

# HARNESSING SHARED PROSPERITY THROUGH **SUSTAINABILITY**



SUSTAINABILITY REPORT 2023

# REPORT

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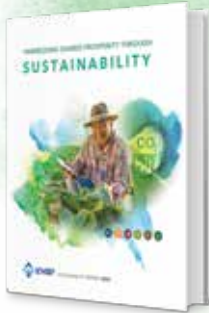
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# ABOUT THIS REPORT

[GRI 2-1, 2-2, 2-3]



We are proud to introduce the inaugural standalone annual sustainability report that has been produced to demonstrate KWAP's commitment to sustainable progress. Through this report, we provide an account of our commitments, performance and progress in relation to Environmental, Social and Governance (ESG) on integrating sustainability practices across our investments and operations.

This report forms part of KWAP's annual reporting for the financial year ended 31 December 2023 (FY2023), from 1 January 2023 to 31 December 2023, unless otherwise specified.



## Reporting Scope and Boundaries

This report covers KWAP's significant and active operating units and those we have direct operational control over as reflected in KWAP's Integrated Annual Report. Accordingly, we have excluded business units with minority ownership levels, joint ventures and/or associate companies of KWAP. Unless otherwise stated, the information presented in this report covers our activities primarily in Malaysia. All quantitative information for relevant indicators have been disclosed, wherever possible.

Information pertaining to Greenhouse Gas (GHG) emissions is KWAP's operation company-level, as of 31 December 2022 (Baseline Emission Year). Certain information in this report may be limited to certain geographical sectors as we are currently in the process of refining data collection to improve our coverage and disclosures in the future. In such instances, locations or parameters will be stated where applicable.



## Reference and Guidelines

Our reporting is guided by international and local sustainability guidelines, standards and frameworks, where applicable. Effort has been taken to report in accordance to the best practices and standards, thus providing stakeholders with meaningful disclosures. Other referenced frameworks and guidelines include 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). The Appendix of this Sustainability Report also contains reference tables showing where to find content in line with relevant sustainability reporting standards as defined by the Global Reporting Initiative (GRI).



## Reporting Principles

To provide stakeholders with a comprehensive view of our sustainability progress, this report adheres to the following GRI Reporting Principles:

- Balance
- Comparability
- Clarity
- Completeness
- Reliability
- Accuracy



## Independent Assurance

We recognise the credibility and importance of independent verification and have sought third-party assurance from KPMG PLT, Malaysia (KPMG PLT) on selected key sustainability disclosures covered by the limited assurance engagement for the financial year ended 31 December 2022. The exercise was conducted in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised), assurance engagements other than audits or review of historical financial information.



## Forward-Looking Statements

This report contains forward-looking statements such as future direction, strategies and reasonable expectations made in terms of expected performance. Such statements are subject to risks, uncertainties and changes in circumstances that could cause actual results, performance, or achievements to differ materially from those expressed or implied in the forward-looking statements. Therefore, all forward-looking statements are inconclusive and have not been reviewed by auditors or other relevant parties.



## Feedback

We welcome your comments and feedback to continually improve our sustainability reporting and practices. These can be directed to:

Enterprise Sustainability Team

Email: [es-csd@kwap.gov.my](mailto:es-csd@kwap.gov.my)

## ABOUT KWAP

[GRI 2-1, 2-6, 201-1]

As Malaysia's largest public sector pension fund for civil servants, KWAP manages contributions from the Federal Administration and relevant agencies and invests the fund to obtain optimum returns via sound risk management and sustainable investments. In 2015, KWAP officially took over the Public Services Department (PSD)'s Pension Division roles for pension payment, gratuities and other benefits.

### 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.

### KWAP DNA

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

### CORE VALUES



#### Leadership

An ability to lead oneself and others to continuously improve



#### Accountability

Taking responsibility for our actions



#### Teamwork

Working together to provide efficient and effective outcomes for each stakeholder



#### Integrity

Expected internal traits of strong morals and principles



#### Excellence and Achievement

High-level accomplishment resulting from superior performance



#### Continuous Learning and Innovation

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



#### Stakeholder Orientation

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

### KWAP'S INVESTMENT PHILOSOPHY AND ESG BELIEFS

#### 01

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 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.

#### 02

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.

#### 03

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.



