWING

KWAP is committed to upholding the highest standards of ethics and integrity in all aspects of its business operations. KWAP has established a whistleblowing mechanism that enables both employees and members of the public to raise concerns in good faith.

KWAP accepts anonymous reports, ensuring that any knowledge of improper conduct involving KWAP or its subsidiaries can be reported, without fear of any adverse consequences.

KWAP's whistleblowing channels are as below:

- e-Form on KWAP website and other internal platforms
- Email: whistleblow@kwap.gov.my
bic@kwap.gov.my (for report against IGO personnel)
- Meet any IGO officer in person
- Hotline: 03-2174 8090
- Physical mail to IGO: Integrity and Governance Office, Level 35, Integra Tower, The Intermark, 348 Jalan Tun Razak, 50400 Kuala Lumpur.

07



ENRICHING RESILIENCE AND SUSTAINABLE GROWTH



AUDITOR GENERAL'S CERTIFICATION



CERTIFICATE OF THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF RETIREMENT FUND (INCORPORATED) FOR THE YEAR ENDED 31 DECEMBER 2023

Certificate on the Audit of the Financial Statements

Opinion

I have authorised a private audit firm pursuant to subsection 7(3) of the Audit Act 1957 [Act 62] to undertake an audit of the Financial Statements of the Retirement Fund (Incorporated). The financial statements comprise the Statements of Financial Position as at 31 December 2023 of the Group and of the Retirement Fund (Incorporated) and the Statements of Comprehensive Income, Statement of Changes in Equity and Statements of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 3 to 158.

In my opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Retirement Fund (Incorporated) as at 31 December 2023, and of their financial performance and their cash flows for the year then ended in accordance with the Malaysian Financial Reporting Standards (MFRS) and the Retirement Fund Act 2007 [Act 662] requirements.

Basis for Opinion

The audit was conducted in accordance with the Audit Act 1957 and the International Standards of Supreme Audit Institutions. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my certificate. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Independence and Other Ethical Responsibilities

I am independent of the Group and of the Retirement Fund (Incorporated) and I have fulfilled my other ethical responsibilities in accordance with the International Standards of Supreme Audit Institutions.

AUDITOR GENERAL'S CERTIFICATION

Information Other than the Financial Statements and Auditor's Certificate Thereon

The Board of the Retirement Fund (Incorporated) is responsible for the other information in the Annual Report. My opinion on the Financial Statements of the Group and of the Retirement Fund (Incorporated) does not cover the other information than the financial statements and Auditor's Certificate thereon and I do not express any form of assurance conclusion thereon.

Responsibilities of the Board for the Financial Statements

The Board is responsible for the preparation of Financial Statements of the Group and of the Retirement Fund (Incorporated) that give a true and fair view in accordance with the Malaysian Financial Reporting Standards (MFRS) and the Retirement Fund Act 2007 [Act 662] requirements. The Board is also responsible for such internal control as the Board determines is necessary to enable the preparation of the Financial Statements of the Group and of the Retirement Fund (Incorporated) that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements of the Group and of the Retirement Fund (Incorporated), the Board is responsible for assessing the Group's and the Retirement Fund's (Incorporated) ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the Financial Statements of the Group and of the Retirement Fund (Incorporated) as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's Certificate that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the International Standards of Supreme Audit Institutions will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the International Standards of Supreme Audit Institutions, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- a. Identify and assess the risks of material misstatement of the Financial Statements of the Group and of the Retirement Fund (Incorporated), whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk

AUDITOR GENERAL'S CERTIFICATION

of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- b. obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Retirement Fund's (Incorporated) internal control;
- c. evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board;
- d. conclude on the appropriateness of the Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Retirement Fund's (Incorporated) ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my Auditor's Certificate to the related disclosures in the Financial Statements of the Group and of the Retirement Fund (Incorporated) or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of Auditor's Certificate. However, future events or conditions may cause the Group or the Retirement Fund (Incorporated) to cease to continue as a going concern;
- e. evaluate the overall presentation, structure and content of the Financial Statements of the Group and of the Retirement Fund (Incorporated), including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation; and
- f. obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the Financial Statements of the Group. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

The Board has been informed regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I have identify during the audit.

I have also disclosed to the Board that I have complied with the ethical requirements regarding independence, and communicated with them all relationships and other matters that may reasonably be thought to bear on my independence, and if applicable, actions taken to eliminate threats or safeguards applied.

AUDITOR GENERAL'S CERTIFICATION

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Retirement Fund Act 2007 [Act 662], I report that the subsidiaries, of which I have not acted as auditor, are disclosed in Note 11 to the financial statements.

Other Matters

The Retirement Fund (Incorporated) must monitor the performance of its subsidiary companies, especially three subsidiary companies that have recorded consecutive losses since 2021. This monitoring is to ensure the sustainability of the financial performance of the subsidiary companies so that they can provide the best returns and not burden to the Retirement Fund (Incorporated).

This certificate is made solely to the Board of the Retirement Fund (Incorporated) in accordance with the Retirement Fund Act 2007 [Act 662] requirements, and for no other purpose. I do not assume responsibility to any other person for the content of this certificate.


(DATUK WAN SURAYA BINTI WAN MOHD RADZI)
AUDITOR GENERAL
MALAYSIA

PUTRAJAYA
30 JULY 2024



STATEMENT BY THE CHAIRMAN

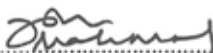
AND A MEMBER OF THE BOARD

OF KUMPULAN WANG PERSARAAN (DIPERBADANKAN)

STATEMENT BY THE CHAIRMAN AND A MEMBER OF THE BOARD OF KUMPULAN WANG PERSARAAN (DIPERBADANKAN)

We, **Datuk Johan bin Mahmood @ Johan Mahmood Merican** and **Dato' Azmi bin Abdullah** being the Chairman and a member of the Board of Kumpulan Wang Persaraan (Diperbadankan) respectively, do hereby state that, in the opinion of the Board of Kumpulan Wang Persaraan (Diperbadankan), the Financial Statements, consisting of the Statement of Financial Position, Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows together with the Notes to Financial Statements therein, are prepared in accordance with the Retirement Fund Act 2007 (Act 662) and the Malaysian Financial Reporting Standards (MFRS) as to give a true and fair view of the state of affairs of Kumpulan Wang Persaraan (Diperbadankan) as at 31 December 2023 and of its operating results and the cash flows of Kumpulan Wang Persaraan (Diperbadankan) for the year ended on that date.

Signed on behalf of the Board,



Name : **Datuk Johan bin Mahmood @ Johan Mahmood Merican**
Title : Chairman of the Board
Date : 29 July 2024
Venue : Kuala Lumpur

Signed on behalf of the Board,



Name : **Dato' Azmi bin Abdullah**
Title : Member of the Board
Date : 29 July 2024
Venue : Kuala Lumpur

STATUTORY DECLARATION

BY THE OFFICER PRIMARILY RESPONSIBLE FOR THE FINANCIAL MANAGEMENT
OF KUMPULAN WANG PERSARAAN (DIPERBADANKAN) 2023

STATUTORY DECLARATION BY THE OFFICER PRIMARILY RESPONSIBLE FOR THE FINANCIAL MANAGEMENT OF KUMPULAN WANG PERSARAAN (DIPERBADANKAN) 2023

I, **Nik Amlizan binti Mohamed**, being the officer primarily responsible for the financial management of Kumpulan Wang Persaraan (Diperbadankan), do solemnly and sincerely declare that the accompanying Financial Statements which includes the Statements of Financial Position, Statements of Comprehensive Income, Statement of Changes In Equity and the Statements of Cash Flows, in the following financial position together with the Notes To The Financial Statements to the best of my knowledge and belief, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared)
by the above named)
at KUALA LUMPUR)
WILAYAH PERSEKUTUAN)
on 29 JUL 2024)




Before me,

COMMISSIONER FOR OATHS

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	Group		KWAP	
		31 December	31 December	31 December	31 December
		2023	2022	2023	2022
		RM'000	RM'000	RM'000	RM'000
Gross Investment Income	4	7,026,678	7,333,953	6,752,774	7,010,017
Dividend Income		2,705,111	2,654,698	2,705,111	2,654,698
Net Gains From Divestment		851,700	1,403,652	851,700	1,404,176
Interest Income		2,895,134	2,697,905	2,904,218	2,699,226
Rental Income		440,638	445,214	-	-
Other Investment Income		134,095	132,484	291,745	251,917
Non-Investment Loss	4	(109,131)	(580,549)	(84,145)	(538,086)
Operating Expenses	5	(715,659)	(688,062)	(364,026)	(336,151)
Transaction Cost		(107,081)	(31,172)	(107,081)	(31,172)
Net Unrealised Gain/(Loss) On					
Financial Assets Designated As					
Fair Value Through Profit Or Loss		3,539,992	(5,550,296)	3,539,992	(5,550,296)
(Allowance For)/Reversal Of Allowance For					
Impairment Losses On Financial Assets		(45,244)	79,773	(45,112)	73,329
Allowance For Impairment Losses On					
Non-Financial Assets		(40,886)	(166,496)	(39,638)	(364,669)
Profit Before Taxation		9,548,669	397,151	9,652,764	262,972
Finance Cost		(41,191)	(53,475)	(1,914)	-
Share Of Results From Associates		(59,814)	102,279	-	-
Share Of Results From Joint Ventures		3,262	1,915	-	-
Taxation	6	(458)	(2,677)	-	-
Profit After Taxation		9,450,468	445,193	9,650,850	262,972
Attributable To:					
Contributors Of KWAP		9,450,468	445,193	9,650,850	262,972
		9,450,468	445,193	9,650,850	262,972

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2023

	Group		KWAP	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Note	RM'000	RM'000	RM'000	RM'000
Other Comprehensive Income				
Item That Will Not Be Reclassified To Profit Or Loss:				
Fair Value Changes On Equity Instruments				
At Fair Value Through Other Comprehensive Income				
- Revaluation Gain	1,270,053	481,157	1,270,053	481,157
- Gain/(Loss) From Sale Not Transferred To Retained Earnings	6,453	(381,354)	6,453	(381,354)
Item That May Be Reclassified Subsequently To Profit Or Loss:				
Foreign Exchange Reserves	327,177	(77,637)	-	-
Share Of Other Comprehensive Gain/(Loss) Of Associates And Joint Ventures	3,228	(16,675)	-	-
Fair Value Changes On Debt Instruments				
At Fair Value Through Other Comprehensive Income				
- Revaluation Gain/(Loss)	1,062,102	(867,932)	1,062,102	(867,932)
- Allowance On Debt Instruments				
At Fair Value Through Other Comprehensive Income	40,080	(60,745)	40,080	(60,745)
Other Comprehensive Gain/(Loss) For The Year	2,709,093	(923,186)	2,378,688	(828,874)
Total Comprehensive Income/(Loss)	12,159,561	(477,993)	12,029,538	(565,902)
Attributable To:				
Contributors Of KWAP	12,159,561	(477,993)	12,029,538	(565,902)
Total Comprehensive Income/(Loss)	12,159,561	(477,993)	12,029,538	(565,902)

The accompanying accounting policies and explanatory notes form an integral part of the Financial Statements.

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

	Note	Group		KWAP	
		31 December	31 December	31 December	31 December
		2023	2022	2023	2022
		RM'000	RM'000	RM'000	RM'000
Non-Current Assets					
Property And Equipment	7	23,813	15,484	19,562	12,791
Computer Softwares	8	9,470	19,945	9,445	19,917
Investment Properties	9	7,639,927	6,530,333	304,756	225,032
Land Held for Development	9	785,578	761,972	-	-
Right-Of-Use Asset	10	62,478	56,909	51,476	-
Investment In Subsidiaries	11	-	-	7,221,397	6,279,964
Investment In Associates	12	1,255,393	1,135,412	997,708	831,930
Investment In Joint Ventures	13	6,017	2,756	-	-
Loans And Receivables	14	393,699	456,213	647,894	687,954
Debt Instruments At Amortised Cost	15	16,621,391	16,372,543	16,621,391	16,372,543
Debt Instruments At Fair Value					
Through Profit Or Loss	16	667,167	580,340	639,431	552,139
Equity Instruments At Fair Value					
Through Profit Or Loss	16	57,387,958	51,271,327	57,387,958	51,271,327
Debt Instruments At Fair Value Through					
Other Comprehensive Income	17	42,675,911	39,202,380	42,675,911	39,202,380
Equity Instruments At Fair Value Through					
Other Comprehensive Income	18	34,295,157	28,912,706	34,295,157	28,912,706
Derivative Financial Assets	19	12,926	35,721	-	-
		161,836,885	145,354,041	160,872,086	144,368,683
Current Assets					
Loans And Receivables	14	112,935	584,683	112,935	584,683
Debt Instruments At Fair Value Through					
Profit Or Loss	16	208,558	258,566	433,144	465,848
Derivative Financial Assets	19	16,569	469,389	3,374	416,590
Sundry Debtors And Deposits	20	243,688	208,888	105,813	110,581
Trade Receivables	21	3,838,346	2,546,594	3,379,591	2,407,595
Deposits And Placements With					
Financial Institutions	22	2,800,541	9,463,718	2,800,541	9,463,718
Cash And Bank Balances	22	3,288,810	3,383,526	2,521,813	2,797,116
		10,509,447	16,915,364	9,357,211	16,246,131

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

	Note	Group		KWAP	
		31 December	31 December	31 December	31 December
		2023	2022	2023	2022
		RM'000	RM'000	RM'000	RM'000
Current Liabilities					
Derivative Financial Liabilities	19	47,332	-	46,988	-
Trade Payables	23	168,729	2,422,937	155,223	2,371,761
Other Payables And Accruals	24	311,049	310,558	146,623	137,346
Deferred Income		83,272	50,635	-	-
Borrowings	25	812,808	279,184	-	-
Lease Liabilities	26	2,651	2,399	8,388	-
		1,425,841	3,065,713	357,222	2,509,107
Net Current Assets		9,083,606	13,849,651	8,999,989	13,737,024
		170,920,491	159,203,692	169,872,075	158,105,707
Financed By:					
Allocation Of Statutory Funds	27	28,501,944	28,001,944	28,501,944	28,001,944
Pension Contributions	28	64,068,944	61,877,619	64,068,944	61,877,619
Withdrawal By Federal Government	29	(20,500,000)	(17,500,000)	(20,500,000)	(17,500,000)
Retained Earnings	30	102,242,200	92,791,732	102,397,981	92,747,131
Other Reserves	31	(55,987)	(59,215)	-	-
Foreign Exchange Reserves	31	249,274	(77,903)	-	-
Fair Value Through Other Comprehensive Income Reserves	31	(4,647,311)	(7,025,999)	(4,647,311)	(7,025,999)
		169,859,064	158,008,178	169,821,558	158,100,695
Non-Current Liabilities					
Derivative Financial Liabilities	19	3,301	800	-	-
Deferred Tax Liabilities	32	15	22	-	-
Employee Benefits	33	5,698	5,012	5,698	5,012
Lease Liabilities	26	79,064	110,139	44,819	-
Long Term Deposit		13,491	7,161	-	-
Borrowings	25	959,858	1,072,380	-	-
		170,920,491	159,203,692	169,872,075	158,105,707

The accompanying accounting policies and explanatory notes form an integral part of the Financial Statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2023

Group	Non-Distributable					Distributable		Total
	Allocation Of Statutory Funds (Note 27) RM'000	Pension Contri- butions (Note 28) RM'000	Withdrawal by Federal Government (Note 29) RM'000	Other Reserves (Note 31) RM'000	Foreign Exchange Reserve (Note 31) RM'000	Fair Value Through Other Compre- hensive Income Reserves (Note 31) RM'000	Retained Earnings (Note 30) RM'000	
At 1 January 2022	27,501,944	59,742,777	(14,500,000)	(42,540)	(266)	(6,197,125)	92,346,539	158,851,329
Profit For The Year	-	-	-	-	-	-	445,193	445,193
Other Comprehensive Loss	-	-	-	(16,675)	(77,637)	(828,874)	-	(923,186)
Receipts From Statutory Funds	500,000	-	-	-	-	-	-	500,000
Withdrawal By Federal Government	-	-	(3,000,000)	-	-	-	-	(3,000,000)
Net Pension Contribution And Claims Received	-	2,134,842	-	-	-	-	-	2,134,842
At 31 December 2022/ 1 January 2023	28,001,944	61,877,619	(17,500,000)	(59,215)	(77,903)	(7,025,999)	92,791,732	158,008,178
Profit For The Year	-	-	-	-	-	-	9,450,468	9,450,468
Other Comprehensive Income	-	-	-	3,228	327,177	2,378,688	-	2,709,093
Receipts From Statutory Funds	500,000	-	-	-	-	-	-	500,000
Withdrawal By Federal Government	-	-	(3,000,000)	-	-	-	-	(3,000,000)
Net Pension Contribution And Claims Received	-	2,191,325	-	-	-	-	-	2,191,325
At 31 December 2023	28,501,944	64,068,944	(20,500,000)	(55,987)	249,274	(4,647,311)	102,242,200	169,859,064

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2023

	Non-Distributable					Distributable		Total
	Allocation Of Statutory Funds (Note 27) RM'000	Pension Contri- butions (Note 28) RM'000	Withdrawal by Federal Government (Note 29) RM'000	Other Reserves (Note 31) RM'000	Foreign Exchange Reserve (Note 31) RM'000	Fair Value Through Other Compre- hensive Income Reserves (Note 31) RM'000	Retained Earnings (Note 30) RM'000	
KWAP								
At 1 January 2022	27,501,944	59,742,777	(14,500,000)	-	-	(6,197,125)	92,484,159	159,031,755
Profit For The Year	-	-	-	-	-	-	262,972	262,972
Other Comprehensive Loss	-	-	-	-	-	(828,874)	-	(828,874)
Receipts From Statutory Funds	500,000	-	-	-	-	-	-	500,000
Withdrawal By Federal Government	-	-	(3,000,000)	-	-	-	-	(3,000,000)
Net Pension Contribution And Claims Received	-	2,134,842	-	-	-	-	-	2,134,842
At 31 December 2022/ 1 January 2023	28,001,944	61,877,619	(17,500,000)	-	-	(7,025,999)	92,747,131	158,100,695
Profit For The Year	-	-	-	-	-	-	9,650,850	9,650,850
Other Comprehensive Income	-	-	-	-	-	2,378,688	-	2,378,688
Receipts From Statutory Funds	500,000	-	-	-	-	-	-	500,000
Withdrawal By Federal Government	-	-	(3,000,000)	-	-	-	-	(3,000,000)
Net Pension Contribution And Claims Received	-	2,191,325	-	-	-	-	-	2,191,325
At 31 December 2023	28,501,944	64,068,944	(20,500,000)	-	-	(4,647,311)	102,397,981	169,821,558

The accompanying accounting policies and explanatory notes form an integral part of the Financial Statements.

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2023

	Group		KWAP	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Cash Flows From Operating Activities				
Profit Before Taxation	9,548,669	397,151	9,652,764	262,972
Adjustments For:				
Depreciation Of Property And Equipment and Investment Properties	203,079	203,148	4,313	6,973
Amortisation Of Computer Softwares	13,019	13,177	13,017	13,155
Amortisation Of Right-Of-Use Asset	399	390	8,825	-
Net Unrealised (Gain)/Loss On Financial Assets Designated At Fair Value Through Profit Or Loss	(3,539,992)	5,550,296	(3,539,992)	5,550,296
Net Unrealised Loss On Fair Value Of Derivatives	1,124,342	661,951	1,089,605	742,155
(Gain)/Loss On Disposal of Property And Equipment	(2,283)	769	(434)	722
Gain From Divestment	(851,700)	(1,403,652)	(851,700)	(1,404,176)
Interest Income	(2,895,134)	(2,697,905)	(2,904,218)	(2,699,226)
Dividend Income	(2,705,111)	(2,654,698)	(2,705,111)	(2,654,698)
Share Of Results From Associates And Joint Ventures	56,552	(104,194)	-	-
Provision For Employee Benefit	722	619	722	619
Allowance Made For/(Reversal Of) Impairment Losses Of Financial Assets	45,244	(79,773)	45,112	(73,329)
Allowance Made For Impairment Losses Of Non-Financial Assets	40,886	166,496	39,638	364,669
Operating Profit Before Changes In Working Capital	1,038,692	53,775	852,541	110,132
Changes In Working Capital:				
(Increase)/Decrease In Trade Receivables	(1,291,752)	178,559	(971,996)	268,940
(Increase)/Decrease In Sundry Debtors And Deposits	(33,537)	(74,362)	4,768	56,289
(Decrease)/Increase In Trade Payables	(2,276,834)	2,375,280	(2,216,538)	2,340,015
Increase In Other Payables And Accruals	39,459	6,700	9,277	4,213
Income Taxes Paid	(3)	(3)	-	-
Net Cash (Used In)/Generated From Operating Activities	(2,523,975)	2,539,949	(2,321,948)	2,779,589

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2023

	Group		KWAP	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Cash Flows From Investing Activities				
Proceeds From Sale of Financial Instruments				
At Amortised Cost	432,480	1,569,467	432,480	1,569,467
Purchase Of Financial Instruments				
At Amortised Cost	(687,051)	(2,127,527)	(687,051)	(2,127,527)
Proceeds From Sale Of Financial Assets				
Designated At Fair Value Through Profit Or Loss	12,420,258	12,710,024	12,420,258	12,710,024
Purchase Of Financial Assets Designated				
At Fair Value Through Profit Or Loss	(14,129,175)	(13,260,536)	(14,129,175)	(13,260,536)
Proceeds From Sale Of FVOCI Investments	7,501,495	5,637,046	7,501,495	5,637,046
Purchase Of FVOCI Investments	(14,155,815)	(9,934,989)	(14,155,815)	(9,934,989)
Deposits And Placements With Financial Institutions	132,303	(92,419)	132,302	(92,419)
Purchase Of Property And Equipment	(15,226)	(4,074)	(12,369)	(3,510)
Purchase Of Computer Softwares	(100)	(343)	(101)	(329)
Purchase Of Investment Properties	(866,321)	(20,816)	-	-
Purchase Of Investment Properties - Right-Of-Use Asset	-	-	(81,185)	-
Proceeds From Sales of Property And Equipment	736	-	736	-
Issuance Of Loans	-	-	-	(253,819)
Proceed From Sale Of Asset Held For Sale	-	453,559	-	-
Interest Received	2,905,563	2,701,206	2,905,563	2,701,206
Dividend Received	2,705,111	2,654,698	2,705,111	2,654,698
Increase in Derivatives	(598,894)	(1,026,422)	(629,402)	(1,031,266)
Increase in Investments in Subsidiaries,				
Associates and JV	(179,794)	(25,691)	(1,101,011)	(244,105)
Benefits Paid	(36)	(36)	(36)	(36)
Receipt On Repayment Of Loans	531,653	1,966,598	531,653	2,278,575
Increase in Investment In Land Held				
For Development	(23,606)	(30,954)	-	-
Net Cash (Used In)/Generated From Investing Activities	(4,026,419)	1,168,791	(4,166,547)	602,480

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2023

	Group		KWAP	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Cash Flows From Financing Activities				
Allocation Of Statutory Funds	500,000	500,000	500,000	500,000
Receipts Of Pension Contribution	2,209,832	2,145,885	2,209,832	2,145,885
Repayment Of Pension Contribution	(18,507)	(11,043)	(18,507)	(11,043)
Withdrawals By Federal Government	(3,000,000)	(3,000,000)	(3,000,000)	(3,000,000)
Proceeds From Borrowings	421,102	-	-	-
Changes In Other Reserves	3,228	(16,675)	-	-
Lease Interest Paid	-	-	(1,914)	-
Payment Of Lease Liabilities	(35,654)	(7,290)	(7,093)	-
Net Cash Generated From/(Used In) Financing Activities	80,001	(389,123)	317,682	(365,158)
Net (Decrease)/Increase In Cash And Cash Equivalents	(6,470,393)	3,319,617	(6,806,177)	3,016,911
Effect Of Changes In Foreign Currency	(155,197)	(437,009)	-	-
Cash And Cash Equivalents As At 1 January	12,714,941	9,832,333	12,128,531	9,111,620
Cash And Cash Equivalents As At 31 December	6,089,351	12,714,941	5,322,354	12,128,531

The accompanying accounting policies and explanatory notes form an integral part of the Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

1. CORPORATE INFORMATION

Retirement Fund (Incorporated) [KWAP] was established on 1 March 2007 under the Retirement Fund Act 2007 (Act 662) with a launching grant of RM27.0 million from the Federal Government of Malaysia.