## OUR GEOGRAPHICAL FOOTPRINT



### INVESTMENT PRESENCE

**38**  
COUNTRIES

## A GLIMPSE OF KWAP'S SUSTAINABILITY JOURNEY

[2-22, 2-23, 2-24]

Sustainability is the guiding force in KWAP's journey. Every step we take is focused on building a lasting future, one that prioritises financial strength, national development, environmental responsibility and social well-being.

Towards shaping a world that is more resilient and secure for generations to come, we are dedicated to social missions that address pressing issues such as financial security, the challenges of an aging population and digitalisation. We conscientiously champion financial decisions beyond profit to contribute towards broader societal and environmental well-being.

The Sustainability Report is a testament to KWAP's dedication, illustrating how every investment decision aligns with these critical missions. Each section in the following report paints a picture of a future where financial resilience is harmonised with national, ecological and social goals whilst upholding our commitment to address the evolving needs of our stakeholders.

### WHY IS ESG IMPORTANT TO KWAP?

#### Reduce risk and enhance risk-adjusted returns

Investing in companies with good ESG practices can contribute to delivering sustainable risk-adjusted returns.

#### Reputational risk

We believe strong ESG practices across our network enhances the reputation of all involved.

#### Financial risk

Pension funds with long investment horizons can be directly impacted by ESG factors, which can affect long-term profitability.

#### Large presence in the domestic market

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

#### Fiduciary duty

As a pension fund, KWAP has been mandated to assist the government in funding the cost of pension liability. Therefore, it has the responsibility to ensure that both KWAP and investee companies are sustainable in their business practices.

### SUSTAINABILITY RISKS

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

At KWAP, we believe investing in companies with strong ESG practices contributes to delivering risk-adjusted returns, ultimately enhancing long-term shareholder value.

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

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

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

We believe that investee companies which are exposed to high-carbon-high-cost projects with high ESG risks are more vulnerable to the risk of stranded assets than companies that are actively preparing for a net-zero carbon transition.

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

## A GLIMPSE OF KWAP'S SUSTAINABILITY JOURNEY

### OUR SUSTAINABILITY JOURNEY TO DATE


**2009**

- Started practising proactive shareholder activism by monitoring our investee companies

**2011**

- Developed KWAP's Corporate Governance Principle and Voting Guidelines

**2015**

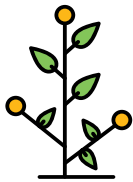
- Signatory to Malaysian Code for Institutional Investors (MCII)

**2016**

- Established KWAP's Corporate Level ESG Guidelines and ESG Based Research Methodology

**2017**

- Country host for International Corporate Governance Network (ICGN) Annual Conference 2017


**2023**

- Established KWAP Sustainability Roadmap
- Produced KWAP Sustainability Governance Framework
- Embarked on KWAP's Carbon Footprint at Company level and Portfolio Level

**2022**

- Added two new investment policies to make clear stance on unmitigated violations of ESG factors
- Revised/Updated Voting Guidelines for Domestic Listed Equity Investment
- Amendment on KWAP Investment Beliefs to incorporate ESG elements

**2021**

- Rated in the Second Quintile under the Responsible Asset Allocator initiatives (RAAI) 2021 Index
- Reviewed KWAP Investment Policy and Guidelines
- Reviewed ESG Rating research methodology to include two new parameters on Green House Gas (GHG) emissions and best labour practices

**2020**

- Kicked-off ESG engagements with investee companies selected under the ESG Watchlist
- Developed ESG Guidelines for Private Equity

**2018**

- Signatory to United Nations Principles of Responsible Investment (UNPRI)
- Developed ESG Guidelines for Fixed Income
- Organised KWAP Inspire: Environmental Conference 2018
- Won Institutional Excellence Awards

## OUR PURPOSE

[2-22, 2-23, 2-24]

**KWAP serves pensioners by fortifying, enhancing, positively contributing to their future through the Retirement Fund. We achieve this by managing the fund for optimal, sustainable returns, focusing on ESG-aligned investments that reflect global sustainability trends.**



### KWAP in supporting the nation's transition to an aged society

With **sustainable retirement** as the end goal, KWAP strives to not only manage pensions but also add value by creating a strong ecosystem that can support those intending to retire and those who have already retired. KWAP does so by unlocking host of investment opportunities in **silver economy**.



### KWAP takes actions to minimise harm to the environment and promote sustainability

Recognising the impact of our actions on the planet and taking steps to reduce our GHG emissions, KWAP also enhances ESG integration by adopting climate related investment such as **Energy Transition** and integrate climate change into the decision-making process whilst generating sustainable results.