The principal responsibility of KWAP is to manage the Retirement Fund (the Fund) established under section 13 of Retirement Fund Act 2007 (Act 662) towards achieving optimum returns on its investments. Sources of the Fund are primarily annual contributions from Statutory Bodies, Local Government and Agencies, receipts of the Government's portion of contributions to the Employee Provident Fund, and others as well as investment income. The Fund is invested in Asset Classes in accordance with the Strategic Asset Allocation and Investment Policies and Guidelines upon the recommendation of KWAP's Investment Panel and approval of the Board. The Fund shall be applied towards assisting the Federal Government in financing the government's pension liability.

Effective from 1 November 2015, KWAP was officially appointed as an agent to the Government for the overall pension management and payment operation.

The principal activities of KWAP's subsidiaries, associates and joint ventures are set out in Note 11 and Note 12 respectively. There were no significant changes in the nature of the principal activities of the Group and of KWAP during the financial year.

KWAP is a statutory body, incorporated and domiciled in Malaysia. The registered office and principal place of business of KWAP is located at Level 36, Integra Tower, The Intermark, 348 Jalan Tun Razak, 50400 Kuala Lumpur.

The financial statements for the Group and KWAP for the financial year ended 31 December 2023 were accepted and approved by the Board of KWAP on 22 July 2024.

2. MATERIAL ACCOUNTING POLICIES

2.1 Basis Of Preparation

The financial statements of the Group and of KWAP were prepared in accordance with the Malaysian Financial Reporting Standards ("MFRS Accounting Standards"), IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards") and the Retirement Fund Act 2007.

The financial statements of the Group and of KWAP were prepared under the historical cost convention, unless otherwise indicated in this summary of significant accounting policies.

The financial statements were presented in Ringgit Malaysia ("RM") being the functional currency of the Group and of KWAP whereby all values are rounded to the nearest thousand unless stated otherwise.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2 Statement of Compliance

The accounting policies adopted by the Group and of KWAP are consistent with those adopted in the most recent annual financial statements for the year ended 31 December 2022.

(a) Standards and amendments that were issued but not yet effective

The standards and interpretations that were issued but not yet effective up to the date of issuance of the Group's and of KWAP's financial statements are disclosed below. The Group and KWAP intend to adopt these standards, if applicable, when they become effective.

	Effective for annual periods beginning on or after
Amendments to MFRS 16, <i>Leases – Lease Liability in a Sale and Leaseback</i>	1 January 2024
Amendments to MFRS 101, <i>Presentation of Financial Statements – Non-current Liabilities with Covenants and Classification of Liabilities as Current or Non-current</i>	1 January 2024
Amendments to MFRS 107, <i>Statement of Cash Flows</i> and MFRS 7, <i>Financial Instruments: Disclosures – Supplier Finance Arrangements</i>	1 January 2024
Amendments to MFRS 121, <i>The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability</i>	1 January 2025
Amendments to MFRS 9, <i>Financial Instruments</i> and MFRS 7, <i>Financial Instruments: Disclosures – Classification and Measurement of Financial Instruments</i>	1 January 2026
MFRS 18, <i>Presentation and Disclosure in Financial Statements</i>	1 January 2027
MFRS 19, <i>Subsidiaries without Public Accountability: Disclosures</i>	1 January 2027
Amendments to MFRS 10, <i>Consolidated Financial Statements</i> and MFRS 128, <i>Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	To be confirmed

The initial application of the above-mentioned accounting standards, interpretations and amendments are not expected to have any material financial impact to the financial statements of the Group and of KWAP.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.3 Subsidiaries And Basis Of Consolidation

(a) Subsidiaries

Subsidiaries are entities over which the Group has all of the following criteria:

- Power to exercise control over the financial and operating policies to direct the relevant activities of the entity;
- Exposure, or rights, to the variable returns from its investment with the entity; and
- The ability to use its power over the entity to affect its returns.

Subsidiaries are consolidated from the date of which control is transferred to the Group and are de-consolidated from the date that control ceases. Investments of unquoted shares in subsidiaries are recognised at cost whereby the amount is reconciled to the recoverable value including impairment losses for the year, if any. The policy in relation to the impairment of non-financial assets is as set out in Note 2.18.

Acquisition cost is measured at fair value of the assets received, equity instruments issued and existing outstanding liabilities or liabilities assumed at the date of exchange, plus direct costs attributable to the acquisition, if any.

Identifiable assets and liabilities acquired and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of the Non-Controlling Interests, if any.

Changes in ownership interests in subsidiaries without change of control

Transactions with Non-Controlling Interests that do not result in the loss of control are accounted for as transactions with equity owners of the Group. A change in ownership interest will result in an adjustment between the carrying amounts of the Controlling and Non-Controlling Interests to reflect their relative interests in the subsidiary. The difference between the amount of the adjustment to the Non-Controlling Interests and the consideration paid or received is recognised in equity attributable to the owners of the Group, if any.

Disposal of subsidiaries

When the Group ceases to consolidate a subsidiary because of a loss of control, the retained interest in the entity is remeasured to its fair value with the change in the carrying amount recognised in profit or loss, if any. The fair value becomes the initial carrying amount for the purposes of subsequent accounting of retained interest as an associate, joint venture or financial asset. In addition, any amount previously recognised in Other Comprehensive Income in respect of that entity are accounted for as a direct disposal of the related assets or liabilities by the Group.

This may result in the reclassification of amount previously recognised in Other Comprehensive Income to profit or loss. Gains or losses on the disposal of subsidiaries include the carrying amount of goodwill relating to the subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.3 Subsidiaries And Basis Of Consolidation (continued)

(b) Basis of consolidation

The consolidated financial statements comprise of the financial statements of KWAP and its subsidiaries. The individual financial statements of KWAP and its subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date. Consistent accounting policies are applied for like transactions and events in similar circumstances.

In the event where KWAP has less than the majority of the voting rights in an entity, consideration of the following is required in the assessment on the sufficiency of the voting rights in relation to KWAP's power over the entity:

- The size of KWAP's holding of voting rights relative to the size and dispersion of the holdings of other vote holders;
- Potential voting rights held by KWAP, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts or circumstances which indicate KWAP's current ability to direct the relevant activities at the time of the decision making including the voting patterns at previous shareholders' meetings.

Intra group transactions, balances and unrealised gains on transactions between KWAP and its subsidiaries are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of impairment of the transferred asset. The consolidated financial statements reflect only the external transactions of the Group.

Losses within subsidiaries are attributed to the Non-Controlling Interests even if the attribution results in a deficit balance.

(c) Business combinations

Acquisitions of subsidiaries are accounted for using the acquisition method. The cost of an acquisition is the aggregate of the consideration transferred, measured at fair value on the acquisition date and the amount of Non-Controlling Interest in an entity, if any. The Group elects on a transaction-by-transaction basis, whether to measure the Non-Controlling Interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Transaction costs incurred are recognised as administrative expenses.

Any contingent consideration to be transferred by the acquirer shall be recognised at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration deemed to be an asset or liability, shall be recognised in the Statement of Comprehensive Income, in accordance with the MFRS 9, in profit or loss. Remeasurement is not required in the event the contingent consideration is classified as equity whereby subsequent settlement, if any, is accounted for within equity.

In instances where the contingent consideration is beyond the scope of the MFRS 9, it is measured in accordance with the appropriate MFRS.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.3 Subsidiaries And Basis Of Consolidation (continued)

(c) Business combinations (continued)

Upon the acquisition of a business by the Group, assessment on the financial assets and liabilities is required for the appropriate designation and classification in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. Inclusive is the separation of embedded derivatives in host contracts by the acquiree.

In the event the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to the fair value at the subsequent acquisition date through profit or loss.

The excess of the aggregate of consideration transferred, the amount recognised for the Non-Controlling Interests and the acquisition date fair value of any previously held equity interest in the acquiree over the net identifiable assets acquired and liabilities assumed, is initially recognised as goodwill. In the event the said consideration is lower than the fair value of the net assets of the acquired subsidiary, the difference is recognised in profit or loss.

(d) Investments in subsidiaries in separate Financial Statements

In KWAP's separate financial statements, investments in subsidiaries are carried at cost less accumulated impairment losses. Upon the disposal of investment in subsidiaries, the difference between the disposal proceeds and the carrying amount of the investments is recognised in profit or loss.

The amount due from subsidiaries of which KWAP does not expect repayment in the foreseeable future is considered as part of KWAP's investments in the subsidiaries.

2.4 Investments In Associates And Joint Ventures

Associates are entities in which the Group has significant influence but not control or joint control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Significant influence is the power to participate in the financial and operating policy decisions of the entity but not the control or joint control over those policies.

The existence and effect of potential voting rights that are currently exercisable or convertible are considered in the assessment of the Group's significant influence over another entity.

On the acquisition of an investment in associates or joint ventures, the excess of the cost of investment over the Group's share of the net fair value of identifiable assets and liabilities of the entity is recognised as goodwill and subsequently included in the carrying amount of the investment. The excess of the Group's share of the net fair value of identifiable assets and liabilities of the entity over the cost of investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associate's or joint venture's profit or loss for the period in which the investment is acquired.

Associates or joint ventures are accounted for using the equity method from the date the entity is recognised as an associate or a joint venture.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.4 Investments In Associates And Joint Ventures (continued)

Step acquisition in associates

When the Group increases its stake in an existing investment or when the investment becomes an associate for the first time, the Group determines the cost of its investment in the equity-accounted investee as the sum of the fair value of the initial interest at the date of obtaining significant influence plus the consideration paid for any additional interest. The existing Fair Value Through Other Comprehensive Income ("FVOCI") reserves may be transferred to Retained Earnings or remain in FVOCI reserves.

Increasing stake in an existing associate and retaining significant influence

The cost of acquisition of additional stake in an associate is added to the carrying amount of the associate and equity accounted. Goodwill arising on the purchase of the additional stake is determined using the fair value information at the date the additional interest is required. There was no remeasurement of previously held investment in the associate in the reporting period.

Under the equity method, the initial recognition of the investment in associates or joint ventures is recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the associates or joint ventures in profit or loss, as well as the Group's share of movements in Other Comprehensive Income of the associates or joint ventures in Other Comprehensive Income. Dividend received or receivable from the associates or joint ventures are recognised as a reduction in the carrying amount of the investments. In the event the Group's share of losses in an associate or a joint venture equals or exceeds its interest in the associate or joint venture (including any long term interest that in substance, form part of the Group's net investment in the associate or joint venture) further recognition of losses is not required by the Group with the exception of legal or constructive obligations or payments made on behalf of the associate or joint venture, if any.

Gains or losses arising from the upstream and downstream transactions between the Group and its associates or joint ventures are recognised in the consolidated financial statements, if any, only to the extent of unrelated investors' interests in the associates or joint ventures. Unrealised losses are eliminated unless the transaction provides evidence of impairment of the assets transferred.

The preparation of the financial statements of the associates and joint ventures is of the same reporting date as the Group. Adjustments are made for the standardisation of accounting policies in line with the policies of the Group, where necessary.

Subsequent to the application of the equity method, the Group applies the MFRS 136: 'Impairment of Assets' ("MFRS 136") to determine the necessity of the recognition of additional impairment losses with respect to its net investment in associates or joint ventures, if any. The entire carrying amount of the investment is tested as a single asset for impairment in accordance with the MFRS 136, using the comparison between the recoverable amount (the higher of value in use and fair value less costs to sell) and the carrying amount, where necessary. Impairment losses are recognised in profit or loss, if any. Reversal of impairment losses is recognised to the extent of the subsequent increase in the recoverable amount of the investment.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.4 Investments In Associates And Joint Ventures (continued)

Loss of significant influence or joint control

When the Group ceases to equity account its associates or joint ventures because of the loss of significant influence or joint control, the retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss, if any. This fair value becomes the initial carrying amount for the purpose of subsequent accounting of the retained interest as a financial asset. In addition, any amount previously recognised in Other Comprehensive Income in respect of the entity is accounted for as a direct disposal of the related assets or liabilities by the Group. This may result in the reclassification of amounts previously recognised in Other Comprehensive Income to profit or loss.

If there is a reduction of the ownership interest in the associates or joint ventures but the significant influence or joint control is retained, only a proportionate share of the amounts previously recognised in Other Comprehensive Income is reclassified to profit or loss, where appropriate.

Dilution of gains or losses arising from investments in associates or joint ventures is recognised in profit or loss.

Investments in associates and joint ventures in separate Financial Statements

In KWAP's separate financial statements, investments in associates and joint ventures are carried at cost less accumulated impairment losses, if any. Upon the disposal of investments in associates and joint ventures, the difference between the disposal proceeds and the carrying amounts of the investments is recognised in profit or loss.

2.5 Intangible Assets

Intangible assets acquired separately are initially measured at cost. Following the initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite useful lives are amortised on a straight-line basis over the estimated economic useful lives and assessed for impairment upon indication that the intangible asset may be impaired, when necessary. The amortisation period and amortisation method for intangible assets with finite useful lives are reviewed at each reporting date.

Changes in the expected useful lives or the expected pattern of consumption of the future economic benefits embodied in the asset are recognised by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense of intangible assets with finite useful lives is recognised in profit or loss.

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually, or more frequently, upon indication that the carrying value may be impaired either individually or at the Cash-Generating Unit ("CGU") level. Amortisation of the said intangible assets is not required. The useful lives of intangible assets with indefinite useful lives are reviewed annually to determine the feasibility of the useful life assessment. In the event it is no longer feasible to support the useful life, the change in the useful life from indefinite to finite is executed on a prospective basis.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.5 Intangible Assets (continued)

Gains or losses arising from the derecognition of intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the assets and are recognised in profit or loss upon derecognition.

Amortisation of intangible assets with finite useful lives is provided for on a straight-line basis where the cost of the asset is written off to its residual value based on the following rate:

Computer software and licenses	33.33%
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2.6 Property And Equipment

Property and equipment are initially measured at cost, net of tax, except where the amount of tax incurred is not recoverable from the government. In the event the amount of tax incurred is not recoverable from the government, the tax is recognised as part of the cost of acquisition of the property and equipment. The cost of an item of property and equipment is recognised as an asset if, and only if, it is probable that the future economic benefits associated with the item will flow to the Group and KWAP and the cost of the item can be reliably measured.

Subsequent to the initial recognition, property and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses, if any. The cost of an item of property and equipment initially recognised includes its purchase price and any cost that is directly attributable to the bringing of the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Group or KWAP. The cost also includes borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset.

In the event of a requirement for the replacement of significant parts of the property and equipment in intervals, such parts are recognised as individual assets with specific useful lives and depreciation, respectively. Likewise, in the event of a major inspection, the replacement cost is recognised in the carrying amount of the property and equipment subject to the fulfilment of the recognition criteria. All other costs of repair and maintenance are recognised in profit or loss as incurred.

Depreciation of property and equipment is provided for on a straight-line basis where the cost of each asset is written off to its residual value based on the following rates:

Office Renovation	16.67%
Computers	20.00%
Paintings	20.00%
Office Furniture and Equipment	20.00%
Gymnasium Equipment	20.00%
Vehicles	20.00%
Electronic Equipment	33.33%

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.6 Property And Equipment (continued)

Capital work-in-progress consist of, amongst others, renovation work-in-progress and information system enhancement or upgrade-in-progress. Such capital work-in-progress as well as non-water colour based paintings are recognised at cost and are not depreciated until the respective assets are ready for their intended use.

At the end of the reporting period, the Group and KWAP shall assess for impairment, if any. If such indication exist, an analysis is performed to determine whether the carrying amount of the asset is fully recoverable. In the event the carrying amount of the asset exceeds its recoverable amount, the asset value is written down to its recoverable amount. The policy in relation to the impairment of non-financial assets is as set out in Note 2.18.

The residual value, useful life and depreciation method are reviewed at each reporting date and adjusted prospectively, where appropriate.

An item of property and equipment is derecognised upon disposal or when the future economic benefits are no longer expected from its use or disposal. Gains or losses on the derecognition of assets are recognised in profit or loss in the year the asset is derecognised, if any.

2.7 Financial Assets

(a) Initial recognition

Financial assets are recognised when the Group and KWAP become a party to the contractual provisions of the instrument. Upon the initial recognition, the Group and KWAP measure a financial asset at its fair value including, in the case of a financial asset not measured at Fair Value Through Profit or Loss ("FVTPL"), transaction costs that are directly attributable to the acquisition of the financial asset or financial liability, if any. The classification of a financial asset and a financial liability is determined at the initial recognition.

Regular way purchases and sales of financial assets are recognised using settlement date accounting. The method used is applied consistently for all purchases and sales of financial assets that belong to the same category of financial assets.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.7 Financial Assets (continued)

(b) Classification and subsequent measurement

The Group and KWAP applied MFRS 9 and classify their financial assets in the following measurement categories – Amortised Cost, Fair Value Through Other Comprehensive Income (“FVOCI”) or FVTPL.

If the terms are not substantially different, the renegotiation or modification does not result in derecognition, and the Group and the Company recalculate the gross carrying amount based on the revised cash flows of the financial asset and recognise a gain or loss on remeasurement in profit or loss. The new gross carrying amount is recalculated by discounting the modified cash flows at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired (“POCI”) financial assets).

The classification requirements for debt and equity instruments are described below:

1. Debt instruments

Debt instruments are instruments that satisfy the definition of a financial liability from the issuer’s perspective. The classification and subsequent measurement of debt instruments are dependent on the Group’s and KWAP’s business model for managing the asset and the cash flow characteristics of the asset. Based on these factors, the Group and KWAP classify their debt instruments into one of the following three (3) measurement categories:

Amortised Cost

Financial assets that are held for the collection of contractual cash flows where those cash flows represent Solely Payments of Principal and Interest (“SPPI”), and are not designated at FVTPL, are measured at Amortised Cost using the effective interest method. The carrying amount of these assets is adjusted by impairment losses recognised and measured using the Expected Credit Loss (“ECL”) model. Interest income on financial assets measured at Amortised Cost is recognised in the Statement of Comprehensive Income and presented as Interest Income.

The losses arising from impairment of financial instruments are recognised in the Statement of Comprehensive Income as Allowance Made For Impairment Losses. The losses arising from impairment of financial assets other than financial instruments are recognised in the Statement of Comprehensive Income as Impairment On Other Assets.

FVOCI

Financial assets that are held for the collection of contractual cash flows and subsequent sale of the assets, where the assets’ cash flows represent SPPI, and are not designated at FVTPL, are measured at FVOCI. The changes in fair value are recognised through Other Comprehensive Income, except for the recognition of impairment losses which are measured using the ECL model, interest income and foreign exchange gains or losses on the financial assets’ amortised cost are recognised in profit or loss. Interest earned whilst holding the financial assets are recorded as Interest Income using the effective interest method. Upon derecognition, the cumulative gain or loss previously recognised in Other Comprehensive Income is reclassified to profit or loss and presented in Gains or Loss From Divestment.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.7 Financial Assets (continued)

(b) Classification and subsequent measurement (continued)

1. Debt instruments (continued)

FVTPL

Financial assets that do not satisfy the criteria for Amortised Cost or FVOCI, including financial assets Held-For-Trading (“HFT”) and derivatives, are measured at FVTPL. Upon derecognition, the gain or loss on a financial asset that is subsequently measured at FVTPL and is not part of a hedging relationship is recognised in profit or loss and presented as Gains or Loss From Divestment. Interest earned whilst holding the financial assets are reported as Interest Income in profit or loss.

Business model assessment

The Group and KWAP assess the objective of a business model in which a financial asset is held at a portfolio level which best reflects the way the business is managed and information is provided to management. The factors under consideration include policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management’s strategy focuses on earning the contractual interest revenue, maintenance of a particular interest rate profile, matching the duration of the financial assets to the duration of the financial liabilities that are funding the said assets or realisation of cash flows through the sale of the financial assets.

Other factors under consideration also include the frequency, volume and timing of sales in prior periods, evaluation of the financial asset’s performance, the reporting to key management personnel as well as the assessment and management of the risks.

Reclassification of debt investments

The Group and KWAP reclassify debt instruments when and only when there is a change in the business model for managing those said assets.

2. Equity instruments

Equity instruments are instruments that satisfy the definition of equity from the issuer’s perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer’s net assets.

Upon initial recognition, the Group and KWAP may occasionally elect to classify irrevocably an equity instrument that is not held for trading at FVOCI. Such classification is determined on an instrument-by-instrument basis. When this election is used, the fair value gains and losses are recognised in Other Comprehensive Income and are not subsequently reclassified to profit or loss, including upon disposal. Dividends earned whilst holding the equity instrument are recognised in the Statement of Comprehensive Income and presented as Dividend Income upon the establishment of the right to receive the payment.

Upon derecognition, the gains and losses on equity instruments at FVTPL, is recognised in the Statement of Comprehensive Income and presented as Gain or Loss from Divestment.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.7 Financial Assets (continued)

(c) Reclassification of financial assets

The Group and KWAP may choose to reclassify non-derivative financial assets out from the FVTPL category (other than equity instruments), in rare circumstances, in the event the financial assets are no longer held for the purpose of selling or repurchasing in the short term. In addition, the Group and KWAP may also choose to reclassify financial assets that would satisfy the definition of Loans and Receivables out of the FVTPL or FVOCI category if there is the intention and ability to hold the financial asset for the foreseeable future or until maturity by the Group and KWAP.

The Group and KWAP reclassify debt instruments when and only when there is a change in the business model for managing those assets.

2.8 Financial Liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definition of financial liabilities.

Financial liabilities, within the scope of the MFRS 9, are recognised in the Statement of Financial Position when, and only when, the Group and KWAP become a party to the contractual provisions of the financial instruments. The Group and KWAP classify its financial liabilities in the following measurement categories - Amortised Cost or FVTPL. Financial liabilities are classified and subsequently measured at amortised cost, except for:

- (i) financial liabilities at FVTPL; and
- (ii) financial guarantee contracts and loan commitments.

Amortised Cost

Financial liabilities issued by the Group and KWAP are classified as financial liabilities at Amortised Cost, where the substance of the contractual arrangement results in an obligation by the Group and KWAP either to deliver cash or another financial asset to the holder or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

Non-derivative financial liabilities are initially recognised at the fair value of consideration received less directly attributable transaction costs, if any. Subsequent to the initial recognition, non-derivative financial liabilities are measured at Amortised Cost using the effective interest method. Amortised Cost is calculated by taking into consideration any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Financial liabilities measured at Amortised Cost include deposits from customers, deposits from banks, repurchase agreements and debt securities issued and other borrowed funds.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.8 Financial Liabilities (continued)

FVTPL

Financial liabilities at FVTPL include financial derivatives that do not satisfy the hedge accounting criteria. Financial derivatives are measured at fair value, whereby the gains or losses are recognised in profit or loss. Exchange differences are included in the net gains or losses on derivatives.

Other Financial Liabilities

Borrowings are derecognised from the Statement of Financial Position upon the discharge, cancellation or expiry of the obligation specified in the contract. The difference between the carrying amount of a financial liability that was derecognised or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, if any, is recognised in profit or loss.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the occurrence of the draw-down. In the event that there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as pre-payment for liquidity services and amortised over the period of the facility to which it relates.

2.9 Derecognition Of Financial Assets And Liabilities

The Group and KWAP derecognise a financial asset when the contractual cash flows from the financial asset expire or when the rights to receive the contractual cash flows of the financial assets are transferred in a transaction in which substantially all the risks and rewards of ownership are also transferred. Any interest in the transferred financial assets that is created or retained by the Group and KWAP is recognised as a separate asset or liability.

A financial liability is derecognised from the Statement of Financial Position upon the discharge, cancellation or expiry of the obligation specified in the contract by the Group and KWAP.

2.10 Cash And Cash Equivalents

Cash and cash equivalents comprise cash on hand, cash at bank and deposits with financial institutions that are readily convertible to known amount of cash, which are subject to an insignificant risk of changes in value, net of bank overdrafts. Cash equivalents include short term deposits placement with maturity not more than 90 days.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.11 Leases

(i) Definition of a lease

A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the customer has the right to direct the use of the asset. The customer has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the customer has the right to direct the use of the asset if either the customer has the right to operate the asset; or the customer designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which the Group is a lessee, it has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

(ii) Recognition and initial measurement

As lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the respective Group entities' incremental borrowing rate. Generally, the Group entities use their incremental borrowing rate as the discount rate.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.11 Leases (continued)

(ii) Recognition and initial measurement (continued)

As lessee (continued)

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments less any incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Group is reasonably certain to exercise; and
- penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The Group excludes variable lease payments that linked to future performance or usage of the underlying asset from the lease liability. Instead, these payments are recognised in profit or loss in the period in which the performance or use occurs.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

As lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease.

If an arrangement contains lease and non-lease components, the Group applies MFRS 15: Revenue From Contract with Customers ("MFRS 15") to allocate the consideration in the contract based on the stand-alone selling prices.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. It assesses the lease classification of a sublease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sublease as an operating lease.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.11 Leases (continued)

(iii) Subsequent measurement

As lessee

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a revision of in-substance fixed lease payments, or if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

As lessor

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of "Gross Investment Income".

2.12 Investment Properties

Investment properties comprise land, completed properties and properties under construction ("IPUC"), which are held for capital appreciation or rental purposes or both, and generally are not occupied for the use or in the operations of the Group. Investment properties are classified as long-term investments with the initial recognition at cost including transaction costs.

Following the initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment losses, if any, with the exception of freehold land with unlimited useful life and IPUC, which are not depreciated. IPUC are not depreciated as they are not ready for their intended use. Other investment properties are depreciated over the estimated economic useful lives. The depreciation charged for the leasehold land is based on the leasehold period on a straight-line method. The policy for the recognition and measurement of impairment losses of non-financial assets are set out in Note 2.18.

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that the future economic benefits associated with the expenditure will flow to the Group and KWAP and the cost of the item can be reliably measured. All other repairs and maintenance costs are expensed when incurred. In the event of a replacement, if any, the carrying amount of the replaced part is derecognised.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.12 Investment Properties (continued)

The residual value, useful life and depreciation method of investment properties are reviewed at the end of each financial year, and adjusted prospectively, when appropriate.

Investment properties are derecognised upon disposal or permanent withdrawal from use whereby no future economic benefit is expected from the disposal or retirement. Gains or losses on the disposal or retirement of investment properties are recognised in profit or loss in the year of disposal or retirement, if any.

Transfers are made to or from investment properties when, and only when, there is a change in use. In terms of a transfer from an investment property to owner-occupied property, the deemed cost for subsequent accounting purposes is the fair value at the date of change in use. For a transfer from an owner-occupied property to investment property, the property is subsequently accounted for in accordance with the accounting policy for property and equipment set out in Note 2.6 up to the date of change in use.

Freehold land with unlimited useful life and land held for property development are not depreciated and recognised at cost less impairment losses, if any.

Land Held For Property Development consists of land whereby no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle. Such land is classified as Non-Current Assets and is recognised at costs.

Depreciation of investment property is provided for on a straight-line basis where the cost of each asset is written off to its residual value based on the following rates:

Buildings	2.50%
Leasehold Land (based on leasehold period)	1.01%

2.13 Provisions

Provisions are recognised upon the presence of an obligation (legal or constructive) resulting from past events where the outflow of economic resources to settle the obligation is probable and the amount of the obligation is reliably measured.

In the event of an expected reimbursement of provision to the Group and KWAP, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. Provisions are not recognised for future operating losses.

For a number of similar obligations, the likelihood that an outflow will be required for settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.13 Provisions (continued)

Provisions are measured at the present value of the best estimate of the expected expenditures required to settle the obligation using a pre-tax rate that reflects the current market assessment of the time value of money as well as the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as finance cost expense.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimates. Reversal of provisions is executed in the event where the outflow of economic resources required to settle the obligation is no longer probable.

2.14 Borrowing Costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of the asset. Capitalisation of borrowing costs commences upon the execution of activities to prepare the asset for its intended use or the occurrence of expenditures and borrowing cost when the sale is in progress. Borrowing costs are capitalised until the substantial completion or interruption of the activities necessary to prepare the asset for the intended use or sale of the asset.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on the qualifying assets, is deducted from the borrowing cost eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs incurred in connection to the borrowing of funds.

2.15 Revenue And Income Recognition

Revenue and income are recognised to the extent that the inflow of economic benefits is probable and can be reliably measured. Revenue and income are measured at the fair value of the consideration received or receivable.

(a) Dividend income

Dividend income is recognised upon the establishment of the right to receive payment.

(b) Interest income

Interest income for financial instruments designated at amortised cost and FVOCI is calculated by applying the effective interest rate to the gross carrying amount of a financial asset with the exception of financial assets that were subsequently credit-impaired. For credit-impaired financial assets, the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

Interest income for financial instruments designated at FVTPL is recognised based on contractual agreements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.15 Revenue And Income Recognition (continued)

(c) Gains or losses from divestment

Gains or losses on disposal of investments are recognised upon the satisfaction of all terms of the agreement leading to the sale of the investments.

(d) Rental income from investment properties

Rental income from investment properties is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Rental income from sub-leased property is recognised as “revenue”.

(e) Service charge income

Service charge income is recognised in the accounting period in which the service is rendered and the customer receives and consumes the benefit provided by the Group and KWAP, and the Group and KWAP have a present right to payment for the said services.

(f) Utilities income

Revenue from air-conditioner and chilled water charges are recognised upon the supply of the air-conditioner and chilled water to the customer and the customer receives and consumes the supplies, and the Group and KWAP have a present right to payment for the said supplies.

2.16 Income Tax

(a) Current tax

Current tax assets and liabilities are measured at the expected recoverable amount from the taxation authorities. The tax rates and tax laws employed for the computation of the recoverable amount are the tax rates and laws enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss with the exception of tax related items which are recognised outside profit or loss, either in Other Comprehensive Income or directly in equity.

KWAP is exempted from income tax in accordance with Section 127[3A] of the Income Tax Act 1967 for all income from domestic sources as well as the withholding tax in accordance with Section 107A(1) and Section 109 on the interests and special classes of income. All income from international sources are subject to the income tax laws and rates of the respective country of origin.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.16 Income Tax (continued)

(b) Deferred tax

Deferred tax is a provision using the liability method based on the temporary differences arising between the tax bases of assets and liabilities and their respective carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liabilities arise from the initial recognition of goodwill or of assets or liabilities in transactions that are not a business combination and, at the time of the transaction, affect neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that there will be no reversal of the temporary differences in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that the taxable profit will be available against which the deductible temporary differences, the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax assets relating to the deductible temporary difference arise from the initial recognition of an asset or liability in transactions that are not a business combination and, at the time of the transaction, affect neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will be reversed in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to be applied for the year upon the realisation of the assets or settlement of the liabilities based on the tax rates and laws that were enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Such deferred tax items are recognised in correlation to the underlying transaction either in Other Comprehensive Income or directly in equity. Deferred tax arising from a business combination is adjusted against the respective goodwill on acquisition.

Deferred tax assets and liabilities are offset, if a legally enforceable right exists to set off the current tax assets against the current tax liabilities, whereby the deferred taxes relate to the same taxable entity and taxation authority.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.16 Income Tax (continued)

(c) Global Minimum Top-Up Tax

The Group has adopted the amendments to MFRS 112, *Income Taxes – International Tax Reform – Pillar Two Model Rules* upon their release on 2 June 2023. The amendments provide a temporary mandatory relief from deferred tax accounting for the top-up tax, which is effective immediately, and require new disclosures about the Pillar Two exposure.

In 2023, the governments of the United Kingdom and Malaysia have each enacted and substantively enacted new legislation, respectively, to implement the global minimum top-up tax. The Group may be subjected to the top-up tax in relation to its operations in both the United Kingdom and Malaysia. However, since the newly enacted tax legislated in the United Kingdom and Malaysia will only come into effect in year 2024 and 2025, respectively, there is no current tax impact for the year ended 31 December 2023.

Based on the Group's initial assessment, if the top-up tax has been applied in 2023, the impact is not significant to the Group and KWAP.

2.17 Foreign Currencies

(a) Functional and presentation currency

The individual financial statements of each entity in the Group is measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM") being the functional and presentation currency of the Group and of KWAP.

(b) Foreign currency transaction and balances

Transactions in foreign currencies are measured in the respective functional currencies of KWAP and its subsidiaries and are recorded on the initial recognition in the functional currencies at the exchange rates prevailing on the transaction dates.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot exchange rate at the reporting date.

Exchange differences arising on the settlement of monetary items or on the translation of monetary items at the reporting date are recognised in the Statement of Comprehensive Income with the exception of the exchange differences arising on monetary items that form part of the Group's net investment in foreign operations. Such items are recognised initially in Other Comprehensive Income and accumulated under the Foreign Exchange Reserves in Other Comprehensive Income.

Changes in the fair value of monetary securities denominated in foreign currency classified as FVOCI Income are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in profit or loss, and other changes in the carrying amount are recognised in Other Comprehensive Income.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.17 Foreign Currencies (continued)

(b) Foreign currency transaction and balances (continued)

Non-monetary items denominated in foreign currencies measured at historical cost are translated using the spot exchange rates at the date of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the spot exchange rates at the date when the fair value was determined.

Exchange differences arising from the translation of non-monetary items carried at fair value are recognised in the Statement of Comprehensive Income for the financial year that it is incurred, with the exception of the exchange differences arising from the translation of non-monetary items whereby the respective gains and losses are recognised in Other Comprehensive Income.

(c) Foreign operations

The financial results and financial position of foreign operations with a different functional currency from the presentation currency of Ringgit Malaysia of the consolidated financial statements are translated into Ringgit Malaysia as follows:

- Assets and liabilities of foreign operations are translated at the closing rate prevailing at the reporting date;
- Income and expenses for each Statement of Comprehensive Income are translated at the average exchange rates for the financial year; and
- All resulting exchange differences are recognised directly to Other Comprehensive Income through the foreign exchange reserves.

In the event of a disposal of a foreign operation, the cumulative amount of exchange differences in relation to the foreign operation previously recognised in Other Comprehensive Income and accumulated in a separate component of equity, is reclassified from equity to the Statement of Comprehensive Income (as a reclassification adjustment) upon the recognition of gains or losses on disposal.

In relation to the partial disposal of a subsidiary that includes a foreign operation, the proportionate share of the cumulative amount of exchange differences previously recognised in Other Comprehensive Income is reattributed to the Non-Controlling Interests in that foreign operation. For other partial disposal of a foreign operation, the proportionate share of the cumulative amount of exchange differences previously recognised in Other Comprehensive Income is reclassified to the Statement of Comprehensive Income.

Goodwill and fair value adjustments arising from the acquisition of foreign operations are recognised as assets and liabilities of the foreign operations and translated at the closing rate prevailing at the reporting date. Exchange differences arising from the recognition of goodwill and fair value are recognised in Other Comprehensive Income.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.18 Impairment Of Non-Financial Assets

Impairment assessment is executed at each reporting date to identify the indication for impairment of assets. In the event of an indication for impairment or the requirement for an impairment assessment, the estimated recoverable amount of the asset is established.

Recoverable amount is the higher of fair value of the asset less costs to sell and value in use of the asset. For impairment assessment purposes, assets are grouped at the lowest levels where the cash flows are separately identifiable, i.e. CGU.

In the assessment of value in use, the estimated future cash flows expected to be generated by the asset are discounted to the present value using the pre-tax discount rate that reflects the current market assessment of the time value of money as well as the risks specific to the asset. In the event the carrying amount of the asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are initially allocated to reduce the carrying amount of goodwill allocated to the unit or groups of units, if any, followed by the reduction of the carrying amount of other assets in the unit or groups of units on a pro-rata basis. Impairment losses are recognised in profit or loss.

Impairment assessments are executed at each reporting date to determine whether indicators of previously recognised impairment losses may no longer exist or may have decreased. Previously recognised impairment losses are only reversed in the event of changes in the estimates used to determine the asset's recoverable amount from the previous recognition of impairment losses. In this case, the carrying amount of the asset is increased to its recoverable amount. However, such increase shall not exceed the previously determined carrying amount, net of depreciation, whereby there were no impairment losses previously recognised. Reversals of impairment losses are recognised in profit or loss. Impairment losses on goodwill are not reversed in the subsequent period.

2.19 Impairment Of Financial Assets

The Group and KWAP assess on a forward-looking basis the ECL associated with its financial assets carried at Amortised Cost and FVOCI. The impairment methodology applied is dependent on whether there was a significant increase in the credit risk.

The ECL represents a probability-weighted estimate of the difference between the present value of cash flows according to a contract and the present value of cash flows that the Group and KWAP expect to receive, over the remaining life of the financial asset.

The measurement of the ECL reflects:

- an unbiased and probability-weighted amount that is determined by the evaluation of a range of possible outcomes;
- the time value of money; and
- the reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

POCI financial assets are assets that are credit-impaired on initial recognition. For POCI financial assets, lifetime expected credit losses are incorporated into the calculation of the effective interest rate on initial recognition. Consequently, POCI financial assets do not carry an impairment allowance on initial recognition. The amount recognised as a loss allowance subsequent to initial recognition is equal to the changes in lifetime expected credit losses since initial recognition of the asset.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.19 Impairment Of Financial Assets (continued)

(a) Financial assets accounted for at Amortised Cost and FVOCI

There are three (3) categories of financial assets accounted for at Amortised Cost and FVOCI which reflect their respective credit risk and determination of the loan loss provision of each category.

At each reporting date, the Group and KWAP measure the ECL through a loss allowance at an amount equal to the 12-months ECL provided that there is no significant increase in the credit risk of a financial instrument or a group of financial instruments since the initial recognition. For all other financial instruments, a loss allowance at an amount equal to the lifetime ECL is required.

A summary of the assumptions in relation to the ECL model of each category is as follows:

(i) Stage 1: 12-months ECL

For credit exposures where there was no significant increase in the credit risk since the initial recognition and no credit impairment since origination, a portion of the lifetime ECL associated with the possibility of the occurrence of default events within the next 12 months is recognised.

(ii) Stage 2: Lifetime ECL – not credit impaired

For credit exposures where there was a significant increase in the credit risk since the initial recognition but no credit impairment since origination, a lifetime ECL is recognised. A significant increase in the credit risk is presumed if the interest and/or principal repayments are more than 30 days but less than 89 days past due.

(iii) Stage 3: Lifetime Expected Credit Loss – credit impaired

Financial assets are assessed as credit impaired upon the occurrence of one or more events with detrimental impact to the estimated future cash flows of the asset. For financial assets with credit impairment, a lifetime ECL is recognised.

On the term of the financial assets, the Group and KWAP account for the credit risk by the appropriate provision of the ECL on a timely basis, whereby the historical loss rates for each category of financial asset is taken into consideration in the calculation of the ECL rates and adjusted for forward-looking macroeconomic data.

There were no significant changes to the estimation techniques or assumptions in relation to the ECL during the reporting period.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.19 Impairment Of Financial Assets (continued)

(a) Financial assets accounted for at Amortised Cost and FVOCI (continued)

Significant increase in the credit risk

The Group and KWAP consider the probability of default upon the initial recognition of financial assets and whether there was a significant increase in the credit risk on an ongoing basis throughout each reporting period. In the assessment of a significant increase in the credit risk, the Group and KWAP compare the risk of the occurrence of default on the financial asset as at the reporting date against the risk of default as at the date of the initial recognition, taking into consideration available, reasonable and supportable forward-looking information.

The following indicators are incorporated:

- internal credit rating;
- external credit rating (as far as available); and
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations.

Macroeconomic information (such as market interest rates or growth rates) is incorporated as part of the internal rating model.

Regardless of the analysis above, a significant increase in the credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment.

Low credit risk exemption

Financial instruments with the following characteristics are considered to have low credit risk at the reporting date:

- a low risk of default;
- strong capacity to fulfill the contractual cash flow obligations in the near term by the borrower; and
- adverse changes will not necessarily reduce the ability of the borrower to make payments when they fall due.

Definition of default and credit-impaired financial assets

The Group and KWAP define the default of a financial instrument, which is fully aligned with the definition of credit-impairment, when it fulfills one or more of the following criterias:

(a) Quantitative criteria:

Failure of the counterparty to make contractual payment within 90 days when they fall due.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.19 Impairment Of Financial Assets (continued)

(a) Financial assets accounted for at Amortised Cost and FVOCI (continued)

Definition of default and credit-impaired financial assets (continued)

(b) Qualitative criteria:

Satisfies the criteria of unlikelihood to pay by the counterparty, which indicates its significant financial difficulty such as the following instances:

- breach of financial covenants;
- concessions made by the lender relating to the counterparty's financial difficulty;
- high probability of bankruptcy or other financial reorganization;
- insolvency; and
- disappearance of an active market for the financial asset due to financial difficulties.

Credit-impairment of financial instruments is assessed on an individual basis by the Group and KWAP.

(b) Write off of financial assets

The Group and KWAP write off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and subsequently concluded that there is no reasonable expectation of recovery. The assessment of no reasonable expectation of recovery is based on the inability of the debtor's sources of income or assets to generate sufficient future cash flows to repay the outstanding amount. The Group and KWAP may write-off financial assets that are still subject to enforcement activity.

2.20 Derivative Financial Instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in profit or loss and included in the net gain or loss on fair value movement of derivatives.

2.21 Employee Benefits

(a) Short term benefits

Wages, salaries, bonuses, social security contributions (SOCISO), Employees Provident Fund (EPF) contribution or pension contribution and gratuity to contract employees are recognised as expenses in the year in which the associated services are rendered by the employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when the services are rendered by the employees which subsequently increase the employees' entitlement to future compensated absences. Meanwhile, short term non-accumulated compensated absences such as sick leave are recognised when the absences occur.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.21 Employee Benefits (continued)

(b) Long term benefits

Payments of long term benefits post-retirement and/or after the expiry of the contracts are recognised as employee benefits expenses on an accrual basis in the current year of the Statement of Comprehensive Income. At the same time, such amounts are also recognised as liabilities categorised as employee benefits in the Statement of Financial Position. Types of long term benefits recognised on an accrual basis are as follows:

- Cash award in lieu of annual leave; and
- Post-retirement medical benefit.

The provision for post – retirement medical benefits to retirees is based on the annual actuarial valuation by an external valuer.

2.22 Fair Value Measurement

Financial instruments, such as derivatives and financial investments, are measured at fair value at each reporting date. The fair values of financial instruments measured at Amortised Cost are set out in Note 34 to the financial statements.

Fair value is the price that would be received upon the sale of assets or paid upon the transfer of liabilities in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transactions for the sale of assets or transfer of liabilities occur either:

- In the principal market for the assets or liabilities, or
- In the absence of the principal market, in the most advantageous market for the assets or liabilities.

The principal or the most advantageous market must be accessible by the Group and KWAP. The fair value of assets or liabilities are measured using the assumptions that the market participants would use when pricing the assets or liabilities, assuming that the market participants will behave in their economic best interest.

The fair value measurement of non-financial assets takes into consideration the market participant's ability to generate the economic benefits by the utilisation of the assets in its highest and best use or by sale to another market participant that would utilise the assets in its highest and best use.

The Group and KWAP employ valuation techniques that are deemed appropriate in circumstances whereby sufficient data are available for the fair value measurement, with the maximisation of the use of relevant observable inputs and minimisation of the use of unobservable inputs.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.22 Fair Value Measurement (continued)

Assets and liabilities for which the fair value is measured or disclosed in the financial statements are categorised in accordance with the following fair value hierarchy, based on the lowest level of input significant to the fair value measurement as a whole:

- Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2: Valuation techniques for which the lowest level of input significant to the fair value measurement is directly or indirectly observable; and
- Level 3: Valuation techniques for which the lowest level of input significant to the fair value measurement is unobservable.

In relation to assets and liabilities recognised in the financial statements on a recurring basis, reassessment of the categorisation is conducted to determine the occurrence of transfers of assets between the levels in the hierarchy (based on the lowest level of input significant to the fair value measurement as a whole) at the reporting date.

2.23 Contingent Assets And Contingent Liabilities

Contingent assets are possible assets that arise from past events whereby the existence is confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group and KWAP. There was no recognition of contingent assets, only disclosure of its existence whereby the inflow of economic benefits is probable but virtually uncertain. Contingent liabilities are possible obligations that arise from past events whereby the existence is confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group and KWAP, or present obligations that are not recognised because it is not probable that an outflow of resources will be required to settle the obligation. Contingent liabilities may also arise in the extremely rare case where a liability is not recognised due to its inability to be measured reliably.

There was no recognition of contingent liabilities, only its disclosure in the financial statements.

2.24 Offset Of Financial Instruments

Financial assets and liabilities are offset whereby the net amount is presented in the Statement of Financial Position when there is a legally enforceable right to offset the recognised amounts as well as the intention to settle on a net basis or to realise the asset and settle the liability simultaneously. The legally enforceable right shall not be contingent on future events and shall be enforceable in the normal course of business as well as in the event of default, insolvency or bankruptcy.

2.25 Allocation of Statutory Funds

KWAP receives an allocation from the Federal Government in accordance with section 13 of the Retirement Fund Act 2007 (ACT 662).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.26 Pension Contribution

Pension contributions are recognised upon receipt of contributions from Statutory Bodies, Local Authorities and other Agencies as well as Government's share, gratuities and other deductions in accordance with the Statutory and Local Authorities Pensions Act, 1980 (Act 239) and Service Circular No. 12/2008. Penalty for late contribution payments are recognised upon receipt.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the consolidated financial statements requires the establishment of judgements, estimates and assumptions by the Group and KWAP that affect the reported amounts of revenues, expenses, assets and liabilities as well as the accompanying disclosures and the disclosure of contingent assets and liabilities in accordance with the relevant MFRS. Uncertainties in relation to the assumptions and estimates may result in outcomes which require material adjustments to the carrying amount of affected assets or liabilities in future periods.

Judgements applied by the Group and KWAP in the application of accounting policies, key assumptions concerning the future and other key sources of uncertainty estimation at the reporting date with significant risk of material adjustments to the carrying amount of affected assets and liabilities within the next financial year are discussed as follows:

(a) Impairment of interest in subsidiaries and associates

Assessment on the objective evidence for impairment of investments are conducted at each reporting date. Factors such as, amongst others, the prolonged shortfall between the indicative fair value and the carrying amount, significant changes with adverse effects on the investments as well as the deterioration of the financial performance of investments are taken into consideration to determine the objective evidence for impairment, if any.

Judgements are applied by the Group and KWAP in the selection of a suitable method of valuation such as, amongst others, the discounted cash flow, realisable net asset value and sector average price-earning ratio depending on the nature as well as the industries in relation to the investment.

Upon the selection of a suitable method of valuation, certain assumptions are established to estimate the future recoverable amount of the investment. Such assumptions may include, amongst others, assumptions on the expected future cash flows, revenue growth, discount rate used for the purpose of discounting the future cash flows, which incorporates the relevant risks, as well as the expected future outcome of certain past events relating to the specific investment.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(b) Impairment of non-financial assets

Impairment of non-financial assets is executed when the carrying value of the asset or CGU exceeds the recoverable amount of the asset or CGU, which is the higher of fair value less costs to sell and value in use. The calculation of the fair value less costs to sell is based on the available data from binding sales transactions, conducted at arm's length for similar assets or the observable market prices less the incremental costs for the disposal of assets. The calculation of the value in use is based on the discounted cash flow model whereby the cash flows are derived from the next five (5) year budget excluding the restructuring activities yet to be committed by the Group or KWAP, or significant future investments that will enhance the asset performance of the tested CGU. The recoverable amount is most sensitive to the discount rate employed for the discounted cash flow model and the expected future cash inflows as well as the growth rate used for extrapolation purposes.