### KWAP focuses on investment in the area of food security on account of

Malaysia remains vulnerable to food insecurity in the future due to being reliant on imports for maintaining its food supply. Disruption in the supply chain of imports can also potentially result in high food price spikes in the future. KWAP's focus is to create direct positive spillover benefits to ensure population food needs are met as well as contributing to the **nation's sustainable development**.

## KWAP PAVING THE WAY AS "YOUR RETIREMENT COMPANION"

**Integrating KWAP's contribution, pension services and investment approach to embrace digitalisation, inclusive financial system and creating a better quality of life for the community through impact investing.**



### KWAP fosters digital innovation and learning

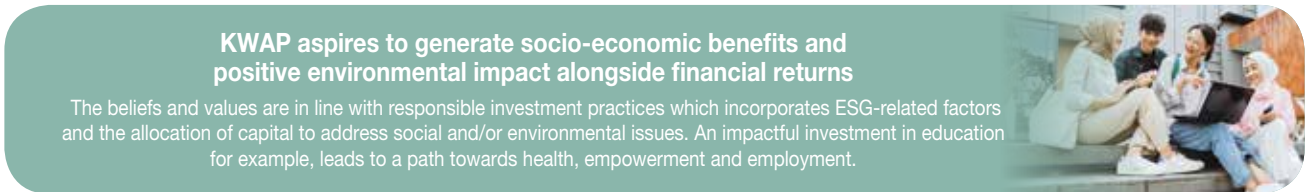
Digital innovation and learning require access to relevant and reliable information, tools and platforms. It is an aspiration for KWAP to provide employees with the resources and support to explore, learn and create whilst also promoting digital literacy to pensioners.

For infrastructure readiness, KWAP heads towards a progressive governance practice, innovative solutions, automating workflows and processes. The aim is to ensure efficient access to data, thus empowering better-informed decision-making.



### KWAP embeds financial inclusion in the investment approach and boosts financial literacy to pensioners

Inclusive financial system as the provision of suitable, affordable and quality financial services to all. The aim is to assist in **building a sustainable nation** serving the real economy and meeting the needs of all communities in Malaysia.



### KWAP aspires to generate socio-economic benefits and positive environmental impact alongside financial returns

The beliefs and values are in line with responsible investment practices which incorporates ESG-related factors and the allocation of capital to address social and/or environmental issues. An impactful investment in education for example, leads to a path towards health, empowerment and employment.



## JOINT MESSAGE FROM CHAIRMAN AND CHIEF EXECUTIVE OFFICER

[2-22, 2-23, 2-24]

Dear Valued Stakeholders,

In today's rapidly evolving landscape, we recognise the imperative to respond to key sustainability trends that are reshaping the global investment landscape. Climate change, social issues and governance challenges are becoming increasingly important. A focus on sustainability can help KWAP adapt to and thrive in a changing world, ensuring the financial security of our beneficiaries. By integrating responsible ESG practices in our operations, we intend to generate sustainable returns in line with our fiduciary mission, the broader objectives of the nation and the long-term interest of our stakeholders.

We acknowledge the convergence of reporting standards, the need to accurately disclose sustainability metrics and the rising significance of tangible transition plans. These are crucial to stay ahead of regulatory changes and mitigate risks associated with climate change and the transition to a low-carbon economy.

We are thus pleased to present to you KWAP's inaugural Sustainability Report, reflecting our ever-growing commitment to ESG principles. Our journey towards producing this Sustainability Report has been guided by our commitment to publicly disclose our carbon emissions baseline and execute a just transition plan. The identification and prioritisation of the most material ESG issues that are relevant to KWAP's operations and investments have helped focus reporting efforts on the most significant issues to our stakeholders.

### COMMITMENT TOWARDS MALAYSIA'S ENVIRONMENTAL AGENDA

We are distinguishing our standing in the sustainability space through five sustainability pledges. By embracing KWAP's Sustainability Framework to guide the ESG and Circularity approaches, the pledges also drive KWAP as a thought leader in promoting innovative solutions that can benefit all stakeholders. Coupled with our sustainability roadmap, a set of tangible milestones are being developed towards achieving the targets set by these pledges which include underlining the material investments required to realise our commitment to a sustainable future for all:

#### 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

**DATUK JOHAN MAHMOOD MERICAN**  
Chairman



## JOINT MESSAGE FROM CHAIRMAN AND CHIEF EXECUTIVE OFFICER

These pledges demonstrate our support towards Malaysia's net zero commitments, with focus on reducing GHG emission up to 45% by 2030 and achieving net zero by 2050. They are also aligned with the Government's announcements on various sustainability frameworks, including the National Energy Transition Roadmap, the i-ESG Framework, Hydrogen Economy and Technology Roadmap.