(c) Impairment of financial assets

The Group and KWAP review the fixed income instruments designated as investment at FVOCI or amortised cost which are subject to impairment under the MFRS 9 at each reporting date to reflect changes in the credit risk of the financial investments not at FVTPL. The MFRS 9 incorporates forward looking and historical, current and forecasted information into the ECL estimation.

In the execution of impairment review, the following judgements by management are required:

- (i) Determination whether the investment is impaired based on certain indicators such as, amongst others, difficulties of the issuers or obligors, deterioration of the credit quality of the issuers or obligors; and
- (ii) Determination of the ECL that reflects:
 - An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
 - The time value of money; and
 - Reasonable and supportable information that is available without undue cost or effort at the reporting date about current conditions and forecasts of future economic condition.

(d) Fair value of financial instruments

Fair value is the price that would be received upon the sale of assets or paid upon the transfer of liabilities in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transactions for the sale of assets or transfer of liabilities occur either in the principal market for the assets or liabilities, or in the absence of the principal market, in the most advantageous market for the assets or liabilities.

The fair value of assets or liabilities is measured using the assumptions that the market participants would use when pricing the assets or liabilities, assuming that the market participants behave in their economic best interest.

In the absence of an active market, the fair value of financial instruments is determined using the valuation techniques that are deemed appropriate in circumstances whereby sufficient data are available for the fair value measurement with the maximisation of the use of relevant observable inputs and the minimisation of the use of unobservable inputs.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(e) Post-retirement medical benefit obligation

The present value of the post-retirement medical benefit obligation is dependent on a number of factors that are determined on an actuarial basis based on a number of assumptions. The assumptions employed in the determination of the net cost for post-retirement medical benefit include the discount rate and the actual medical costs incurred during the financial year with the limit of a medical retiree's claim up to RM3,000 a year. Changes in the assumptions shall impact the carrying amount of the post-retirement medical benefit obligation.

The appropriate discount rate is determined annually upon the performance of the 3-year actuarial valuation. The most recent actuarial valuation was performed for the position as at 31 December 2023 whereby the interest rate was used to determine the present value of the estimated expected future cash outflows required to settle the post-retirement medical benefit obligation.

The medical cost rate is based on the actual cost incurred by the Group and KWAP.

4. INVESTMENT/NON-INVESTMENT INCOME/(LOSS)

Income of the Group and of KWAP consist of the following:

	Group		KWAP	
	31 December 2023 RM'000	31 December 2022 RM'000	31 December 2023 RM'000	31 December 2022 RM'000
Gross Investment Income	7,026,678	7,333,953	6,752,774	7,010,017
Non-investment loss				
Other Operating Income	41,984	35,810	32,241	28,799
Net Gains From Foreign Currency Exchange	973,227	45,592	973,219	175,270
Net Loss Arising From Derivative Financial Instruments	(1,124,342)	(661,951)	(1,089,605)	(742,155)
	(109,131)	(580,549)	(84,145)	(538,086)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

4. INVESTMENT/NON-INVESTMENT INCOME/(LOSS) (CONTINUED)

Included in the gross investment income are net gain or loss on the following:

	Group		KWAP	
	31 December 2023 RM'000	31 December 2022 RM'000	31 December 2023 RM'000	31 December 2022 RM'000
Dividend Income				
Financial Assets At Fair Value Through Profit Or Loss ("FVTPL")	1,369,093	1,365,681	1,369,093	1,365,681
Financial Assets At Fair Value Through Other Comprehensive Income ("FVOCI")	1,336,018	1,289,017	1,336,018	1,289,017
	2,705,111	2,654,698	2,705,111	2,654,698
Net Gain From Divestment				
Financial Assets At Amortised Cost	-	2,653	-	2,653
Financial Assets At Fair Value Through Profit Or Loss ("FVTPL")	823,918	1,391,732	823,918	1,391,732
Financial Assets At Fair Value Through Other Comprehensive Income ("FVOCI")	27,782	9,791	27,782	9,791
Investment Property	-	(524)	-	-
	851,700	1,403,652	851,700	1,404,176
Interest Income				
Financial Assets At Amortised Cost	741,639	714,497	741,639	714,497
Financial Assets At Fair Value Through Profit Or Loss ("FVTPL")	37,373	27,578	37,373	27,578
Financial Assets At Fair Value Through Other Comprehensive Income ("FVOCI")	1,804,328	1,611,424	1,804,328	1,611,424
Money Markets, Deposits and Others	311,794	344,406	320,878	345,727
	2,895,134	2,697,905	2,904,218	2,699,226
Rental Income	440,638	445,214	-	-
Investment in Subsidiary, Associate & Joint Venture	13,343	1,787	181,345	162,000
Miscellaneous Income	120,752	130,697	110,400	89,917
	7,026,678	7,333,953	6,752,774	7,010,017

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

5. OPERATING EXPENSES

	Note	Group		KWAP	
		31 December	31 December	31 December	31 December
		2023	2022	2023	2022
		RM'000	RM'000	RM'000	RM'000
Employee Costs	A	163,883	151,011	153,183	143,648
Property Related Expenditure		96,618	94,811	6,659	4,715
Professional Services And Fees		154,922	146,622	107,396	87,098
Audit Fees		2,972	2,586	479	467
Directors' Fees And Remuneration		945	1,336	945	963
Depreciation Charges		203,079	203,148	4,313	6,973
Amortisation Charges		13,418	13,567	21,842	13,155
Tax Expenses		35,281	35,070	35,281	35,070
Management Aid		2,103	837	2,103	837
Rental Charges		7,165	6,444	7,140	15,066
Other Operating Expenditure		35,273	32,630	24,685	28,159
		715,659	688,062	364,026	336,151

Note A – Employee Costs:

		Group		KWAP	
		31 December	31 December	31 December	31 December
		2023	2022	2023	2022
		RM'000	RM'000	RM'000	RM'000
Salaries And Allowance		112,223	95,586	102,903	89,138
Statutory Deductions		24,919	22,681	24,202	22,284
Others		26,741	32,744	26,078	32,226
		163,883	151,011	153,183	143,648

As at 31 December 2023, the number of employees of the Group was 740 (2022: 702), with 723 (2022: 684) being employees of KWAP.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

6. TAXATION

	Group	
	31 December 2023 RM'000	31 December 2022 RM'000
Current Taxation		
Foreign Income Tax	465	2,693
Deferred Taxation		
Foreign Income Tax	(7)	(16)
Tax expenses for financial year	458	2,677

A reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rate of the Group and of KWAP are as follows:

	Group		KWAP	
	31 December 2023 RM'000	31 December 2022 RM'000	31 December 2023 RM'000	31 December 2022 RM'000
Profit Before Taxation	9,548,669	397,151	9,652,764	262,972
Taxation At Malaysian Statutory Tax Rate Of 24% (2022: 24%)	2,291,681	95,316	2,316,663	63,113
Different Tax Rates In Other Countries*	465	2,693	-	-
Income Not Subject To Tax	(2,291,681)	(95,316)	(2,316,663)	(63,113)
Capital Allowances In Excess Of Depreciation	(7)	(16)	-	-
Tax Expenses For The Financial Year	458	2,677	-	-

* Different tax rates in other countries refers to the corporate tax rate of the United Kingdom of 19% (2022 – United Kingdom: 19%).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

7. PROPERTY AND EQUIPMENT

	Office Renovation RM'000	Computers RM'000	Paintings, Office Furniture And Equipment RM'000	Gymnasium Equipment RM'000	Vehicles RM'000	Work In Progress RM'000	Electronic Equipment RM'000	Total RM'000
GROUP								
Cost								
At 1 January 2023	22,734	15,520	22,912	386	679	4,611	125	66,967
Additions	-	524	2,092	4	227	12,309	70	15,226
Transfer In/(Out)	-	1,372	9	-	227	(4,075)	23	(2,444)
Adjustments/Disposal	-	(3,233)	-	-	(299)	(290)	-	(3,822)
Foreign Exchange Difference	-	-	431	-	-	-	-	431
At 31 December 2023	22,734	14,183	25,444	390	834	12,555	218	76,358
Accumulated depreciation								
At 1 January 2023	21,231	11,499	17,611	386	664	-	92	51,483
Depreciation Charge For The Year	1,363	1,265	2,156	-	54	-	24	4,862
Adjustments	-	(3,222)	-	-	(299)	-	-	(3,521)
Foreign Exchange Difference	-	-	(279)	-	-	-	-	(279)
At 31 December 2023	22,594	9,542	19,488	386	419	-	116	52,545
Net Book Value								
At 31 December 2023	140	4,641	5,956	4	415	12,555	102	23,813
KWAP								
Cost								
At 1 January 2023	22,656	15,491	15,374	386	679	4,611	125	59,322
Additions	-	506	-	4	227	11,562	70	12,369
Transfer In/(Out)	-	1,372	9	-	227	(4,075)	23	(2,444)
Adjustments/Disposal	-	(3,233)	-	-	(299)	(290)	-	(3,822)
At 31 December 2023	22,656	14,136	15,383	390	834	11,808	218	65,425
Accumulated depreciation								
At 1 January 2023	21,149	11,474	12,766	386	664	-	92	46,531
Depreciation Charge For The Year	1,363	1,260	151	-	54	-	24	2,852
Adjustments/Disposal	-	(3,222)	-	-	(298)	-	-	(3,520)
At 31 December 2023	22,512	9,512	12,917	386	420	-	116	45,863
Net Book Value								
At 31 December 2023	144	4,624	2,466	4	414	11,808	102	19,562

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

7. PROPERTY AND EQUIPMENT (CONTINUED)

	Office Renovation RM'000	Computers RM'000	Paintings, Office Furniture And Equipment RM'000	Gymnasium Equipment RM'000	Vehicles RM'000	Work In Progress RM'000	Electronic Equipment RM'000	Total RM'000
GROUP								
Cost								
At 1 January 2022	22,717	13,904	22,260	386	679	5,308	92	65,346
Additions	17	202	666	-	-	3,171	18	4,074
Transfer In/(Out)	-	1,414	39	-	-	(3,146)	15	(1,678)
Adjustments/Disposal	-	-	-	-	-	(722)	-	(722)
Foreign Exchange Difference	-	-	(53)	-	-	-	-	(53)
At 31 December 2022	22,734	15,520	22,912	386	679	4,611	125	66,967
Accumulated depreciation								
At 1 January 2022	17,857	10,305	15,434	386	636	-	70	44,688
Depreciation Charge For The Year	3,374	1,194	2,183	-	28	-	22	6,801
Foreign Exchange Difference	-	-	(6)	-	-	-	-	(6)
At 31 December 2022	21,231	11,499	17,611	386	664	-	92	51,483
Net Book Value								
At 31 December 2022	1,503	4,021	5,301	-	15	4,611	33	15,484
KWAP								
Cost								
At 1 January 2022	22,639	13,875	15,233	386	679	5,308	92	58,212
Additions	17	202	102	-	-	3,171	18	3,510
Transfer In/(Out)	-	1,414	39	-	-	(3,146)	15	(1,678)
Adjustments/Disposal	-	-	-	-	-	(722)	-	(722)
At 31 December 2022	22,656	15,491	15,374	386	679	4,611	125	59,322
Accumulated depreciation								
At 1 January 2022	17,785	10,283	11,859	386	636	-	70	41,019
Depreciation Charge For The Year	3,364	1,191	907	-	28	-	22	5,512
At 31 December 2022	21,149	11,474	12,766	386	664	-	92	46,531
Net Book Value								
At 31 December 2022	1,507	4,017	2,608	-	15	4,611	33	12,791

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

8. COMPUTER SOFTWARE

	Group		KWAP	
	31 December 2023 RM'000	31 December 2022 RM'000	31 December 2023 RM'000	31 December 2022 RM'000
Cost				
At 1 January	57,005	54,984	56,882	54,875
Additions	100	343	101	329
Disposals	(263)	-	(263)	-
Transfer In	2,444	1,678	2,444	1,678
At 31 December	59,286	57,005	59,164	56,882
Accumulated Amortisation				
At 1 January	37,060	23,883	36,965	23,810
Charge For The Year	13,019	13,177	13,017	13,155
Disposals	(263)	-	(263)	-
At 31 December	49,816	37,060	49,719	36,965
Net Book Value As At 31 December	9,470	19,945	9,445	19,917

Computer software relates to the licence fees, other directly attributable costs in the preparation of the assets for its intended use as well as the professional fees arising directly to bring the assets to their working condition.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

9. INVESTMENT PROPERTIES AND LAND HELD FOR PROPERTY DEVELOPMENT

(a) Investment Properties

	Group		KWAP	
	31 December 2023 RM'000	31 December 2022 RM'000	31 December 2023 RM'000	31 December 2022 RM'000
Land And Building				
Cost				
At 1 January	8,002,068	8,326,575	235,261	235,261
Addition	866,321	20,816	81,185	-
Reclassification To Right Of Use	-	(61,803)	-	-
Foreign Exchange Reserve	536,342	(283,520)	-	-
At 31 December	9,404,731	8,002,068	316,446	235,261
Accumulated Depreciation				
At 1 January	1,095,993	936,825	10,229	8,768
Depreciation Charge	198,217	196,347	1,461	1,461
Reclassification To Right Of Use	-	(808)	-	-
Foreign Exchange Reserve	74,772	(36,371)	-	-
At 31 December	1,368,982	1,095,993	11,690	10,229
Impairment				
At 1 January	375,742	227,210	-	-
Impairment Charge	40,886	166,496	-	-
Foreign Exchange Reserve	(20,806)	(17,964)	-	-
At 31 December	395,822	375,742	-	-
Carrying Amount As At 31 December	7,639,927	6,530,333	304,756	225,032
Fair Value As At 31 December	10,629,902	9,378,435	351,000	270,000

There is no restriction on the realisation of the investment properties as well as no contractual obligation to either purchase, construct or develop investment properties or for the repairs, maintenance and enhancements of the properties by the Group and KWAP.

The fair value of the investment properties of the Group and of KWAP as at 31 December 2023 amounted to RM10,629.9 million and RM351.0 million respectively (2022: RM9,378.4 million and RM270.0 million respectively), which was determined based on the property valuations performed at the reporting date.

Valuations are performed by accredited independent valuers with recent experience in the land and property valuation field. The valuations are based on the comparison method that involves sales of similar properties, analysis and factors which can influence the value or price of the said properties

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

9. INVESTMENT PROPERTIES AND LAND HELD FOR PROPERTY DEVELOPMENT (CONTINUED)

(b) Land Held For Development

	Group	
	31 December 2023	31 December 2022
	RM'000	RM'000

Land Held For Development

Cost:

At 1 January	761,972	731,018
Addition	23,606	30,954
At 31 December	785,578	761,972

10. RIGHT-OF-USE ASSET

	Group		KWAP	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
	RM'000	RM'000	RM'000	RM'000

Building

Cost

At 1 January	58,047	-	-	-
Adjustment	-	-	60,301	-
Reclassification From Investment Properties	-	61,803	-	-
Foreign Exchange Reserve	6,109	(3,756)	-	-
At 31 December	64,156	58,047	60,301	-

Less: Amortisation

At 1 January	1,138	-	-	-
Amortisation for the year	399	390	8,825	-
Reclassification From Investment Properties	-	808	-	-
Foreign Exchange Reserve	141	(60)	-	-
At 31 December	1,678	1,138	8,825	-

Carrying amount

At 31 December	62,478	56,909	51,476	-
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The Group leases a building in London, United Kingdom, for a period of 153 years commencing 24 November 2014. The lease payments are reviewed annually based on the higher of the minimum ground rent and Landlords Premium of 7.00% of the rents receivable.

KWAP leases a building in Kuala Lumpur, Malaysia, with fixed lease payments that runs for three (3) years, with an option to renew the lease after that date.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

11. INVESTMENT IN SUBSIDIARIES

	KWAP	
	31 December	31 December
	2023 RM'000	2022 RM'000
Unquoted Shares Inside Malaysia	2,538,527	2,505,573
Unquoted Shares Outside Malaysia	5,757,994	4,866,197
	8,296,521	7,371,770
Less: Allowance For Impairment Losses	(1,075,124)	(1,091,806)
	7,221,397	6,279,964

Details of the subsidiaries, with the country of incorporation are as follows:

Name	Country Of Incorporation/ Principal Place Of Business	Effective Ownership Interest		Non-Controlling Interest		Principal Activities
		2023 %	2022 %	2023 %	2022 %	
KWAP Managed Investment Trust 3	Australia	100.0	100.0	-	-	Management of investment trust
KWAP Managed Investment Trust 4	Australia	100.0	100.0	-	-	Management of investment trust
Prima Ekuiti (UK) Limited	United Kingdom	100.0	100.0	-	-	Fund management services
Prima Harta (Jersey) Unit Trust	Jersey	99.6	99.6	0.4	0.4	Management of investment trust
Prima Harta U (Jersey) Limited	Jersey	100.0	100.0	-	-	Management of investment trust
Prima Harta 2 (Jersey) Unit Trust	Jersey	100.0	100.0	-	-	Management of investment trust
Prima Harta 3 (Lux) S.á.r.l	Luxembourg	100.0	100.0	-	-	Management of investment trust
Prima Harta 4 (Jersey) Unit Trust	Jersey	99.6	99.6	0.4	0.4	Management of investment trust
Prima Harta 4 U (Jersey) Limited	Jersey	100.0	100.0	-	-	Management of investment trust
Prima Harta 5 (Jersey) Unit Trust	Jersey	99.8	99.8	0.2	0.2	Management of investment trust

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

11. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of the subsidiaries, with the country of incorporation are as follows: (continued)

Name	Country Of Incorporation/ Principal Place Of Business	Effective Ownership Interest		Non-Controlling Interest		Principal Activities
		2023 %	2022 %	2023 %	2022 %	
Prima Harta 5 (Jersey) Limited	Jersey	100.0	100.0	-	-	Management of investment trust
Prima Harta 6 (Jersey) Unit Trust	Jersey	99.9	99.9	0.1	0.1	Management of investment trust
Prima Harta 6 (Jersey) Limited	Jersey	100.0	100.0	-	-	Management of investment trust
Capsquare Tower Sdn Bhd	Malaysia	100.0	100.0	-	-	Management of property
KWEST Sdn Bhd	Malaysia	100.0	100.0	-	-	Property development
Harta Integra Berkat Sdn Bhd	Malaysia	100.0	100.0	-	-	Management of property
Harta Rini Sdn Bhd	Malaysia	100.0	100.0	-	-	Management of property

* None of the subsidiaries are audited by Jabatan Audit Negara Malaysia.

12. INVESTMENT IN ASSOCIATES

	Group		KWAP	
	31 December 2023 RM'000	31 December 2022 RM'000	31 December 2023 RM'000	31 December 2022 RM'000
Shares At Cost, Unquoted Shares	1,025,478	838,429	1,008,190	831,930
	1,025,478	838,429	1,008,190	831,930
Share Of Post Acquisition Reserves	240,397	296,983	-	-
	1,265,875	1,135,412	1,008,190	831,930
Less: Allowance For Impairment Losses	(10,482)	-	(10,482)	-
	1,255,393	1,135,412	997,708	831,930

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

12. INVESTMENT IN ASSOCIATES (CONTINUED)

Details of the associates of KWAP, with the country of incorporation are as follows:

Name	Country Of Incorporation/ Principal Place Of Business	Effective Ownership Interest		Accounting Model Applied	Principal Activities
		2023 %	2022 %		
Aerodyne Ventures Sdn. Bhd.	Malaysia	5.83	6.67	Equity method	Software and services
EDOTCO Group Sdn. Bhd.	Malaysia	5.29	5.29	Equity method	Communications infrastructure
Vantage Solar Investment S.á.r.l	Luxembourg	45.00	45.00	Equity method	Solar independent power producer
Asia Pacific Education Group	Malaysia	20.70	-	Equity method	Education

Aerodyne Ventures Sdn. Bhd. and EDOTCO Group Sdn. Bhd. were deemed as associates of the Group based on the existence of significant influence in the entities. The MFRS 128 defines significant influence as the power to participate in the financial and operating policy decisions of the investee but not control or joint control of those policies.

Details of the associates of KWEST Sdn. Bhd., with the country of incorporation are as follows:

Name	Country Of Incorporation/ Principal Place Of Business	Effective Ownership Interest		Accounting Model Applied	Principal Activities
		2023 %	2022 %		
Compass IP Sdn. Bhd.	Malaysia	20.00	20.00	Equity method	Property development

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

12. INVESTMENT IN ASSOCIATES (CONTINUED)

Details of the associate which the Group has material significant influence are as follows:

	EDOTCO Group Sdn. Bhd.	
	2023	2022
	RM'000	RM'000
Summarised Statement of Financial Position		
Total Assets	12,583,168	12,439,323
Total Liabilities	(9,548,539)	(8,493,093)
Total Net Assets	3,034,629	3,946,230
Non-Controlling Interests (NCI)	(503,781)	(544,176)
Total Net Assets excluding NCI	2,530,848	3,402,054
Extraction from Statement of Comprehensive Income		
Total income	2,475,224	2,481,188
(Loss)/Profit After Tax For The Financial Year	(972,428)	191,370
Other Comprehensive Income/(Loss) For The Financial Year	61,028	(210,902)
Total Comprehensive Loss For The Financial Year	(911,400)	(19,532)
Dividend Received from Associates For The Financial Year	-	-
Group's Share In %	5.29	5.29
Group's Share Of Net Assets	160,532	208,756
Goodwill	461,931	461,931
Carrying Amount	622,463	670,687

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

12. INVESTMENT IN ASSOCIATES (CONTINUED)

The summary of the financial information in relation to the associates of KWEST Sdn. Bhd. is as disclosed below.

	Compass IP Sdn. Bhd.	
	2023	2022
	RM'000	RM'000
Summarised Financial Information		
Non-Current Assets	141,942	287,449
Current Assets	311,244	135,268
Non-Current Liabilities	(212,705)	(206,580)
Current Liabilities	(104,314)	(83,315)
Net Assets	136,167	132,822
Extraction from Statement of Comprehensive Income		
Profit/(Loss) From Continuing Operations	3,346	(12,180)
Profit From Discontinuing Operations	-	-
Total Comprehensive Income/(Loss)	3,346	(12,180)
Included In The Total Comprehensive Income/(Loss) Is:		
Revenue	37,254	176
Reconciliation Of Net Assets To Carrying Amount As At 31 December		
Group's Share Of Net Assets	27,233	26,564
Carrying Amount In The Statement Of Financial Position	27,233	26,564

In addition to the interests in associates disclosed above, the Group also has interests in a number of individually immaterial associates which are accounted for using the equity method.

	2023	2022
	RM'000	RM'000
Total Carrying Amount of Individually Immaterial Associates	632,930	464,725
Aggregate Amounts Of The Group's Share Of:		
(Loss)/Profit For The Year	(59,814)	102,279
Other Comprehensive Income/(Loss)	3,228	(16,675)
Total Comprehensive (Loss)/Income	(56,586)	85,604

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

13. INVESTMENT IN JOINT VENTURES

	Group	
	31 December 2023 RM'000	31 December 2022 RM'000
Shares At Cost,		
Unquoted Shares Outside Malaysia	-	-
Unquoted Shares In Malaysia	1,000	1,000
	1,000	1,000
Share Of Post Acquisition Reserves	5,017	1,756
	6,017	2,756
Less: Allowance for impairment losses	-	-
	6,017	2,756

Details of the joint venture of KWAP, incorporated in Malaysia, are as follow:

Name	Country Of Incorporation/ Principal Place	Effective Interest Ownership Interest		Accounting Model Applied	Principal Activities
		2023 %	2022 %		
Tap Crunch Sdn Bhd	Malaysia	50.00	50.00	Equity method	Investment holding entity

The Group's and KWAP's investment in Tap Crunch Sdn. Bhd. amounted to RM5.00.

Details of the joint venture of subsidiaries are as follow:

Name	Country Of Incorporation/ Principal Place Of Business	Effective Interest Ownership Interest		Accounting Model Applied	Principal Activities
		2023 %	2022 %		
Persada Mentari Sdn Bhd	Malaysia	20.00	20.00	Equity method	Real estate development services

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

13. INVESTMENT IN JOINT VENTURES (CONTINUED)

The summary of the financial information in relation to aggregated joint ventures of the Group and KWAP are as disclosed below.