By driving investments in transition assets and harmonising KWAP's 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 KWAP decarbonisation.

### ESCALATING SOCIAL BENEFITS FOR OUR STAKEHOLDERS

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 and a commitment to invest in Education, Financial Inclusion, Digital Economy, Silver Economy, Food Security and Energy Transition with focus on domestic space.

We are proud to announce that as a signatory to The Principles for Responsible Investment (PRI), we have successfully completed the PRI Mandatory Reporting exercise for 2022, reaffirming our commitment to responsible investment and sustainable practices.

Another noteworthy highlight was the launch of KWAP's Dana Perintis Fund for priority sectors such as food and energy transition, that our commitment to creating a sustainable impact in the Malaysian venture capital ecosystem and subsequently uplift the socioeconomic standing of Malaysians through job creation.

Our investment in digital innovations has also led to further value creation for our retirees. The development of the MyPESARA mobile application (App) has enhanced access to our services, leading to greater convenience for our pensioners. This has increased the service satisfaction with KWAP and led to an additional benefit of reduction in printing of physical statements.

**By driving investments in transition assets and harmonising KWAP's Decarbonisation Strategy, we aim to support Malaysia's Net Zero commitment and make a positive impact in safeguarding our planet's future.**

In 2023, we have updated our internally-developed ESG Tracking Methodology to further enhance our ESG performance monitoring of selected investee companies and borrowers for Domestic Equity and Fixed Income Corporate Bond Investments. We have also improved the list of questionnaires (benchmarked against GRI, SASB, TCFD and others) that will be sent to our investee companies and borrowers to obtain insights from the companies prior to our one-to-one ESG engagements. In addition, relevant investee companies are strongly encouraged to provide progress updates as part of our monitoring process.

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





## JOINT MESSAGE FROM CHAIRMAN AND CHIEF EXECUTIVE OFFICER

### ENSURING ROBUST SUSTAINABILITY GOVERNANCE

Our planned transition roadmap is anchored on a robust sustainability governance framework that ensures visibility, accountability and strategic guidance by our Investment Panel, with an oversight by the Board as the ultimate governing authority. This framework is aligned with national and universal sustainability practices, facilitating a structured approach to integrate sustainability into our decision-making processes, strategies, operations and organisational culture.

In order to inculcate sustainable mindsets at all levels, we have committed to comprehensive training initiatives at all levels, including workshops for employees on GHG emissions calculation and knowledge sharing on reporting standards as well training on sustainability specifically with topics covered on Corporate Governance to Senior Management, the Investment Panel and Board members.

Leveraging our position as an institutional investor, we believe in collective action and forging partnerships to advance our ESG agenda. We are actively promoting strong ESG practices within the industry by actively engaging with various stakeholders. These include corporate governance bodies, governance-related councils, such as the Institutional Investors Council (IIC), as well as regulators such as the Securities Commission (SC), Bursa Malaysia, Bank Negara Malaysia (BNM) and the Malaysian Anti-Corruption Commission (MACC).

### EXPLORING NEW INITIATIVES FOR A SUSTAINABLE FUTURE

Navigating through challenges such as investment complexities, the perceived trade-off between sustainability and profitability and the lack of comprehensive ESG data from investee companies have demanded strategic foresight and resolute action. Steps we are taking to address these challenges include institutionalising responsible investing processes, engaging in comprehensive stakeholder collaboration and fostering a sustainability culture within our organisation.

Looking ahead, we are exploring new initiatives that are aligned with our sustainability pledges, including investments in the silver economy, net zero strategies and increased investments in transition assets. Our proactive engagements with investee companies and continuous assessment of their progress are essential components of our journey toward a sustainable and resilient future.

By adopting a holistic and proactive approach to material issues identification, we believe that we can strengthen our ability to navigate challenges, seize opportunities and maintain KWAP's position as a reliable and impactful asset owner.