	2023 RM'000	2022 RM'000
Total Carrying Amount of Individually Immaterial Joint Ventures	6,017	2,756
Aggregate Amounts Of The Group's Share Of:		
Profit For The Financial Year	3,262	1,915

14. LOANS AND RECEIVABLES

	Group		KWAP	
	31 December 2023 RM'000	31 December 2022 RM'000	31 December 2023 RM'000	31 December 2022 RM'000
Non-Current				
Loans And Receivables				
- Commercial Loan	372,886	434,136	372,886	434,136
- Loans To Related Parties	-	-	275,008	253,818
Long Term Receivables	20,813	22,077	-	-
	393,699	456,213	647,894	687,954
Current				
Loans And Receivables				
- Commercial Loan	112,935	584,683	112,935	584,683

Loans and Receivables to corporate institutions are subject to interest rates ranging from 3.60% to 4.71% (2022: 3.60% to 4.68%) per annum as well as the annual review.

As at 31 December 2023, Loans to Related Parties relates to two (2) loans being the loans to High Bay Logistics 1 (Lux) S.à r.l. and High Bay Logistics 2 (Lux) S.à r.l., subsidiaries of Prima Harta 3 (Lux) S.à r.l. with the principal amount of RM152.9 million or EUR30.1 million and RM122.1 million or EUR24.1 million respectively (2022: RM141.1 million or EUR30.1 million and RM112.7 million or EUR24.1 million respectively), at an interest rate of EURIBOR + 1.10% for both loans.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

14. LOANS AND RECEIVABLES (CONTINUED)

(a) Movements in the allowance for Loans and Receivables

There was no allowances made for impairment losses for Loans and Receivables during the year (2022: a reversal of RM13.8 million).

All Loans and Receivables were categorised as Stage 1 in the ECL assessment.

(b) Impact of movements in the gross carrying amount on allowance for impairment losses

There was no net remeasurement of allowance for impairment losses during the year (2022: Nil).

(c) Information about the nature and effect of modification on the measurement of allowance for impairment losses

There were no modifications of loans that impacted the measurement of allowance for impairment losses during the year (2022: Nil).

(d) Write-offs still under enforcement activity

There was no outstanding contractual amount written off during the year (2022: Nil).

15. DEBT INSTRUMENT AT AMORTISED COST

	Group		KWAP	
	31 December 2023 RM'000	31 December 2022 RM'000	31 December 2023 RM'000	31 December 2022 RM'000
Debt Instruments At Amortised Cost				
At 31 December 2023	16,621,391	16,372,543	16,621,391	16,372,543
	16,621,391	16,372,543	16,621,391	16,372,543

(a) Reclassification of debt instruments at amortised cost

There was no reclassification of debt instruments at amortised cost during the year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

15. DEBT INSTRUMENT AT AMORTISED COST (CONTINUED)

(b) Movements in the allowance for debt instruments at amortised cost

Debt Instruments At Amortised Cost	12-months expected credit losses RM'000	Total RM'000
At 1 January 2022	3	3
Net Remeasurement of Loss Allowance	(1)	(1)
At 31 December 2022/1 January 2023	2	2
Net Remeasurement of Loss Allowance	243	243
At 31 December 2023	245	245

There was no purchase of credit-impaired financial assets at the initial recognition and during the year, hence no recognition of ECL during the year.

(c) Impact of movements in the gross carrying amount on allowance for impairment losses

Allowance for impairment losses reflected the ECL measured using the three-stage approach under the MFRS 9, as described in the material accounting policies section.

The gross carrying amount of debt instruments at Amortised Cost increased by RM248.8 million primarily due to purchases made during the year.

Debt Instruments At Amortised Cost	12-months expected credit losses RM'000	Total RM'000
At 1 January 2022	15,792,014	15,792,014
New Financial Assets Originated Or Purchased	2,127,527	2,127,527
Financial Assets That Have Been Derecognised	(1,569,467)	(1,569,467)
Movement Of Accretion Of Discount	22,469	22,469
At 31 December 2022/1 January 2023	16,372,543	16,372,543
New Financial Assets Originated Or Purchased	687,050	687,050
Financial Assets That Have Been Derecognised	(432,482)	(432,482)
Movement Of Accretion Of Discount	(5,720)	(5,720)
At 31 December 2023	16,621,391	16,621,391

(d) Write-offs still under enforcement activity

There was no outstanding contractual amount written off during the year (2022: Nil).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

16. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group		KWAP	
	31 December 2023 RM'000	31 December 2022 RM'000	31 December 2023 RM'000	31 December 2022 RM'000
Non-Current				
Debt Instruments At Fair Value Through Profit Or Loss	667,167	580,340	639,431	552,139
Equity Instruments At Fair Value Through Profit Or Loss				
- Quoted	46,313,723	42,762,679	46,313,723	42,762,679
- Unquoted	11,074,235	8,508,648	11,074,235	8,508,648
	57,387,958	51,271,327	57,387,958	51,271,327
Current				
Debt Instruments At Fair Value Through Profit Or Loss	208,558	258,566	433,144	465,848

17. DEBT INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	Group		KWAP	
	31 December 2023 RM'000	31 December 2022 RM'000	31 December 2023 RM'000	31 December 2022 RM'000
Debt Instruments At Fair Value Through Other Comprehensive Income	42,675,911	39,202,380	42,675,911	39,202,380
	42,675,911	39,202,380	42,675,911	39,202,380

(a) Reclassification of debt instruments at FVOCI

There was no reclassification of debt instruments at FVOCI during the year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

17. DEBT INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (CONTINUED)

(b) Movements in allowance for debt instruments at FVOCI

Debt Instruments At FVOCI	12-months Expected Credit Losses RM'000	Lifetime Expected Credit Losses (Collectively Assessed - Not Credit Impaired) RM'000	Total RM'000
At 1 January 2022	109	65,756	65,865
Changes Due To Financial Assets Recognised In The Opening Balance That Have:			
- Transferred To Lifetime ECL Not Credit Impaired – Collective Provision	59,321	(59,321)	-
Net Remeasurement Of Loss Allowance	(59,408)	(435)	(59,843)
New Financial Assets Originated or Purchased	1	-	1
Financial Assets That Have Been Derecognised	(8)	(895)	(903)
At 31 December 2022/1 January 2023	15	5,105	5,120
Net Remeasurement Of Loss Allowance	(78)	33,472	33,394
New Financial Assets Originated Or Purchased	6,042	-	6,042
Financial Assets That Have Been Derecognised	71	328	399
At 31 December 2023	6,050	38,905	44,955

There was no undiscounted ECL at the initial recognition of credit-impaired financial assets purchased during the year.

(c) Impact of movements in the gross carrying amount on allowance for impairment losses

Allowance for impairment losses reflected the ECL measured using the three (3) stage approach under the MFRS 9, as described in the material accounting policies section. The following explanation relates to the contribution of the significant changes in the gross carrying amount of debt instruments at FVOCI during the year to the changes in the allowance for impairment losses for the Group and KWAP under the ECL model.

Overall, the total allowance for impairment losses increased by RM39.8 million compared to the opening balance at the beginning of the year. The net increase was driven by the movement of the calculated provision from the previously recognised 12-months expected credit loss to the lifetime expected credit loss.

The gross carrying amount of debt instruments at FVOCI increased primarily due to the following:

- purchases made during the year;
- changes due to modification during the year; and
- derecognition during the year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

17. DEBT INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (CONTINUED)

c) Impact of movements in gross carrying amount on allowance for impairment losses (continued)

Gross Carrying Amount Of Debt instruments at FVOCI	12-months Expected Credit Losses RM'000	Lifetime Expected Credit Losses (Collectively Assessed - Not Credit Impaired) RM'000	Total RM'000
At 1 January 2022	35,942,919	69,037	36,011,956
Transfers:			
- Transferred To Lifetime ECL Not Credit Impaired			
- Collective Provision	62,737	(62,737)	-
New Financial Assets Originated or Purchased	8,833,175	-	8,833,175
Financial Assets That Have Been Derecognised	(4,609,135)	(888)	(4,610,023)
Value and Exchange Fluctuations	(1,032,336)	(392)	(1,032,728)
At 31 December 2022/1 January 2023	39,197,360	5,020	39,202,380
Transfers:			
- Transferred to Lifetime ECL Not Credit impaired			
- Collective provision	(67,093)	67,093	-
New Financial Assets Originated or Purchased	8,866,173	-	8,866,173
Financial Assets That Have Been Derecognised	(6,303,808)	(1,751)	(6,305,559)
Value and Exchange Fluctuations	927,827	(14,910)	912,917
At 31 December 2023	42,620,459	55,452	42,675,911

(d) Write-offs still under enforcement activity

There was no outstanding contractual amount written off during the year (2022: Nil).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

18. EQUITY INSTRUMENT AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	Group		KWAP	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
	RM'000	RM'000	RM'000	RM'000
Non-Current				
Equity Instruments At Fair Value Through Other Comprehensive Income				
- Quoted Equity	34,295,157	28,912,706	34,295,157	28,912,706
	34,295,157	28,912,706	34,295,157	28,912,706

The portfolio structure with a combination of FVOCI and FVTPL classified financial assets is consistent with the Group's and KWAP's risk profile and risk appetite.

Dividend recognised from investments in equity instruments designated at FVOCI and FVTPL held during the year was RM1,336.0 million (2022: RM1,289.0 million) and RM1,369.1 million (2022: RM1,365.7 million) respectively.

Disposal of investments in equity instruments measured at FVOCI

During the year, there were disposals of equity instruments designated at FVOCI with a total realised gain of RM6.5 million (2022: RM381.4 million loss) subsequently recorded in the Other Comprehensive Income.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

19. DERIVATIVE FINANCIAL ASSETS AND LIABILITIES

	Group			KWAP		
	Nominal Value RM'000	Assets/ (Liabilities) RM'000	Assets/ (Liabilities) RM'000	Nominal Value RM'000	Assets/ (Liabilities) RM'000	Assets/ (Liabilities) RM'000
2023						
Non-Current Assets						
Derivatives Designated As Hedges:						
Financial Assets:						
Interest Rate Swaps	355,010	12,926	12,926	-	-	-
Current Assets						
Derivatives Designated As Hedges:						
Financial Assets:						
Interest Rate Swaps	50,000	13,837		50,000	642	
Warrants & Rights	-	2,732	16,569	-	2,732	3,374
Current Liabilities						
Financial Liabilities:						
Forward Exchange Rate Contracts	19,771,497	(47,332)	(47,332)	19,771,497	(46,988)	(46,988)
Non-Current Liabilities						
Interest Rate Swaps	293,024	(3,301)	(3,301)	-	-	-
2022						
Non-Current Assets						
Derivatives Designated As Hedges:						
Financial Assets:						
Interest Rate Swaps	338,590	35,721	35,721	-	-	-
Current Assets						
Derivatives Designated As Hedges:						
Financial Assets:						
Interest Rate Swaps	190,000	56,083		190,000	3,284	
Warrants & Rights	-	3,896		-	3,896	
Forward Exchange Rate Contracts	16,335,603	409,410	469,389	16,335,603	409,410	416,590
Non-Current Liabilities						
Interest Rate Swaps	338,590	(800)	(800)	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

19. DERIVATIVE FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

The outstanding forward exchange rate contracts as at 31 December 2023 were designated as hedges of firm commitments with highly probable future payments and net revenue denominated in foreign currencies.

The terms of the cross-currency swap and forward exchange rate contracts were negotiated to match the terms of the commitments. There were neither previous application nor expectation of the occurrence of hedge accounting in relation to the said highly probable future transactions.

20. SUNDRY DEBTORS AND DEPOSITS

	Group		KWAP	
	31 December	31 December	31 December	31 December
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Deposit Received	5,155	11,885	1,648	1,629
Prepayment And Advances	28,102	53,000	9,399	7,191
Tax Recoverable	46,905	36,480	37,479	35,108
Other Receivables	163,526	107,523	57,287	66,653
	243,688	208,888	105,813	110,581

(a) Movements in allowance for sundry debtors and deposits

There was no allowance for impairment losses for sundry debtors and deposits during the year (2022: Nil).

(b) Impact of movements in the gross carrying amount on allowance for impairment losses

Allowance for impairment losses reflected the ECL measured using the simplified approach under the MFRS 9, as described in the Significant Accounting Policies section.

There was no allowance for impairment losses during the year (2022: Nil).

(c) Write-offs still under enforcement activity

There was no outstanding contractual amount written off during the year (2022: Nil).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

21. TRADE RECEIVABLES

	Group		KWAP	
	31 December 2023 RM'000	31 December 2022 RM'000	31 December 2023 RM'000	31 December 2022 RM'000
Sale Of Shares And Bonds	576,781	981	576,781	981
Dividend Receivable	59,549	77,506	59,549	77,506
Interest Income Receivable	741,689	772,009	741,689	772,009
Rental Receivable	3,458	11,707	1,667	-
Receivable From Brokers	1,999,322	1,557,019	1,999,322	1,557,019
Other Trade Receivables	457,547	127,372	583	80
	3,838,346	2,546,594	3,379,591	2,407,595

(a) Movements in the allowance for trade receivables

There was an allowance for impairment losses for interest income amounting to RM5.2 million during the year (2022: RM19.0 million).

(b) Impact of movements in the gross carrying amount on allowance for impairment losses

The net remeasurement of allowance for impairment losses during the year amounted to RM16.1 million (2022: RM10.9 million).

(c) Write-offs still under enforcement activity

There was no outstanding contractual amount written off during the year (2022: Nil).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

22. DEPOSITS AND PLACEMENTS AND CASH AND BANK BALANCES

	Group		KWAP	
	31 December 2023 RM'000	31 December 2022 RM'000	31 December 2023 RM'000	31 December 2022 RM'000

Deposit And Placements With Financial Institutions

Deposits And Placements With

Financial Institutions With Maturity

Less Than 3 Months

2,800,541 9,331,415 **2,800,541** 9,331,415

Deposits And Placements With

Financial Institutions With Maturity

More Than 3 Months

- 132,303 - 132,303

2,800,541 9,463,718 **2,800,541** 9,463,718

Cash And Bank Balances

3,288,810 3,383,526 **2,521,813** 2,797,116

	Group		KWAP	
	31 December 2023 RM'000	31 December 2022 RM'000	31 December 2023 RM'000	31 December 2022 RM'000

Cash and Cash Equivalents

Deposits And Placements With

Financial Institutions With Maturity

Less Than 3 Months

2,800,541 9,331,415 **2,800,541** 9,331,415

Cash And Bank Balances

3,288,810 3,383,526 **2,521,813** 2,797,116

6,089,351 12,714,941 **5,322,354** 12,128,531

Cash at bank earns interest at the floating rates based on the daily bank deposit rates. Short term deposits are made for varying short periods between one (1) day and three (3) months, based on the immediate cash requirements of the Group and of KWAP, whereby interest is earned at the respective short-term deposit rates.

(a) Movements in the allowance for cash and cash equivalents

There was no allowance for impairment losses for cash and cash equivalents during the year (2022: Nil).

(b) Impact of movements in the gross carrying amount on allowance for impairment losses

Allowance for impairment losses reflected the ECL measured using the simplified approach under the MFRS 9, as described in the material accounting policies section.

There was no allowance for impairment loss during the year (2022: Nil).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

23. TRADE PAYABLES

	Group		KWAP	
	31 December 2023 RM'000	31 December 2022 RM'000	31 December 2023 RM'000	31 December 2022 RM'000
Deposits On Property	13,333	-	13,333	-
Amount Due To Private Equity Funds	131,859	27,478	131,859	27,478
Trade Creditors	23,537	2,395,459	10,031	2,344,283
	168,729	2,422,937	155,223	2,371,761

All trade payables, excluding repurchase agreements, are interest free with the normal trade credit terms ranging from 30 to 90 days granted to the Group and KWAP.

As at 31 December 2023, there was no repurchase agreements (2022: 2.40% to 3.48%) that are set to mature within 90 days.

24. OTHER PAYABLES AND ACCRUALS

	Group		KWAP	
	31 December 2023 RM'000	31 December 2022 RM'000	31 December 2023 RM'000	31 December 2022 RM'000
Sales and Service Tax ("SST") Payable	496	473	442	419
Withholding Tax Payable	1,832	1,302	1,832	1,302
Amount Due to Subsidiaries	-	-	36,656	58,915
Provision For Bonus	52,460	44,840	52,460	44,840
Provision For Services	25,960	18,770	25,960	18,770
Provision For External Managers Fees	22,123	8,677	22,123	8,677
Provision For Custodian Fees	1,353	995	1,353	995
Provision For Tax	852	654	-	-
Other Payables And Accruals	205,973	234,847	5,797	3,428
	311,049	310,558	146,623	137,346

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

25. BORROWINGS

	Group	
	31 December	31 December
	2023	2022
	RM'000	RM'000
Current	812,808	279,184
Non-Current	959,858	1,072,380

- (a) The loan amounting to RM355.0 million or AUD113.4 million and RM293.0 million or AUD93.6 million to KWAP Managed Investment Trust 3 ("KWAP MIT 3") is at a floating rate of interest at BBR + 1.20% per annum with maturity on 5 February 2026 and is secured over the investment property of KWAP MIT 3.
- (b) New loan amounting to RM313.1 million or AUD100.7 million to KWAP Managed Investment Trust 4 ("KWAP MIT 4") during September 2023 is at a floating rate of 5.79% to 6.01% per annum with maturity on 29 September 2028. The bank loan is secured against first ranking mortgages over the investment property of KWAP MIT 4.
- (c) The loan amounting to RM814.2 million or GBP139.2 million to Prima Harta (Jersey) Unit Trust ("Prima Harta") is at a floating rate of SONIA + 1.30% with maturity on 27 November 2024

The table below illustrates the reconciliation of the Group's borrowings arising from financing activities and are classified in the Group's consolidated cash flows as Cash Flow From Financing Activities:

	Group	
	31 December	31 December
	2023	2022
	RM'000	RM'000
At 1 January	1,351,564	1,977,004
Cash Flow Changes From Financing Activities:		
Proceeds From Borrowings	298,580	-
Repayments Of Borrowings	(18,454)	(577,190)
Non-Cash Flow Movement:		
Capitalised Transaction Costs	(2,010)	(2,726)
Deferred Finance Cost	(2,072)	-
Accrued Interest For The Year	21,295	2,177
Effect of Changes in Foreign Exchange	123,763	(47,701)
At 31 December	1,772,666	1,351,564

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

26. LEASE LIABILITIES

	Group		KWAP	
	31 December 2023 RM'000	31 December 2022 RM'000	31 December 2023 RM'000	31 December 2022 RM'000
Current Liabilities				
Obligation Under Lease Liabilities	2,651	2,399	8,388	-
Non-Current Liabilities				
Obligation Under Lease Liabilities	79,064	110,139	44,819	-
	81,715	112,538	53,207	-
Future Minimum Payment Due:				
Not Later Than One Year	3,583	5,288	10,036	-
After One Year But Not More Than Five Years	14,331	21,154	48,508	-
After Five Years	494,278	729,333	-	-
	512,192	755,775	58,544	-
Less: Finance Charges Allocated To Future Periods	(430,477)	(643,237)	(5,337)	-
Present Value Of Minimum Lease Payments	81,715	112,538	53,207	-
Present Value Of Minimum Lease Payments Is Analysed As Follows:				
Not Later Than One Year	9	9	9,527	-
After One Year But Not More Than Five Years	37	38	43,680	-
After Five Years	81,669	112,491	-	-
Present Value Minimum Lease Payments	81,715	112,538	53,207	-

27. ALLOCATION OF STATUTORY FUNDS

	Group and KWAP	
	31 December 2023 RM'000	31 December 2022 RM'000
At 1 January	28,001,944	27,501,944
Add: Allocation For Current Year	500,000	500,000
At 31 December	28,501,944	28,001,944

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

28. PENSION CONTRIBUTIONS

	Note	Group and KWAP	
		31 December 2023 RM'000	31 December 2022 RM'000
Contribution From Statutory Bodies, Local Authorities And Other Agencies	A	21,378,035	19,937,844
Contribution From Government's Share, Gratutities And Other Deductions	B	42,690,909	41,939,775
		64,068,944	61,877,619

Note A – Contribution From Statutory Bodies, Local Authorities And Other Agencies

The Group and KWAP receive monthly contributions for permanent employees with pensionable status from the respective employers such as Statutory Bodies, Local Authorities and Other Agencies. Contributions are based on 17.5% of the basic monthly salary of the employees.

	Group and KWAP		
	Accumulated Contributions RM'000	Receipts RM'000	Balance RM'000
2023			
Statutory Bodies	15,985,400	1,172,135	17,157,535
Local Authorities	3,819,664	263,581	4,083,245
Other Agencies	141,312	4,762	146,074
	19,946,376	1,440,478	21,386,854
Less:			
Repayment Of Claims	(8,532)	(287)	(8,819)
	19,937,844	1,440,191	21,378,035
2022			
Statutory Bodies	14,867,532	1,117,868	15,985,400
Local Authorities	3,568,691	250,973	3,819,664
Other Agencies	136,824	4,488	141,312
	18,573,047	1,373,329	19,946,376
Less:			
Repayment Of Claims	(8,299)	(233)	(8,532)
	18,564,748	1,373,096	19,937,844

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

28. PENSION CONTRIBUTIONS (CONTINUED)

Note B – Contribution From Government's Share, Gratuities And Other Deductions

Contributions from the Government's portion, gratuities and other deductions remitted to the Group and KWAP upon any withdrawals made by public officers under the Pensionable Employees Withdrawal Scheme were as follows:

	Group and KWAP		
	Contributions RM'000	Receipts RM'000	Balance RM'000
2023			
KWSP	31,825,795	736,480	32,562,275
KWSG	146,709	-	146,709
KWSG - Sabah	12,479	-	12,479
LTAT	8,657,804	-	8,657,804
SESCO	45,309	-	45,309
JPA	1,441,402	32,365	1,473,767
VETERAN ATM	3,014	498	3,512
Others	41,829	11	41,840
	42,174,341	769,354	42,943,695
Less:			
Repayment Of Claims	(234,566)	(18,220)	(252,786)
	41,939,775	751,134	42,690,909
2022			
KWSP	31,093,782	732,013	31,825,795
KWSG	146,709	-	146,709
KWSG - Sabah	12,479	-	12,479
LTAT	8,657,804	-	8,657,804
SESCO	45,309	-	45,309
JPA	1,402,026	39,376	1,441,402
VETERAN ATM	2,352	662	3,014
Others	41,324	505	41,829
	41,401,785	772,556	42,174,341
Less:			
Repayment Of Claims	(223,756)	(10,810)	(234,566)
	41,178,029	761,746	41,939,775

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

29. WITHDRAWAL BY THE FEDERAL GOVERNMENT

During the year, the total withdrawal by the Federal Government amounted to RM3.0 billion (2022: RM3.0 billion).

30. RETAINED EARNINGS

The Group's Retained Earnings amounting to RM102.2 billion was the balance of revenue reserves as at 31 December 2023 (2022: RM92.8 billion). KWAP's Retained Earnings amounting to RM102.4 billion was the balance of revenue reserves as at 31 December 2023 (2022: RM92.7 billion).

31. RESERVES

		Group		KWAP	
		31 December 2023 RM'000	31 December 2022 RM'000	31 December 2023 RM'000	31 December 2022 RM'000
Note					
Other reserves		(55,987)	(59,215)	-	-
Foreign exchange reserve		249,274	(77,903)	-	-
Fair Value Through Other Comprehensive Income ("FVOCI") Reserves					
Debt instrument at FVOCI reserve	A	319,467	(782,715)	319,467	(782,715)
Equity instrument at FVOCI reserve	B	(4,966,778)	(6,243,284)	(4,966,778)	(6,243,284)
		(4,647,311)	(7,025,999)	(4,647,311)	(7,025,999)

Note A: There are investments classified as debt instruments at FVOCI whereby the changes in fair value are accumulated within the Financial Assets at FVOCI Reserves within equity. The accumulated changes in fair value are transferred to profit or loss upon disposal of the investments.