As such, we will constantly engage with the latest industry standards, strategically collaborate with other organisations and participate in knowledge transfers to develop meaningful metrics and continuously improve our sustainability approach. Fostering a culture of sustainability within the organisation also continues to be a priority. To ensure that everyone understands sustainability, we intend to foster inter-departmental collaboration and implement regular awareness programmes, training and activities that involve all employees.

By positioning KWAP as a thought leader in the industry and integrating ESG practices into our operations, we aim to contribute significantly to the nation-building process and create sustainable long-term returns for our stakeholders. Moving forward, KWAP is committed to increasing its domestic direct investment with a specific focus on sustainability, supporting the growth of companies pioneering energy transition and those contributing towards better social outcomes in Malaysia.

In conclusion, we would like to express our gratitude to KWAP's dedicated employees and stakeholders for their unwavering support in our sustainability journey. The commitment from top leadership and positive engagement from all employees involved have been instrumental in the progress made to date. We remain resolute in our commitment to driving positive change and shaping a sustainable future for Malaysia and beyond.

**DATUK JOHAN MAHMOOD MERICAN**  
Chairman

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

## KEY HIGHLIGHTS



### ENVIRONMENTAL



Established  
**SCOPES 1, 2  
and 3 CARBON  
EMISSIONS  
BASELINE**



Committed to  
**Net Zero  
Portfolio** by  
**2050**



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



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



### SOCIAL



Impact investing up to  
**RM1.5 billion**  
by 2025



Females in Workforce  
**52%** (Overall) and  
**50%** (Board)



**110.5** average  
training hours in FY2023,  
compared to 89.6 hours  
in FY2022



**99.9%**  
Local workforce



### GOVERNANCE



**RM169.82  
billion**

fund size for the year 2023



Invested **RM11.92  
billion** of  
sustainable investments  
in ESG, Sustainability  
and Green Investments



Signatory of the  
**Principles for  
Responsible  
Investment (PRI)**  
since 2018



**Zero** cases  
of **cyber security  
breaches**

**FY2023:  
RM107.39 million**

91% spending on local  
suppliers





## SUSTAINABILITY ACHIEVEMENTS

### TOP EMPLOYER AWARDS



#### Human Resource Excellence Awards 2022

HR Leader of the Year - Puan Siti Ilmiah Ramli

#### 22<sup>nd</sup> MIHRM Malaysia - International HR Award 2022 – Gold

Gold - Young HR Talent Award - Puan Siti Sabariah Ahmad Murta zam

#### Employee Excellence Awards 2023

Gold - Most Inspiring Leader - Encik Ahmad Shakir Mohd Asri

### SUSTAINABILITY AWARDS 2023



Photo from EdgeProp.  
GreenRE Award Ceremony on May 26.



The signing ceremony for Green Mortgage Financing Package for Andaman on 9 August 2023.



Photo from AmBank Group.  
The official exchange of documents ceremony.

To encourage the uptake of green-certified units in August 2023, Alliance Bank Malaysia Bhd signed a Memorandum of Understanding (MOU) with PMSB to provide homeowners with competitive and fast access to Alliance Bank's Green Mortgage Financing Package for properties within Phase 1 of Andaman Island awarded GreenRE Provisional Certification. Furthermore, in July 2023, AmBank Group granted a RM70 million green loan and RM30 million green guarantee for the development of Arica@Andaman, Penang. These active collaborations among like-minded companies and organisations signify KWEST's commitment to contributing to sustainability-related efforts.

Moving forward, KWEST will continue to prioritise sustainability as one of the main criteria, not only in existing developments but also in new investments as outlined in the KWEST Sustainability Framework. In addition to environmental-related efforts, KWEST will pursue social-benefitting investments such as housing catering to the mass market, government servants and pensioners. We are also committed in enhancing our governance for effective sustainability oversight.