Note B: The Group and KWAP elected to recognise changes in the fair value of equity instruments in Other Comprehensive Income whereby the changes in fair value are accumulated within the Financial Assets at FVOCI Reserves within equity.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

32. DEFERRED TAX LIABILITIES

	Group	
	31 December 2023 RM'000	31 December 2022 RM'000
At 1 January	22	38
Amount Recognised In Profit Or Loss	(7)	(16)
As At 31 December	15	22
After Appropriate Offsetting As Follows:		
Deferred Tax Liabilities	(15)	(22)
	(15)	(22)
Deferred Tax Liabilities:		
- Settled More Than 12 Months	(15)	(22)
	(15)	(22)

33. EMPLOYEE BENEFITS

	Group and KWAP
	Post - Retirement Medical Benefits RM'000
At 1 January 2023	5,012
Provisions For The Year	722
Benefits Paid	(36)
As At 31 December 2023	5,698

The maturity structure of Employee Benefits are as follows:

	Group and KWAP	
	31 December 2023 RM'000	31 December 2022 RM'000
Active Members	4,968	4,307
Retirees	730	705
	5,698	5,012

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

33. EMPLOYEE BENEFITS (CONTINUED)

(a) The movements of the present value in unfunded obligations are as follows:

	Group and KWAP	
	31 December	31 December
	2023	2022
	RM'000	RM'000
At 1 January	5,012	4,429
Current Service Cost	457	417
Interest Cost	235	203
Adjustments During The Year	30	(1)
Benefits Paid	(36)	(36)
As At 31 December	5,698	5,012

(b) The amounts recognised in the Statement of Financial Position were analysed as follows:

	Group and KWAP	
	31 December	31 December
	2023	2022
	RM'000	RM'000
Net Liabilities As At 1 January	5,012	4,429
Total Post-Retirement Costs Recognised In The Statements Of Comprehensive Income And Other Comprehensive Income	722	619
Benefits Paid	(36)	(36)
Net Liabilities As At 31 December	5,698	5,012

(c) The amounts recognised in the Statement of Comprehensive Income were analysed as follows:

	Group and KWAP	
	31 December	31 December
	2023	2022
	RM'000	RM'000
Current Service Cost	457	417
Interest Cost	235	203
Adjustments During The Year	30	(1)
Total Post-Retirement Costs Recognised In The Statement Of Comprehensive Income And Other Comprehensive Income	722	619

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

33. EMPLOYEE BENEFITS (CONTINUED)

(d) The principal actuarial assumptions employed were as follows:

	Group and KWAP	
	31 December 2023	31 December 2022
Discount Rate (%)	4.7%	4.6%
Medical Cost Inflation (%)		
General Practitioner (GP)	3.0%	3.0%
Hospitalization (HP)	3.0%	3.0%
Specialist (SP)	3.0%	3.0%
Dialysis (DL)	0.0%	0.0%

The provision of post-employment medical benefits is based on the Net Present Value ("NPV"), representing the present value of the estimated future cash outflows required to settle the Post-Retirement Medical Benefit obligations. The NPV amount is discounted at the expected money market rate of 4.70% (2022: 4.60%), on the basis that the underlying instrument is naturally considered to be conservative and liquid for the Group and KWAP.

(e) The sensitivity analysis below are determined based on a method that extrapolates the occurrence of reasonable changes in the key assumptions in the same Statement of Financial Position whereby all other assumptions remain constant:

	Group and KWAP			
	31 December 2023		31 December 2022	
	RM'000		RM'000	
	Increase	Decrease	Increase	Decrease
Discount Rate (1 % Movement)	(1,048)	1,380	(950)	1,258
Medical Inflation Rate (1 % Movement)	96	(222)	118	(288)
	(952)	1,158	(832)	970

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

34. FINANCIAL RISK

The Group and KWAP are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include interest rate risk, equity price risk, credit risk and liquidity risk.

The Group and KWAP have an approved set of guidelines and policies as well as internal controls which set out the overall business strategies for the management of the risks. The overall financial risk management objective is to enhance the contributors' value through the effective management of the risks.

The policies and procedures of risk management are reviewed and approved by the Board. The following sections provide the details regarding the Group's and KWAP's exposure to the above-mentioned financial risks as well as the objectives, policies and processes for the management of these risks.

(a) Interest rate risk

Interest rate risk is the risk of the fluctuation of fair value or future cash flows of financial instruments due to changes in the market interest rates. The Group's and KWAP's exposure to the risk of changes in the market interest rates relate primarily to loans and receivables and external borrowings with floating interest rates.

The Group and KWAP actively manage the interest rate risk with the maintenance of an interest rate cover ratio of a minimum of one and a half times.

Interest rate sensitivity

The following table demonstrates the sensitivity to the reasonable possible change in interest rates on the portion of borrowings. With all other variables held constant, the table summarises the Group's and KWAP's exposure to interest rate risk on the loans and receivables and external borrowings with floating interest rates and fixed income securities.

	Group	KWAP	Group	KWAP
	Effect On	Effect On	Effect On	Effect On
	Equity	Equity	Profit Before	Profit Before
	RM'000	RM'000	Tax	Tax
	RM'000	RM'000	RM'000	RM'000
2023				
Increase In 100 Basis Points	(2,639,261)	(2,639,261)	(14,724)	(14,724)
Decrease In 100 Basis Points	2,639,261	2,639,261	14,724	14,724
2022				
Increase In 100 Basis Points	(2,020,964)	(2,020,964)	(11,833)	(11,833)
Decrease In 100 Basis Points	2,020,964	2,020,964	11,833	11,833

The Group and KWAP are exposed to various risks associated with the fluctuations in the prevailing levels of interest rate on its Statements of Financial Position and Statements of Cash Flows. The following table indicates KWAP's financial assets and financial liabilities at their effective interest rate and the carrying amount analysed by the maturity date or the next repricing date, whichever is earlier.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

34. FINANCIAL RISK (CONTINUED)

(a) Interest rate risk (continued)

GROUP

2023	0-12 Months RM'000	>1-5 Year RM'000	Over 5 Years RM'000	Non-Interest Sensitive RM'000	Total RM'000
Financial Assets					
Loans And Receivables	112,935	393,699	-	-	506,634
Debt Instruments At Amortised Cost	-	2,244,839	14,376,552	-	16,621,391
Debt Instruments At Fair Value Through Profit Or Loss ("FVTPL")	208,558	667,167	-	-	875,725
Equity Instruments At Fair Value Through Profit Or Loss ("FVTPL")	-	-	-	57,387,958	57,387,958
Debt Instruments At Fair Value Through Other Comprehensive Income ("FVOCI")	-	16,684,539	25,991,372	-	42,675,911
Equity Instruments At Fair Value Through Other Comprehensive Income ("FVOCI")	-	-	-	34,295,157	34,295,157
Derivatives Financial Assets	16,569	12,926	-	-	29,495
Deposits And Placements With Financial Institutions	2,800,541	-	-	-	2,800,541
Other Non-Interest Sensitive Assets	-	-	-	17,153,520	17,153,520
	3,138,603	20,003,170	40,367,924	108,836,635	172,346,332
Financial Liabilities					
Derivative Financial Liabilities	47,332	3,301	-	-	50,633
Trade Payables	-	-	-	168,729	168,729
Other Payables And Accruals	-	-	-	311,049	311,049
Deferred Income	-	-	-	83,272	83,272
Borrowings	812,808	959,858	-	-	1,772,666
Lease Liabilities	2,651	79,064	-	-	81,715
Long Term Deposit	-	13,491	-	-	13,491
Deferred Tax Liabilities	-	-	-	15	15
	862,791	1,055,714	-	563,065	2,481,570

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

34. FINANCIAL RISK (CONTINUED)

(a) Interest rate risk (continued)

KWAP

2023	0-12 Months RM'000	>1-5 Year RM'000	Over 5 Years RM'000	Non-Interest Sensitive RM'000	Total RM'000
Financial Assets					
Loans And Receivables	112,935	647,894	-	-	760,829
Debt Instruments At Amortised Cost	-	2,244,839	14,376,552	-	16,621,391
Debt Instruments At Fair Value Through Profit Or Loss ("FVTPL")	433,144	639,431	-	-	1,072,575
Equity Instruments At Fair Value Through Profit Or Loss ("FVTPL")	-	-	-	57,387,958	57,387,958
Debt Instruments At Fair Value Through Other Comprehensive Income ("FVOCI")	-	16,684,539	25,991,372	-	42,675,911
Equity Instruments At Fair Value Through Other Comprehensive Income ("FVOCI")	-	-	-	34,295,157	34,295,157
Derivatives Financial Assets	3,374	-	-	-	3,374
Deposits And Placements With Financial Institutions	2,800,541	-	-	-	2,800,541
Other Non-Interest Sensitive Assets	-	-	-	14,611,561	14,611,561
	3,349,994	20,216,703	40,367,924	106,294,676	170,229,297
Financial Liabilities					
Derivative Financial Liabilities	46,988	-	-	-	46,988
Trade Payables	-	-	-	155,223	155,223
Other Payables And Accruals	-	-	-	146,623	146,623
Lease Liabilities	8,388	44,819	-	-	53,207
	55,376	44,819	-	301,846	402,041

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

34. FINANCIAL RISK (CONTINUED)

(a) Interest rate risk (continued)

GROUP

2022	0-12 Months RM'000	>1-5 Year RM'000	Over 5 Years RM'000	Non-Interest Sensitive RM'000	Total RM'000
Financial Assets					
Loans And Receivables	584,683	28,952	427,261	-	1,040,896
Debt Instruments At Amortised Cost	-	2,680,143	13,692,400	-	16,372,543
Debt Instruments At Fair Value Through Profit Or Loss ("FVTPL")	258,566	580,340	-	-	838,906
Equity Instruments At Fair Value Through Profit Or Loss ("FVTPL")	-	-	-	51,271,327	51,271,327
Debt Instruments At Fair Value Through Other Comprehensive Income ("FVOCI")	-	19,901,390	19,300,990	-	39,202,380
Equity Instruments At Fair Value Through Other Comprehensive Income ("FVOCI")	-	-	-	28,912,706	28,912,706
Derivatives Financial Assets	469,389	35,721	-	-	505,110
Deposits And Placements					
With Financial Institutions	9,463,718	-	-	-	9,463,718
Other Non-Interest Sensitive Assets	-	-	-	14,661,819	14,661,819
	10,776,356	23,226,546	33,420,651	94,845,852	162,269,405
Financial Liabilities					
Derivative Financial Liabilities	-	800	-	-	800
Trade Payables	1,781,754	-	-	641,183	2,422,937
Other Payables And Accruals	-	-	-	310,558	310,558
Deferred Income	-	-	-	50,635	50,635
Borrowings	279,184	1,072,380	-	-	1,351,564
Lease Liabilities	2,399	110,139	-	-	112,538
Long Term Deposit	-	7,161	-	-	7,161
Deferred Tax Liabilities	-	-	-	22	22
	2,063,337	1,190,480	-	1,002,398	4,256,215

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

34. FINANCIAL RISK (CONTINUED)

(a) Interest rate risk (continued)

KWAP

2022	0-12 Months RM'000	>1-5 Year RM'000	Over 5 Years RM'000	Non-Interest Sensitive RM'000	Total RM'000
Financial Assets					
Loans And Receivables	584,683	260,693	427,261	-	1,272,637
Debt Instruments At Amortised Cost	-	2,680,143	13,692,400	-	16,372,543
Debt Instruments At Fair Value Through Profit Or Loss ("FVTPL")	465,848	552,139	-	-	1,017,987
Equity Instruments At Fair Value Through Profit Or Loss ("FVTPL")	-	-	-	51,271,327	51,271,327
Debt Instruments At Fair Value Through Other Comprehensive Income ("FVOCI")	-	19,901,390	19,300,990	-	39,202,380
Equity Instruments At Fair Value Through Other Comprehensive Income ("FVOCI")	-	-	-	28,912,706	28,912,706
Derivatives Financial Assets	416,590	-	-	-	416,590
Deposits And Placements					
With Financial Institutions	9,463,718	-	-	-	9,463,718
Other Non-Interest Sensitive Assets	-	-	-	12,684,926	12,684,926
	10,930,839	23,394,365	33,420,651	92,868,959	160,614,814
Financial Liabilities					
Trade Payables	1,781,754	-	-	590,007	2,371,761
Other Payables And Accruals	-	-	-	137,346	137,346
	1,781,754	-	-	727,353	2,509,107

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

34. FINANCIAL RISK (CONTINUED)

(b) Equity price risk

The Group's and KWAP's quoted equity instruments are susceptible to market price risk arising from uncertainties in relation to the future values of investment securities. The Group and KWAP manage the equity price risk through diversification as well as placements of limits on the individual and total equity instruments. Reports on the equity portfolio are regularly submitted to the Group's and KWAP's senior management. Equity investment decisions are reviewed and approved by the Investment Panel of the Group and of KWAP.

Equity price sensitivity

The following table demonstrates the sensitivity to the reasonable possible change in equity price of the Group's and KWAP's equity investments, due to the changes in fair value of quoted equity shares, with all other variables held constant.

	Group	KWAP	Group	KWAP
	Effect On	Effect On	Effect On	Effect On
	Equity	Equity	Profit Before	Profit Before
	RM'000	RM'000	Tax	Tax
	RM'000	RM'000	RM'000	RM'000
2023				
Domestic Equity				
Increase Of 5% In Equity Price	2,804,993	2,804,993	1,365,722	1,365,722
Decrease Of 5% In Equity Price	(2,804,993)	(2,804,993)	(1,365,722)	(1,365,722)
International Equity				
Increase Of 10% In Equity Price	2,451,175	2,451,175	1,900,202	1,900,202
Decrease Of 10% In Equity Price	(2,451,175)	(2,451,175)	(1,900,202)	(1,900,202)
2022				
Domestic Equity				
Increase Of 5% In Equity Price	2,735,372	2,735,372	1,312,521	1,312,521
Decrease Of 5% In Equity Price	(2,735,372)	(2,735,372)	(1,312,521)	(1,312,521)
International Equity				
Increase Of 10% In Equity Price	1,697,185	1,697,185	1,651,616	1,651,616
Decrease Of 10% In Equity Price	(1,697,185)	(1,697,185)	(1,651,616)	(1,651,616)

(c) Foreign exchange risk

The foreign exchange risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to the changes in the foreign exchange rates.

The Group's and KWAP's exposure to foreign exchange risk includes international equity, fixed income and alternative investments such as private equity funds and properties.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

34. FINANCIAL RISK (CONTINUED)

(c) Foreign exchange risk (continued)

The following table summarises the fair value of international investments of the Group and of KWAP for the top currencies in which the assets are held:

GROUP

2023	MYR	USD	AUD	GBP	EUR	HKD	JPY	Others	Total RM'000
Financial Assets (RM'000)									
Investment Properties	1,757,946	-	1,258,250	4,219,317	404,414	-	-	-	7,639,927
Loan And Receivables	486,825	-	2	19,807	-	-	-	-	506,634
Debt Instruments At									
Amortised Cost	16,621,391	-	-	-	-	-	-	-	16,621,391
Debt Instruments At									
Fair Value Through									
Profit Or Loss ("FVTPL")	875,724	-	-	1	-	-	-	-	875,725
Equity Instruments At									
Fair Value Through									
Profit Or Loss ("FVTPL")	27,580,336	19,386,389	354,421	1,513,801	4,501,606	790,329	1,357,842	1,903,234	57,387,958
Debt Instruments At									
Fair Value Through									
Other Comprehensive									
Income ("FVOCI")	41,982,314	495,745	76,200	-	-	-	-	121,652	42,675,911
Equity Instruments At									
Fair Value Through									
Other Comprehensive									
Income ("FVOCI")	28,785,424	4,539,139	-	20,934	372,909	35,081	105,459	436,211	34,295,157
Derivative Financial Assets	3,374	-	26,121	-	-	-	-	-	29,495
Deposits And Placements With									
Financial Institutions	1,963,002	388,135	419,196	7,917	22,291	-	-	-	2,800,541
Cash And Bank Balances	673,666	2,046,054	77,247	405,261	86,582	-	-	-	3,288,810
	120,730,002	26,855,462	2,211,437	6,187,038	5,387,802	825,410	1,463,301	2,461,097	166,121,549

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

34. FINANCIAL RISK (CONTINUED)

(c) Foreign exchange risk (continued)

KWAP

2023	MYR	USD	AUD	GBP	EUR	HKD	JPY	Others	Total RM'000
Financial Assets (RM'000)									
Investment Properties	304,756	-	-	-	-	-	-	-	304,756
Loan And Receivables	485,821	-	-	-	275,008	-	-	-	760,829
Debt Instruments At Amortised Cost	16,621,391	-	-	-	-	-	-	-	16,621,391
Debt Instruments At Fair Value Through Profit Or Loss ("FVTPL")	847,988	-	-	-	224,587	-	-	-	1,072,575
Equity Instruments At Fair Value Through Profit Or Loss ("FVTPL")	27,580,336	19,386,389	354,421	1,513,801	4,501,606	790,329	1,357,842	1,903,234	57,387,958
Debt Instruments At Fair Value Through Other Comprehensive Income ("FVOCI")	41,982,314	495,745	76,200	-	-	-	-	121,652	42,675,911
Equity Instruments At Fair Value Through Other Comprehensive Income ("FVOCI")	28,785,424	4,539,139	-	20,934	372,909	35,081	105,459	436,211	34,295,157
Derivative Financial Assets	3,374	-	-	-	-	-	-	-	3,374
Deposits And Placements With Financial Institutions	1,963,002	388,135	419,196	7,917	22,291	-	-	-	2,800,541
Cash And Bank Balances	406,583	2,046,054	3	57,326	11,847	-	-	-	2,521,813
	118,980,989	26,855,462	849,820	1,599,978	5,408,248	825,410	1,463,301	2,461,097	158,444,305

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

34. FINANCIAL RISK (CONTINUED)

(c) Foreign exchange risk (continued)

GROUP

2022	MYR	USD	AUD	GBP	EUR	HKD	JPY	Others	Total RM'000
Financial Assets (RM'000)									
Investment Properties	1,719,222	-	1,226,517	3,255,670	385,833	-	-	-	6,587,242
Loan And Receivables	1,019,823	-	2	21,071	-	-	-	-	1,040,896
Debt Instruments At Amortised Cost	16,372,543	-	-	-	-	-	-	-	16,372,543
Debt Instruments At Fair Value Through Profit Or Loss ("FVTPL")	838,906	-	-	-	-	-	-	-	838,906
Equity Instruments At Fair Value Through Profit Or Loss ("FVTPL")	26,322,923	16,993,991	319,178	1,448,330	3,292,407	662,979	971,941	1,259,578	51,271,327
Debt Instruments At Fair Value Through Other Comprehensive Income ("FVOCI")	38,676,178	372,777	54,222	-	-	-	-	99,203	39,202,380
Equity Instruments At Fair Value Through Other Comprehensive Income ("FVOCI")	28,457,013	455,693	-	-	-	-	-	-	28,912,706
Derivative Financial Assets	416,590	-	35,721	52,799	-	-	-	-	505,110
Deposits And Placements With Financial Institutions	7,285,983	1,511,971	393,146	266,884	5,734	-	-	-	9,463,718
Cash And Bank Balances	654,346	2,360,635	50,258	252,246	66,041	-	-	-	3,383,526
	121,763,527	21,695,067	2,079,044	5,297,000	3,750,015	662,979	971,941	1,358,781	157,578,354

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

34. FINANCIAL RISK (CONTINUED)

(c) Foreign exchange risk (continued)

KWAP

2022	MYR	USD	AUD	GBP	EUR	HKD	JPY	Others	Total RM'000
Financial Assets (RM'000)									
Investment Properties	225,032	-	-	-	-	-	-	-	225,032
Loan And Receivables	1,018,819	-	-	-	253,818	-	-	-	1,272,637
Debt Instruments At Amortised Cost	16,372,543	-	-	-	-	-	-	-	16,372,543
Debt Instruments At Fair Value Through Profit Or Loss ("FVTPL")	810,705	-	-	-	207,282	-	-	-	1,017,987
Equity Instruments At Fair Value Through Profit Or Loss ("FVTPL")	26,322,923	16,993,991	319,178	1,448,330	3,292,407	662,979	971,941	1,259,578	51,271,327
Debt Instruments At Fair Value Through Other Comprehensive Income ("FVOCI")	38,676,178	372,777	54,222	-	-	-	-	99,203	39,202,380
Equity Instruments At Fair Value Through Other Comprehensive Income ("FVOCI")	28,457,013	455,693	-	-	-	-	-	-	28,912,706
Derivative Financial Assets	416,590	-	-	-	-	-	-	-	416,590
Deposits And Placements With Financial Institutions	7,285,983	1,511,971	393,146	266,884	5,734	-	-	-	9,463,718
Cash And Bank Balances	436,471	2,360,635	2	5	3	-	-	-	2,797,116
	120,022,257	21,695,067	766,548	1,715,219	3,759,244	662,979	971,941	1,358,781	150,952,036

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

34. FINANCIAL RISK (CONTINUED)

(c) Foreign exchange risk (continued)

The following table demonstrates the sensitivity to a reasonable change in the currencies of the Group's and of KWAP's international investments:

	Group	
	Effect On	
	Profit Before Tax	
	RM'000	RM'000
	+3%	-3%

2023

Currency

USD	805,664	(805,664)
AUD	66,343	(66,343)
GBP	185,611	(185,611)
EUR	161,634	(161,634)
HKD	24,762	(24,762)
JPY	43,899	(43,899)

2022

Currency

USD	650,852	(650,852)
AUD	62,371	(62,371)
GBP	158,910	(158,910)
EUR	112,500	(112,500)
HKD	19,889	(19,889)
JPY	29,158	(29,158)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

34. FINANCIAL RISK (CONTINUED)

(c) Foreign exchange risk (continued)

The following table demonstrates the sensitivity to a reasonable change in the currencies of the Group's and of KWAP's international investments:

	KWAP	
	Effect On	
	Profit Before Tax	
	RM'000	RM'000
	+3%	-3%
2023		
Currency		
USD	805,664	(805,664)
AUD	25,495	(25,495)
GBP	47,999	(47,999)
EUR	162,247	(162,247)
HKD	24,762	(24,762)
JPY	43,899	(43,899)
2022		
Currency		
USD	650,852	(650,852)
AUD	22,996	(22,996)
GBP	51,457	(51,457)
EUR	112,777	(112,777)
HKD	19,889	(19,889)
JPY	29,158	(29,158)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

34. FINANCIAL RISK (CONTINUED)

(d) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments in the event of defaults on the obligations of the counterparty. The Group's and KWAP's exposure to credit risk arise primarily from loan receivables. For other financial assets (including investments in bonds, money market instruments and deposits with banks), the Group and KWAP minimise the credit risk via exclusive transactions with high credit rating counterparties.

As at the reporting date, the Group's and KWAP's maximum exposure to credit risk are represented by the carrying amount of each class of financial assets recognised in the Statement of Financial Position, including derivatives with positive fair value.

(i) Credit risk management

The Group and KWAP consider the probability of default upon the initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group and KWAP compare the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. Available, reasonable and supportive forward-looking information are taken into consideration and the following indicators are incorporated:

- Internal credit rating;
- External credit rating (as far as available);
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations; and
- Significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements.

Macroeconomic information (such as market interest rates or growth rates) is incorporated as part of the internal rating model.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment.

A default on a financial asset is the failure of the counterparty to make contractual payments within 90 days of when they fall due.

All of the financial assets are considered to be low risk, and thus the recognition of the provision of impairment during the reporting year was limited to 12-months ECL. Management consider 'low risk' to be the investment grade credit rating by a minimum of one (1) major credit rating agency.

In the determination of an improvement of the credit risk of a modified financial asset with the loss allowance measured at lifetime ECL to the extent of reverting to the loss allowance measured at 12-months ECL, the grading system (i.e. investment and non-investment grade) was employed to assess improvement in credit quality of a modified financial asset.

The said financial assets are monitored until the loss allowance is subsequently remeasured at the lifetime ECL.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

34. FINANCIAL RISK (CONTINUED)

(d) Credit risk (continued)

(ii) Measurement of Expected Credit Loss ("ECL")

The Group and KWAP use the three (3) stage approach for Loans and Receivables and debt instruments to reflect the respective credit risk and the determination of the loss allowance for each category. A summary of the assumptions underpinning the Group's and KWAP's ECL model is as follows:

Category	Group's and KWAP's definition of category	Basis for recognising ECL
Stage 1	Debtors with a low risk of default and a strong capacity to meet contractual cash flows.	12-months ECL
Stage 2	Debtors for which there is a significant increase in the credit risk or presumption of a significant increase in the credit risk if the interest and/or principal repayments are 30 days past due.	Lifetime ECL
Stage 3	Interest and/or principal repayments are 90 days past due or there is evidence to indicate credit-impairment of financial asset.	Lifetime ECL

Based on the above, the loss allowance is measured on either 12-months ECL or lifetime ECL using a $PD \times LGD \times EAD$ methodology as follows:

- PD ("Probability of Default") – the likelihood that the debtor would not be able to repay during the contractual period;
- LGD ("Loss Given Default") – the percentage of the contractual cash flows that will not be collected in the event of default; and
- EAD ("Exposure At Default") – the outstanding amount that is exposed to default risk.

The Group and KWAP identified the Bank Negara Malaysia ("BNM") Overnight Policy Rate ("OPR") (Lag 1 year) & Equity Index as the most relevant factors for domestic instruments, and the federal funds rate and the broad commodity index as the most relevant factors for international instruments. The Group and KWAP accordingly adjust the external benchmark information based on the expected changes in these factors.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

34. FINANCIAL RISK (CONTINUED)

(d) Credit risk (continued)

(iii) Credit quality

Various tools are utilised for the measurement of credit risk including third party solutions employed to compute the Credit Value-at-Risk ("VaR") as well as the internal credit rating scoring model for the provision of internal rating for corporate and financial institutions.

The Group and KWAP may invest in domestic bonds with the minimum rating of A3 (RAM), A- (MARC) as well as in international bonds with the minimum rating of BBB- (S&P or Fitch), Baa3 (Moody's) or the equivalent rating from other recognized international rating agencies. In relation to the private debt securities portfolio, the weighted average credit quality of the private debt securities portfolio is AA.

The internal credit rating scoring model is utilised as a tool to complement the existing credit evaluation process as well as to assist in the monitoring of the credit development. The methodology for the scoring model is based on the approach of rating agencies whereby the implementation is based on a set of scoring methodology for domestic and international credits. The model provides an internal rating for unrated bonds or loans, as well as identification of the discrepancy between the internal rating and the external ratings by the rating agencies for the rated bonds, if any.

Debt securities are classified into an internal rating scale which is consistent with the rating agencies. The credit quality classification is as follows:

i. Long Term Rating For Payment Of Long Term Financial Obligations

Domestic	Credit Rating	Definition Of Quality Classifications
Sovereign	Sovereign	Issued/guaranteed by the government
Strong	AAA and AA	Superior/strong ability to meet financial obligations
Moderate	A	Adequate ability to meet financial obligations
Weak	BBB and below	Moderate/weak ability to meet financial obligations
International	Credit Rating	Definition Of Quality Classifications
Sovereign	Sovereign	Issued/guaranteed by the government
Strong	AAA and AA	Superior/strong ability to meet financial obligations
Moderate	A	Adequate ability to meet financial obligations
Weak	BBB and below	Moderate/weak ability to meet financial obligations

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

34. FINANCIAL RISK (CONTINUED)

(d) Credit risk (continued)

(iii) Credit quality (continued)

ii. Short Term Rating For Payment Of Short Term Financial Obligations

Domestic	Credit Rating	Definition Of Quality Classifications
Strong	P1/MARC1	Strong ability to meet financial obligations
Moderate	P2/MARC2	Adequate ability to meet financial obligations
International	Credit Rating	Definition Of Quality
Strong	A1/P1/F1	Strong ability to meet financial obligations
Moderate	A2/P2/F2	Adequate ability to meet financial obligations

iii. Non-Rated Financial Assets

Financial assets without external credit rating.

iv. Impaired

Impaired exposure which is assessed individually based on KWAP's investment policies.

The credit quality of financial assets can be assessed by reference to the internal rating system adopted by the Group and KWAP.

a. Debt instruments at amortised cost

	12-months expected credit loss	Lifetime expected credit losses Not credit impaired	Lifetime expected credit losses Credit impaired
	RM'000	RM'000	RM'000
2023			
AAA	2	-	-
AA	243	-	-
2022			
AA	1	-	-
BBB	1	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

34. FINANCIAL RISK (CONTINUED)

(d) Credit risk (continued)

(iii) Credit quality

b. Debt instruments at FVOCI

	12-months expected credit loss	Lifetime expected credit losses Not credit impaired	Lifetime expected credit losses Credit impaired
	RM'000	RM'000	RM'000
2023			
AAA	15	-	-
AA	4,478	-	-
A	1,479	-	-
BBB	78	-	-
B	-	35,586	-
C	-	3,319	-
2022			
AA	7	-	-
A	4	-	-
BBB	4	-	-
B	-	5,105	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

34. FINANCIAL RISK (CONTINUED)

(d) Credit risk (continued)

(iii) Credit quality (continued)

Group

2023	Sovereign	Strong	Moderate	Weak	Non-rated	Total
Financial Assets (RM'000)						
Loans And Receivables	478,946	27,688	-	-	-	506,634
Debt Instruments At						
Amortised Cost	11,850,470	4,119,951	-	-	650,970	16,621,391
Debt Instruments At						
Fair Value Through						
Profit Or Loss ("FVTPL")	130,978	515,695	229,052	-	-	875,725
Debt Instruments						
At Fair Value Through						
Other Comprehensive						
Income ("FVOCI")	25,578,375	16,344,381	671,973	81,182	-	42,675,911
Trade Receivables	-	-	-	-	3,838,346	3,838,346
Sundry Debtors And Deposits	-	-	-	-	243,688	243,688
Deposits And Placements						
With Financial Institutions	-	2,533,082	267,459	-	-	2,800,541
Cash And Bank Balances	197	1,089,005	1,432,605	-	767,003	3,288,810
	38,038,966	24,629,802	2,601,089	81,182	5,500,007	70,851,046

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

34. FINANCIAL RISK (CONTINUED)

(d) Credit risk (continued)

(iii) Credit quality (continued)

KWAP

2023	Sovereign	Strong	Moderate	Weak	Non-rated	Total
Financial Assets (RM'000)						
Loans And Receivables	478,946	281,883	-	-	-	760,829
Debt Instruments At						
Amortised Cost	11,850,470	4,119,951	-	-	650,970	16,621,391
Debt Instruments At						
Fair Value Through						
Profit Or Loss ("FVTPL")	130,978	712,545	229,052	-	-	1,072,575
Debt Instruments						
At Fair Value Through						
Other Comprehensive						
Income ("FVOCI")	25,578,375	16,344,381	671,973	81,182	-	42,675,911
Trade Receivables	-	-	-	-	3,379,591	3,379,591
Sundry Debtors And Deposits	-	-	-	-	105,813	105,813
Deposits And Placements With						
Financial Institutions	-	2,533,082	267,459	-	-	2,800,541
Cash And Bank Balances	197	1,089,005	1,432,605	-	6	2,521,813
	38,038,966	25,080,847	2,601,089	81,182	4,136,380	69,938,464

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

34. FINANCIAL RISK (CONTINUED)

(d) Credit risk (continued)

(iii) Credit quality (continued)

Group

2022	Sovereign	Strong	Moderate	Weak	Non-rated	Total
Financial Assets (RM'000)						
Loans And Receivables	1,005,068	35,828	-	-	-	1,040,896
Debt Instruments At						
Amortised Cost	11,854,566	4,091,497	-	426,480	-	16,372,543
Debt Instruments At						
Fair Value Through Profit						
Or Loss ("FVTPL")	180,987	499,758	158,161	-	-	838,906
Debt Instruments At						
Fair Value Through Other						
Comprehensive						
Income ("FVOCI")	23,432,121	15,098,824	644,803	26,632	-	39,202,380
Trade Receivables	-	-	-	-	2,546,594	2,546,594
Sundry Debtors And Deposits	-	-	-	-	208,888	208,888
Deposits And Placements						
With Financial Institutions	389,590	7,850,512	1,223,616	-	-	9,463,718
Cash And Bank Balances	4,389	2,792,721	-	-	586,416	3,383,526
	36,866,721	30,369,140	2,026,580	453,112	3,341,898	73,057,451

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

34. FINANCIAL RISK (CONTINUED)

(d) Credit risk (continued)

(iii) Credit quality (continued)

KWAP

2022	Sovereign	Strong	Moderate	Weak	Non-rated	Total
Financial Assets (RM'000)						
Loans And Receivables	1,005,068	267,569	-	-	-	1,272,637
Debt Instruments At						
Amortised Cost	11,854,566	4,091,497	-	426,480	-	16,372,543
Debt Instruments At						
Fair Value Through Profit						
Or Loss ("FVTPL")	180,987	678,839	158,161	-	-	1,017,987
Debt Instruments At Fair						
Value Through Other						
Comprehensive Income						
("FVOCI")	23,432,121	15,098,824	644,803	26,632	-	39,202,380
Trade Receivables	-	-	-	-	2,407,595	2,407,595
Sundry Debtors And Deposits	-	-	-	-	110,581	110,581
Deposits And Placements						
With Financial Institutions	389,590	7,850,512	1,223,616	-	-	9,463,718
Cash And Bank Balances	4,389	2,792,721	-	-	6	2,797,116
	36,866,721	30,779,962	2,026,580	453,112	2,518,182	72,644,557

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

34. FINANCIAL RISK (CONTINUED)

(d) Credit risk (continued)

(iv) Estimated value of collateral for financial assets

	Value of collateral RM'000	Gross exposure to credit risk RM'000	Unsecured portion of credit exposure RM'000
2023			
Loans and Receivables	71,586	506,634	435,048
2022			
Loans and Receivables	60,378	1,040,896	980,518

(v) Maximum exposure to credit risk

The assessment of the credit risk of counterparties determines the required amount and type of collaterals. The treatment of collateral is established encompassing the acceptability and valuation of each type of collateral.

The main types of collaterals are as follows:

- Guarantees from the Government of Malaysia in relation to government-related loans;
- Charges over collaterals as well as guarantees from parent companies for loans to their respective subsidiaries in relation to corporate loans; and
- Cash and securities for securities in relation to repurchase transitions.

The Group and KWAP monitor the market value of collaterals including the possible request for additional collaterals in accordance with the underlying agreement.

Analysis of the maximum exposure to credit risk and collaterals and other credit enhancements

The following table illustrates the maximum exposure to credit risk by classes of financial assets as well as the total fair value of collaterals, the surplus collateral (to the extent whereby the fair value of the collateral held is greater than the exposure to which it relates), if any, as well as the net exposure to credit risk.

For financial assets reflected in the Statement of Financial Position, the exposure to credit risk equals the carrying amount. For credit related commitments and contingents that are irrevocable over the life of the respective facilities, the exposure to credit risk is generally the full amount of the committed facilities.

The financial effect of collateral (quantification to the extent to which collateral and other credit enhancements mitigate credit risk) held for financial assets that are exposed to credit risk for the Group and KWAP is 0.10% (2022: 0.09%). The financial effect of collateral held for the remaining financial assets are deemed to be insignificant.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

34. FINANCIAL RISK (CONTINUED)

(d) Credit risk (continued)

(v) Maximum exposure to credit risk (continued)

Analysis of the maximum exposure to credit risk and collateral and other credit enhancements (continued)

Types of collateral or credit enhancements

Group

	Maximum Exposure To Credit Risk	Fair Value Of Collateral And Credit Enhancements Held		
2023		Properties, Aircraft, Other Fixed Assets	Net Collateral	Net Exposure
Financial Assets (RM'000)				
Loans And Receivables	506,634	(71,586)	(71,586)	435,048
Debt Instruments At Amortised Cost	16,621,391	-	-	16,621,391
Debt Instruments At Fair Value Through Profit Or Loss ("FVTPL")	875,725	-	-	875,725
Debt Instruments At Fair Value Through Other Comprehensive Income ("FVOCI")	42,675,911	-	-	42,675,911
Trade Receivables	3,838,346	-	-	3,838,346
Sundry Debtors And Deposits	243,688	-	-	243,688
Deposits And Placements With Financial Institutions	2,800,541	-	-	2,800,541
Cash And Bank Balances	3,288,810	-	-	3,288,810
	70,851,046	(71,586)	(71,586)	70,779,460

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

34. FINANCIAL RISK (CONTINUED)

(d) Credit risk (continued)

(v) Maximum exposure to credit risk (continued)

Analysis of the maximum exposure to credit risk and collateral and other credit enhancements (continued)

Types of collateral or credit enhancements (continued)

KWAP

	Maximum Exposure To Credit Risk	Fair Value Of Collateral And Credit Enhancements Held		
2023		Properties, Aircraft, Other Fixed Assets	Net Collateral	Net Exposure
Financial Assets (RM'000)				
Loans And Receivables	760,829	(71,586)	(71,586)	689,243
Debt Instruments At Amortised Cost	16,621,391	-	-	16,621,391
Debt Instruments At Fair Value Through Profit Or Loss ("FVTPL")	1,072,575	-	-	1,072,575
Debt Instruments At Fair Value Through Other Comprehensive Income ("FVOCI")	42,675,911	-	-	42,675,911
Trade Receivables	3,379,591	-	-	3,379,591
Sundry Debtors And Deposits	105,813	-	-	105,813
Deposits And Placements With Financial Institutions	2,800,541	-	-	2,800,541
Cash And Bank Balances	2,521,813	-	-	2,521,813
	69,938,464	(71,586)	(71,586)	69,866,878

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

34. FINANCIAL RISK (CONTINUED)

(d) Credit risk (continued)

(v) Maximum exposure to credit risk (continued)

Analysis of the maximum exposure to credit risk and collateral and other credit enhancements (continued)

Types of collateral or credit enhancements (continued)

Group

	Maximum Exposure To Credit Risk	Fair Value Of Collateral And Credit Enhancements Held		
2022		Properties, Aircraft, Other Fixed Assets	Net Collateral	Net Exposure
Financial Assets (RM'000)				
Loans And Receivables	1,040,896	(60,378)	(60,378)	980,518
Debt Instruments At Amortised Cost	16,372,543	-	-	16,372,543
Debt Instruments At Fair Value Through Profit Or Loss ("FVTPL")	838,906	-	-	838,906
Debt Instruments At Fair Value Through Other Comprehensive Income ("FVOCI")	39,202,380	-	-	39,202,380
Trade Receivables	2,546,594	-	-	2,546,594
Sundry Debtors And Deposits	208,888	-	-	208,888
Deposits And Placements With Financial Institutions	9,463,718	-	-	9,463,718
Cash And Bank Balances	3,383,526	-	-	3,383,526
	73,057,451	(60,378)	(60,378)	72,997,073

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

34. FINANCIAL RISK (CONTINUED)

(d) Credit risk (continued)

(v) Maximum exposure to credit risk (continued)

Analysis of the maximum exposure to credit risk and collateral and other credit enhancements (continued)

Types of collateral or credit enhancements (continued)

KWAP

	Maximum Exposure To Credit Risk	Fair Value Of Collateral And Credit Enhancements Held		
2022		Properties, Aircraft, Other Fixed Assets	Net Collateral	Net Exposure
Financial Assets (RM'000)				
Loans And Receivables	1,272,637	(60,378)	(60,378)	1,212,259
Debt Instruments At Amortised Cost	16,372,543	-	-	16,372,543
Debt Instruments At Fair Value Through Profit Or Loss ("FVTPL")	1,017,987	-	-	1,017,987
Debt Instruments At Fair Value Through Other Comprehensive Income ("FVOCI")	39,202,380	-	-	39,202,380
Trade Receivables	2,407,595	-	-	2,407,595
Sundry Debtors And Deposits	110,581	-	-	110,581
Deposits And Placements With Financial Institutions	9,463,718	-	-	9,463,718
Cash And Bank Balances	2,797,116	-	-	2,797,116
	72,644,557	(60,378)	(60,378)	72,584,179

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

34. FINANCIAL RISK (CONTINUED)

(d) Credit risk (continued)

(vi) Financial assets that are neither past due nor impaired

Investments in money market instruments and deposits with licensed banks that are neither past due nor impaired are placed with or entered with reputable financial institutions with high credit ratings as well as no history of default.

(vii) Financial assets that are either past due or impaired

The aging analysis below illustrates the information regarding financial assets that are either past due or impaired.

(viii) Aging analysis for financial assets that are either past due or impaired

The amounts in the following table reflect the exposure on the gross financial assets designated as either past due or impaired.

Group

2023	Neither Past Due Nor Impaired	Past Due Up To 1 Month	Past Due 1 to 3 Months	Past Due > 3 Months	Impaired	Total
Financial Assets (RM'000)						
Loans And Receivables	506,634	-	-	-	-	506,634
Debt Instruments At Amortised Cost	16,621,391	-	-	-	-	16,621,391
Debt Instruments At Fair Value Through Profit Or Loss ("FVTPL")	875,725	-	-	-	-	875,725
Debt Instruments At Fair Value Through Other Comprehensive Income ("FVOCI")	42,672,594	3,317	-	-	-	42,675,911
Trade Receivables	3,811,867	1,203	394	8,823	16,059	3,838,346
Sundry Debtors And Deposits	243,688	-	-	-	-	243,688
Deposits And Placements With Financial Institutions	2,800,541	-	-	-	-	2,800,541
Cash And Bank Balances	3,288,810	-	-	-	-	3,288,810
	70,821,250	4,520	394	8,823	16,059	70,851,046

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

34. FINANCIAL RISK (CONTINUED)

(d) Credit risk (continued)

(viii) Aging analysis for financial assets that are either past due or impaired (continued)

KWAP

2023	Neither Past Due Nor Impaired	Past Due Up To 1 Month	Past Due 1 to 3 Months	Past Due > 3 Months	Impaired	Total
Financial Assets (RM'000)						
Loans And Receivables	760,829	-	-	-	-	760,829
Debt Instruments At Amortised Cost	16,621,391	-	-	-	-	16,621,391
Debt Instruments At Fair Value Through Profit Or Loss ("FVTPL")	1,072,575	-	-	-	-	1,072,575
Debt Instruments At Fair Value Through Other Comprehensive Income ("FVOCI")	42,672,594	3,317	-	-	-	42,675,911
Trade Receivables	3,370,937	-	-	8,654	-	3,379,591
Sundry Debtors And Deposits	105,813	-	-	-	-	105,813
Deposits And Placements With Financial Institutions	2,800,541	-	-	-	-	2,800,541
Cash And Bank Balances	2,521,813	-	-	-	-	2,521,813
	69,926,493	3,317	-	8,654	-	69,938,464

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

34. FINANCIAL RISK (CONTINUED)

(d) Credit risk (continued)

(viii) Aging analysis for financial assets that are either past due or impaired (continued)

Group

2022	Neither Past Due Nor Impaired	Past Due Up To 1 Month	Past Due 1 to 3 Months	Past Due > 3 Months	Impaired	Total
Financial Assets (RM'000)						
Loans And Receivables	1,040,896	-	-	-	-	1,040,896
Debt Instruments At Amortised Cost	16,372,543	-	-	-	-	16,372,543
Debt Instruments At Fair Value Through Profit Or Loss ("FVTPL")	838,906	-	-	-	-	838,906
Debt Instruments At Fair Value Through Other Comprehensive Income ("FVOCI")	39,202,380	-	-	-	-	39,202,380
Trade Receivables	2,517,387	950	1,494	15,870	10,893	2,546,594
Sundry Debtors And Deposits	208,888	-	-	-	-	208,888
Deposits And Placements With Financial Institutions	9,463,718	-	-	-	-	9,463,718
Cash And Bank Balances	3,383,526	-	-	-	-	3,383,526
	73,028,244	950	1,494	15,870	10,893	73,057,451

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

34. FINANCIAL RISK (CONTINUED)

(d) Credit risk (continued)

(viii) Aging analysis for financial assets that are either past due or impaired (continued)

KWAP

2022	Neither Past Due Nor Impaired	Past Due Up To 1 Month	Past Due 1 to 3 Months	Past Due > 3 Months	Impaired	Total
Financial Assets (RM'000)						
Loans And Receivables	1,272,637	-	-	-	-	1,272,637
Debt Instruments At Amortised Cost	16,372,543	-	-	-	-	16,372,543
Debt Instruments At Fair Value Through Profit Or Loss ("FVTPL")	1,017,987	-	-	-	-	1,017,987
Debt Instruments At Fair Value Through Other Comprehensive Income ("FVOCI")	39,202,380	-	-	-	-	39,202,380
Trade Receivables	2,403,976	-	-	-	3,619	2,407,595
Sundry Debtors And Deposits	110,581	-	-	-	-	110,581
Deposits And Placements With Financial Institutions	9,463,718	-	-	-	-	9,463,718
Cash And Bank Balances	2,797,116	-	-	-	-	2,797,116
	72,640,938	-	-	-	3,619	72,644,557

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

34. FINANCIAL RISK (CONTINUED)

(d) Credit risk (continued)

(ix) Financial assets exposed to credit risk assessed as impaired

	Allowances As At 1 January RM'000	Allowances Made During The Year RM'000	Allowances As At 31 December RM'000
2023			
Group			
Financial Asset At Amortised Cost	2	243	245
Debt Instruments At Fair Value Through Other Comprehensive Income	5,120	39,835	44,955
Other Financial Assets	10,893	5,166	16,059
	16,015	45,244	61,259
KWAP			
Financial Asset At Amortised Cost	2	243	245
Debt Instruments At Fair Value Through Other Comprehensive Income	5,120	39,835	44,955
Other Financial Assets	3,620	5,034	8,654
	8,742	45,112	53,854
2022			
Group			
Financial Asset At Amortised Cost	3	(1)	2
Debt Instruments At Fair Value Through Other Comprehensive Income	65,865	(60,745)	5,120
Other Financial Assets	29,920	(19,027)	10,893
	95,788	(79,773)	16,015
KWAP			
Financial Asset At Amortised Cost	3	(1)	2
Debt Instruments At Fair Value Through Other Comprehensive Income	65,865	(60,745)	5,120
Other Financial Assets	16,203	(12,583)	3,620
	82,071	(73,329)	8,742

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

34. FINANCIAL RISK (CONTINUED)

(e) Liquidity risk

Liquidity risk is the risk of difficulty to fulfil the financial obligations of the Group and KWAP due to the shortage of funds. Exposure to liquidity risk arises from the mismatch of maturities of financial assets and financial liabilities.

The Group and KWAP actively manage their debt maturity profile, operating cash flows and the availability of funding to ensure the fulfilment of all refinancing, repayment and funding requirements. As part of the overall prudent liquidity management, the Group and KWAP maintain a portfolio of highly liquid assets to meet the working capital and investment requirements.

In addition, the Group and KWAP maintain a balanced and flexible funding structure through the use of credit facilities, short as well as long term borrowings. Short term flexibility is achieved through credit facilities and short term borrowings.

The table below summarises the maturity profile of the Group's and of KWAP's financial liabilities based on contractual undiscounted repayment obligations.

Group

	On Demand	Less Than 3 Months	3 to 12 Months	1 to 5 Years	Total
2023	RM'000	RM'000	RM'000	RM'000	RM'000
Financial Liabilities					
Derivatives Financial Liabilities	47,332	-	-	3,301	50,633
Trade Payables	168,729	-	-	-	168,729
Other Payables And Accruals	311,049	-	-	-	311,049
Deferred Income	-	-	83,272	-	83,272
Borrowings	-	-	812,808	959,858	1,772,666
Deferred Tax	-	-	-	15	15
Lease Liabilities	-	-	2,651	79,064	81,715
Long Term Deposit	-	-	-	13,491	13,491
Total Undiscounted Financial Liabilities	527,110	-	898,731	1,055,729	2,481,570

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

34. FINANCIAL RISK (CONTINUED)

(e) Liquidity risk (continued)

KWAP

	On Demand RM'000	Less Than 3 Months RM'000	3 to 12 Months RM'000	1 to 5 Years RM'000	Total RM'000
2023					
Financial Liabilities					
Derivatives Financial Liabilities	46,988	-	-	-	46,988
Trade Payables	155,223	-	-	-	155,223
Other Payables And Accruals	146,623	-	-	-	146,623
Lease Liabilities	-	-	8,388	44,819	53,207
Total Undiscounted Financial Liabilities	348,834	-	8,388	44,819	402,041

Group

	On Demand RM'000	Less Than 3 Months RM'000	3 to 12 Months RM'000	1 to 5 Years RM'000	Total RM'000
2022					
Financial Liabilities					
Derivatives Financial Liabilities	-	-	-	800	800
Trade Payables	641,183	797,890	983,864	-	2,422,937
Borrowings	-	-	279,184	1,072,380	1,351,564
Other Payables And Accruals	310,558	-	-	-	310,558
Deferred Income	-	-	50,635	-	50,635
Deferred Tax	-	-	-	22	22
Long Term Deposit	-	-	-	7,161	7,161
Lease Liabilities	-	-	2,399	110,139	112,538
Total Undiscounted Financial Liabilities	951,741	797,890	1,316,082	1,190,502	4,256,215

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

34. FINANCIAL RISK (CONTINUED)

(e) Liquidity risk (continued)

KWAP

2022	On Demand RM'000	Less Than 3 Months RM'000	3 to 12 Months RM'000	1 to 5 Years RM'000	Total RM'000
Financial Liabilities					
Trade Payables	590,007	797,890	983,864	-	2,371,761
Other Payables And Accruals	137,346	-	-	-	137,346
Total Undiscounted Financial Liabilities	727,353	797,890	983,864	-	2,509,107

35. FAIR VALUE OF FINANCIAL INSTRUMENTS

(a) Fair value of financial instruments by classes that are not carried at fair value

Group

	2023		2022	
	Carrying Amount RM'000	Fair Value RM'000	Carrying Amount RM'000	Fair Value RM'000
Financial Assets				
Loans And Receivables	506,634	506,634	1,040,896	1,040,896
Debt Instruments At Amortised Costs	16,621,391	16,730,846	16,372,543	16,502,713
Financial Liabilities				
Borrowings	1,772,666	1,772,666	1,351,564	1,351,564

KWAP

	2023		2022	
	Carrying Amount RM'000	Fair Value RM'000	Carrying Amount RM'000	Fair Value RM'000
Financial Assets				
Loans And Receivables	760,829	760,829	1,272,637	1,272,637
Debt Instruments At Amortised Costs	16,621,391	16,730,846	16,372,543	16,502,713

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

35. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

(b) Determination of fair value

(i) Cash and cash equivalents, receivables and payables

The carrying amounts of the above financial assets and liabilities are determined based on the reasonable approximation of fair value due either to the short term nature or being repayable on demand.

(ii) Loans receivable

The fair value of loans receivables is estimated by the discounting of the estimated future cash flows using the current interest rates for financial assets with similar risk profile.

(iii) Other loans and borrowings

The carrying amount of the current portion of other loans and borrowings is based on the reasonable approximation of fair value due to the significant impact of discounting.

The carrying amount of certain other loans and borrowings is based on the reasonable approximation of fair value due to their nature being floating rate instruments repriced to the market interest rates near the reporting date.

The fair value of non-current other loans and borrowings, other than the floating rate instruments, is estimated by the discounting of the expected future cash flows at the market incremental lending rate for similar types of borrowings at the reporting date.

(iv) Financial Assets at Fair Value Through Profit Or Loss

(a) Quoted bonds

The fair value of quoted bonds is directly determined by reference to the published market bid prices at the reporting date.

(b) Unquoted bonds

The fair value of unquoted bonds is estimated using the discounted cash flow model based on various assumptions, including the current and expected credit losses, market rates of interest and assumptions in relation to market liquidity.

(v) Derivative Financial Assets and Liabilities

(a) Forward contracts

The fair value of forward contracts is determined using the observable exchange rates from publicly available sources and through the extrapolation and interpolation techniques.

(b) Cross currency swaps

The fair value of cross currency swaps is determined by discounting the anticipated future cash flows using the standard market interest rate yield curves developed from observable and publicly available quoted rates.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

35. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

(c) Fair value hierarchy

The Group and KWAP employ the following hierarchy for the determination and disclosure of the fair value of financial instruments by valuation techniques:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: Techniques whereby all inputs with significant effect on the recorded fair value is either directly or indirectly observable; and

Level 3: Techniques whereby inputs with significant effect on the recorded fair value is not based on observable market data.

As at 31 December 2023, the Group and KWAP held the following financial instruments carried at fair value in the Statement of Financial Position:

Group

	2023						
	Fair Value of Financial Assets Carried At Fair Value				Fair Value of Financial Assets Not Carried At Fair Value		
	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
Financial Assets							
Loans And Receivables	506,634	-	-	-	-	-	506,634
Debt Instruments At Amortised Cost	16,730,846	-	-	-	3,131,250	13,599,596	-
Debt Instruments At Fair Value Through Profit Or Loss ("FVTPL")	875,725	573,115	197,294	105,316	-	-	-
Equity Instruments At Fair Value Through Profit Or Loss ("FVTPL")	57,387,958	46,264,180	49,543	11,074,235	-	-	-
Debt Instruments At Fair Value Through Other Comprehensive Income ("FVOCI")	42,675,911	14,279,762	28,396,149	-	-	-	-
Equity Instruments At Fair Value Through Other Comprehensive Income ("FVOCI")	34,295,157	34,138,538	156,619	-	-	-	-
Derivative Financial Assets	29,495	2,732	26,763	-	-	-	-
Deposits And Placements With Financial Institutions	2,800,541	-	-	-	-	-	2,800,541
Trade Receivables	3,838,346	-	-	-	-	-	3,838,346
Sundry Debtors And Deposits	243,688	-	-	-	-	-	243,688
Cash And Bank Balances	3,288,810	-	-	-	-	-	3,288,810
	162,673,111	95,258,327	28,826,368	11,179,551	3,131,250	13,599,596	10,678,019
Financial Liabilities							
Borrowings	1,772,666	-	-	-	-	-	1,772,666
Payables And Accruals	479,778	-	-	-	-	-	479,778
Derivative Financial Liabilities	50,633	-	50,633	-	-	-	-
	2,303,077	-	50,633	-	-	-	2,252,444

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

35. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

(c) Fair value hierarchy (continued)

KWAP

	2023						
	Fair Value of Financial Assets Carried At Fair Value				Fair Value of Financial Assets Not Carried At Fair Value		
	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
Financial Assets							
Loans And Receivables	760,829	-	-	-	-	-	760,829
Debt Instruments At Amortised Cost	16,730,846	-	-	-	3,131,250	13,599,596	-
Debt Instruments At Fair Value Through Profit Or Loss ("FVTPL")	1,072,575	573,115	197,294	302,166	-	-	-
Equity Instruments At Fair Value Through Profit Or Loss ("FVTPL")	57,387,958	46,264,180	49,543	11,074,235	-	-	-
Debt Instruments At Fair Value Through Other Comprehensive Income ("FVOCI")	42,675,911	14,279,762	28,396,149	-	-	-	-
Equity Instruments At Fair Value Through Other Comprehensive Income ("FVOCI")	34,295,157	34,138,538	156,619	-	-	-	-
Derivative Financial Assets	3,374	2,732	642	-	-	-	-
Deposits And Placements With Financial Institutions	2,800,541	-	-	-	-	-	2,800,541
Trade Receivables	3,379,591	-	-	-	-	-	3,379,591
Sundry Debtors And Deposits	105,813	-	-	-	-	-	105,813
Cash And Bank Balances	2,521,813	-	-	-	-	-	2,521,813
	161,734,408	95,258,327	28,800,247	11,376,401	3,131,250	13,599,596	9,568,587
Financial Liabilities							
Payables And Accruals	301,846	-	-	-	-	-	301,846
	301,846	-	-	-	-	-	301,846

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

35. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

(c) Fair value hierarchy (continued)

Group

	Total RM'000	2022 Fair Value of Financial Assets Carried At Fair Value			Fair Value of Financial Assets Not Carried At Fair Value		
		Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
Financial Assets							
Loans And Receivables	1,018,819	-	-	-	-	-	1,018,819
Long Term Receivables	22,077	-	-	-	-	-	22,077
Debt Instruments At Amortised Cost	16,502,713	-	-	-	-	16,502,713	-
Debt Instruments At Fair Value Through Profit Or Loss ("FVTPL")	838,906	-	733,126	105,780	-	-	-
Equity Instruments At Fair Value Through Profit Or Loss ("FVTPL")	51,271,327	42,762,679	-	8,508,648	-	-	-
Debt Instruments At Fair Value Through Other Comprehensive Income ("FVOCI")	39,202,380	-	39,202,380	-	-	-	-
Equity Instruments At Fair Value Through Other Comprehensive Income ("FVOCI")	28,912,706	28,912,706	-	-	-	-	-
Derivative Financial Assets	505,110	3,896	501,214	-	-	-	-
Deposits And Placements With Financial Institutions	9,463,718	-	-	-	-	-	9,463,718
Trade Receivables	2,546,594	-	-	-	-	-	2,546,594
Sundry Debtors And Deposits	208,888	-	-	-	-	-	208,888
Cash And Bank Balances	3,383,526	-	-	-	-	-	3,383,526
	153,876,764	71,679,281	40,436,720	8,614,428	-	16,502,713	16,643,622
Financial Liabilities							
Borrowings	1,351,564	-	-	-	-	-	1,351,564
Payables And Accruals	2,733,495	-	-	-	-	-	2,733,495
Derivative Financial Liabilities	800	-	800	-	-	-	-
	4,085,859	-	800	-	-	-	4,085,059

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

35. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

(c) Fair value hierarchy (continued)

KWAP

	2022						
	Fair Value of Financial Assets Carried At Fair Value				Fair Value of Financial Assets Not Carried At Fair Value		
	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
Financial Assets							
Loans And Receivables	1,272,637	-	-	-	-	-	1,272,637
Debt Instruments At Amortised Cost	16,502,713	-	-	-	-	16,502,713	-
Debt Instruments At Fair Value Through Profit Or Loss ("FVTPL")	1,017,987	-	733,126	284,861	-	-	-
Equity Instruments At Fair Value Through Profit Or Loss ("FVTPL")	51,271,327	42,762,679	-	8,508,648	-	-	-
Debt Instruments At Fair Value Through Other Comprehensive Income ("FVOCI")	39,202,380	-	39,202,380	-	-	-	-
Equity Instruments At Fair Value Through Other Comprehensive Income ("FVOCI")	28,912,706	28,912,706	-	-	-	-	-
Derivative Financial Assets	416,590	3,896	412,694	-	-	-	-
Deposits And Placements With Financial Institutions	9,463,718	-	-	-	-	-	9,463,718
Trade Receivables	2,407,595	-	-	-	-	-	2,407,595
Sundry Debtors And Deposits	110,581	-	-	-	-	-	110,581
Cash And Bank Balances	2,797,116	-	-	-	-	-	2,797,116
	153,375,350	71,679,281	40,348,200	8,793,509	-	16,502,713	16,051,647
Financial Liabilities							
Payables And Accruals	2,509,107	-	-	-	-	-	2,509,107
	2,509,107	-	-	-	-	-	2,509,107

(d) Policy of transfer between levels

The fair value of an asset to be transferred between levels is determined by the Group and KWAP as of the date of the event or change in circumstances which resulted in the transfer. There were no transfers between the Level 1 and Level 2 fair value measurements during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

35. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

(e) Reconciliation of Level 3 fair valuation

The reconciliation of the opening and closing balances of the Level 3 financial instruments carried at fair value, including movements is summarised below:

Group and KWAP

	Equity Instruments At Fair Value Through Profit or Loss Unquoted Shares RM'000
At 1 January 2023	8,508,648
Net addition and disposal	2,184,986
Net fair value gain recognised in Profit or Loss	380,601
At 31 December 2023	11,074,235

Group

	Debt Instruments At Fair Value Through Profit or Loss Redeemable Convertible Preference Shares RM'000
At 1 January 2023	105,780
Net fair value gain recognised in Profit or Loss	(464)
At 31 December 2023	105,316

KWAP

	Debt Instruments At Fair Value Through Profit or Loss Redeemable Convertible Preference Shares RM'000
At 1 January 2023	284,861
Net fair value gain recognised in Profit or Loss	17,305
At 31 December 2023	302,166

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

35. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

(f) Sensitivity analysis

Sensitivity analysis of the Level 3 fair valuation is as follows:

	Group	KWAP	Group	KWAP
	Effect On	Effect On	Effect On	Effect On
	Equity	Equity	Profit Before	Profit Before
			Tax	Tax
	RM'000	RM'000	RM'000	RM'000

2023

Debt Instruments At Fair Value

Through Profit Or Loss ("FVTPL")

Increase Of 5% In Equity Price	15,108	15,108	15,108	15,108
Decrease Of 5% In Equity Price	(15,108)	(15,108)	(15,108)	(15,108)

Equity Instruments At Fair Value

Through Profit Or Loss ("FVTPL")

Increase Of 5% In Equity Price	553,712	553,712	553,712	553,712
Decrease Of 5% In Equity Price	(553,712)	(553,712)	(553,712)	(553,712)

2022

Debt Instruments At Fair Value

Through Profit Or Loss ("FVTPL")

Increase Of 5% In Equity Price	14,243	14,243	14,243	14,243
Decrease Of 5% In Equity Price	(14,243)	(14,243)	(14,243)	(14,243)

Equity Instruments At Fair Value

Through Profit Or Loss ("FVTPL")

Increase Of 5% In Equity Price	425,432	425,432	425,432	425,432
Decrease Of 5% In Equity Price	(425,432)	(425,432)	(425,432)	(425,432)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

36. RELATED PARTY TRANSACTIONS

The related parties and their relationship with the Group and KWAP are as follows:

Related Parties	Relationships
Capsquare Tower Sdn Bhd	Subsidiary
Harta Integra Berkat Sdn Bhd	Subsidiary
Harta Rini Sdn Bhd	Subsidiary
KWAP Managed Investment Trust 3	Subsidiary
KWAP Managed Investment Trust 4	Subsidiary
KWEST Sdn Bhd	Subsidiary
Prima Ekuiti (UK) Limited	Subsidiary
Prima Harta (Jersey) Unit Trust	Subsidiary
Prima Harta U (Jersey) Limited	Subsidiary
Prima Harta 2 (Jersey) Unit Trust	Subsidiary
Prima Harta 3 (Lux) S.à r.l.	Subsidiary
Prima Harta 4 (Jersey) Unit Trust	Subsidiary
Prima Harta 4 U (Jersey) Limited	Subsidiary
Prima Harta 5 (Jersey) Unit Trust	Subsidiary
Prima Harta 5 (Jersey) Limited	Subsidiary
Prima Harta 6 (Jersey) Unit Trust	Subsidiary
Prima Harta 6 (Jersey) Limited	Subsidiary
Aerodyne Ventures Sdn Bhd	Associate
EDOTCO Group Sdn Bhd	Associate
Vantage Solar Investments S.à r.l.	Associate
Compass IP Sdn. Bhd.	Associate
Asia Pacific Education Group	Associate
Persada Mentari Sdn Bhd	Joint venture
Tap Crunch Sdn Bhd	Joint venture

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

36. RELATED PARTY TRANSACTIONS (CONTINUED)

Subsidiaries, associates and joint ventures

The information above is consistent with the list of subsidiaries, associates and joint ventures of the Group and KWAP as set out in Note 11, Note 12 and Note 13, respectively.

Significant related party balances and transactions

	KWAP Subsidiaries	
	31 December 2023 RM'000	31 December 2022 RM'000
Net Income		
Interest Income	22,184	10,726
Administrative Fee	1,765	66
Dividend On Income	172,356	156,078
Rental Income	11,628	10,657
	207,933	177,527
Amount Due From		
Loan And Receivables	275,008	253,819
Debt Instrument At Fair Value Through Profit Or Loss ("FVTPL")	224,587	207,282
Trade Receivables	11,761	7,682
	511,356	468,783
Amount Due To		
Other Payables and Accruals	1,890	29,716
	1,890	29,716

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

36. RELATED PARTY TRANSACTIONS (CONTINUED)

Between KWAP and the Government of Malaysia and entities related to the Government Of Malaysia

KWAP is an agency under the Ministry of Finance that reports directly to the Federal Government of Malaysia.

The significant transactions between KWAP and the Government of Malaysia and other entities controlled by the Government are as follows:

	KWAP	
	31 December 2023 RM'000	31 December 2022 RM'000
Interest Income And Profit On Investments	1,737,271	1,674,681
Purchase Of Malaysian Government Securities And Bonds	9,370,875	8,628,714
Sale Of Malaysian Government Securities And Bonds	4,741,006	3,562,722
Repayment Of Loans	531,653	1,966,598

Key management personnel

Key management personnel are defined as the Board and senior management of KWAP whereby their remuneration are included as part of the staff costs.

	Group		KWAP	
	31 December 2023 RM'000	31 December 2022 RM'000	31 December 2023 RM'000	31 December 2022 RM'000
<u>Board and Investment Panel</u>				
Wages, Salaries, Honorarium And Remuneration	1,603	1,706	1,552	1,653
Benefit in Kind	28	-	28	-
<u>Senior Management</u>				
Wages, Salaries, Honorarium And Remuneration	16,769	18,291	16,139	17,751
Benefit in Kind	54	14	38	14
Statutory Contribution To The Employees Provident Fund	3,131	3,358	3,021	3,264
	21,585	23,369	20,778	22,682

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

37. CAPITAL COMMITMENT

	Group and KWAP	
	31 December 2023 RM'000	31 December 2022 RM'000
Authorised and contracted for:		
Computer Software	552	1,507
Professional Service	-	1,078
	552	2,585
Authorised and not contracted for:		
Office Renovation	-	49
Computers	-	13
Paintings, Office Furniture and Equipment	7	-
Electronic Equipment	-	15
Computer Software	580	110
Professional Service	-	19
Vehicles	-	227
	587	433
	1,139	3,018

38. SUBSEQUENT EVENT DISCLOSURE

Acquisition of an Investment Property

The acquisition of one (1) Purpose-Built Workers Accommodation building in Tampoi, Johor Bahru for a purchase consideration of RM146.0 million was completed on 23 February 2024.

Withdrawal by the Government of Malaysia

On 16 January 2024, the Minister of Finance ("MOF") issued a formal letter to KWAP to request a withdrawal of RM1.0 billion to partially finance the Government of Malaysia's pension obligations in accordance with Section 13 (5) of the Retirement Fund Act 2007 (Act 662). The MOF requested the withdrawal to be gradually disbursed in two tranches, with the first tranche of RM0.5 billion in May 2024 and the second tranche of RM0.5 billion in June 2024.

08

OTHER
INFORMATION



GLOSSARY OF TERMS

APEXJ (Asia Pacific Ex-Japan)

The FTSE APEXJ is one of a range of indices designed to help investors to benchmark their Asia Pacific investments.

ARR (Accounting Rate of Return)

ARR is a measurement of the rate of return based on the formula that divides the net income over the average fund size.

ASSA (ASEAN Social Security Association)

ASSA was formed to provide a forum for member institutions to exchange views and experiences on social security issues.

BMJ (*Bantuan Mengurus Jenazah* or Funeral Arrangement Assistance)

BMJ is given to the heirs of Malaysian Government retirees who passed away on and after 15 October 2010, including retirees who opt for the EPF scheme (prior to this date, no refund was given if the pensioner passed away).

BPS (Basis Points)

BPS refers to a common unit of measure for interest rates and other percentages in finance. One basis point is equal to 1/100th of 1%, or 0.01%, or 0.0001, and is used to denote the percentage change in a financial instrument. The relationship between percentage changes and basis points can be summarised as follows: 1% change = 100 basis points and 0.01% = 1 basis point.

Buyout

A buyout is the acquisition of a controlling interest in a company and is used synonymously with the term acquisition. If the stake is bought by the firm's management, it is known as a management buyout and if high levels of debt are used to fund the buyout, it is called a leveraged buyout. Buyouts often occur when a company is going private.

CAPEX (Capital Expenditure)

CAPEX are funds used by a company to acquire, upgrade, and maintain physical assets such as property, plants, buildings, technology, or equipment.

Derivative Pension

A monthly pension derived due to the death of a civil servant /civil pensioner that is paid to eligible beneficiaries, as stated in the relevant Pension Act.

ESG (Environmental, Social and Governance)

ESG investing refers to a set of standards for a company's behaviour used by socially conscious investors to screen potential investments.

FTSE (The Financial Times Stock Exchange Index)

FTSE 100 Index is a share index of the 100 companies listed on the London Stock Exchange with (in principle) the highest market capitalisation.

Gross Domestic Product (GDP)

GDP is the standard measure of the value added created through the production of goods and services in a country during a certain period.

IPG (Investment Policy and Guidelines)

IPG serve to clearly communicate to all relevant parties the procedures, investment philosophy, guidelines and constraints to be adhered to by the parties.

IRS (Interest Rate Swap)

An exchange of one set of cash flows (based on interest rate specifications) for another. It is often an exchange of a fixed payment for a floating payment that is linked to interest rate.

GLOSSARY OF TERMS

IT (Information Technology)

IT is the acquisition, processing, storage and dissemination of vocal, pictorial, textual and numerical information by a microelectronics based combination of computing and telecommunications.

LEED Certification (Leadership in Energy and Environmental Design Certification)

LEED is one of the most popular green building certification programmes used worldwide.

MENA (Middle East and North Africa)

An acronym for the Middle East and North Africa (MENA) region.

MXWD (The MSCI World Index)

MXWD captures large and mid-cap representation across 23 Developed Markets (DM) countries. With 1,509 constituents, the index covers approximately 85% of the free float-adjusted market capitalisation in each country.

OPEX (Operating Expenditure)

An operating expenditure is an expense that a business incurs through its normal business operations.

OPR (Overnight Policy Rate)

OPR is an overnight interest rate set by BNM used for monetary policy direction. It is the target rate for the day-to-day liquidity operations of the BNM.

ORE (Operational Risk Event)

ORE arises from failure of the people, systems or processes in an organisation.

Quasi-Government Bonds

Bonds issued by non-government entities, but they are usually backed by the government.

SAA (Strategic Asset Allocation)

The primary goal of a SAA is to create an asset mix that will provide an optimal balance between expected risk and returns for a long-term investment horizon.

SLA (Service-Level Agreement)

The service contract component between a service provider and customer.

SUKUK

Islamic bonds, structured in a way to generate returns without infringing Islamic law which prohibits interest or riba. Sukuk represents undivided shares in the ownership of tangible assets relating to particular projects or investment activity.

Shariah-compliant Funds

Shariah-compliant funds are investment funds governed by the requirements of Shariah law and the principles of the Islamic religion. Shariah-compliant funds are considered to be a type of socially responsible investing.

TAA (Tactical Asset Allocation)

It is a method in which an investor takes a more active approach to position a portfolio into those assets, sectors or individual stocks that show the most potential for gains.

Total Return

Total return, when measuring performance, is the actual rate of return of an investment or a pool of investments over a given evaluation period. Total return includes interest, capital gains, dividends and distributions realised over a given period of time.

GLOSSARY OF TERMS

TWRR (Time-Weighted Rate of Return)

TWRR is a measure of return based on changes in values of investments over a specific time period.

UNSDG (United Nations Sustainable Development Goals)

The Sustainable Development Goals (SDGs), also known as the Global Goals, were adopted by the United Nations in 2015 as a universal call to action to end poverty, protect the planet, and ensure that by 2030 all people enjoy peace and prosperity.

VaR (Value at Risk)

A risk metric used to estimate the quantum of loss to a portfolio over a given probability value within a pre-defined period.

Volatility

Volatility is a statistical measure of the dispersion of returns for a given security or market index. In most cases, the higher the volatility, the riskier the security. Volatility is often measured from either the standard deviation or variance between returns from that same security or market index.

WGBI (FTSE World Government Bond Index)

A broad index providing exposure to the global sovereign fixed income market, the index measures the performance of fixed-rate, local currency, investment-grade sovereign bonds. It comprises sovereign debt from over 20 countries, denominated in a variety of currencies. Sub-indices are available by currencies and terms.

KWAP Integrated Annual Report 2023

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