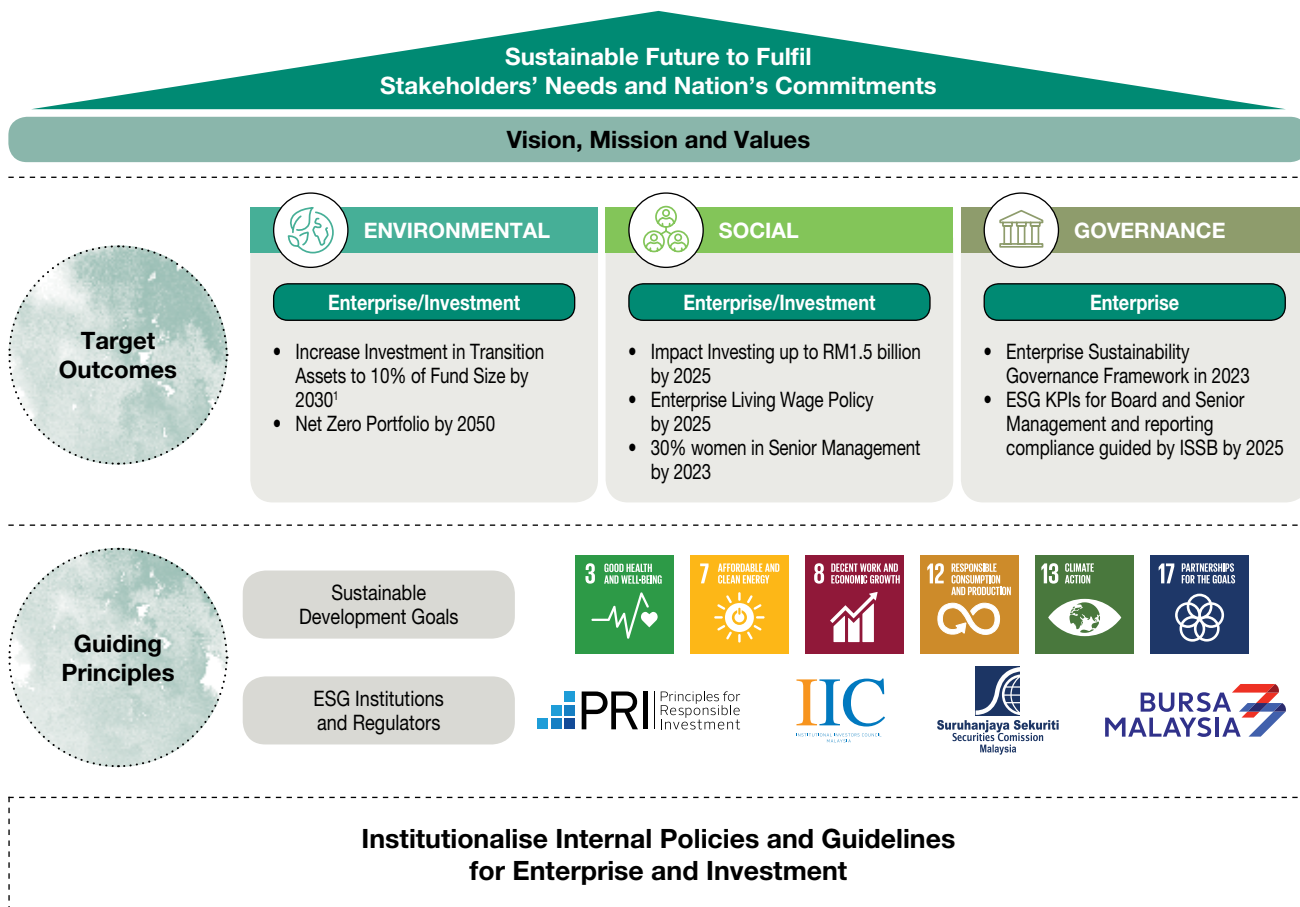
## OUR SUSTAINABILITY APPROACH

### SUSTAINABILITY FRAMEWORK

At KWAP, we recognise that our role as a responsible institutional investor goes beyond financial performance. We understand the profound impact our investments and operations can have on the ESG standards. As such, we have developed a robust and comprehensive Sustainability Framework that guides our commitment to sustainable practices and principles.

Our Sustainability Framework serves as a blueprint to integrate ESG considerations into every facet of our organisation. It reflects our dedication to contributing towards a sustainable future, aligning our investments and operational practices with global sustainability goals and creating long-term value for our stakeholders.

This framework encompasses our core values and principles, aligning with our mission to secure the retirement income of civil servants whilst actively addressing sustainability challenges. It reflects our commitment to responsible investing, ethical business conduct and active participation in global sustainability initiatives.



Note:

<sup>1</sup> Based on 2025 SAA target accumulated adjusted fund size of RM200 billion, the estimated investment in transition assets amounting to RM20 billion

## OUR SUSTAINABILITY APPROACH

### SUSTAINABILITY STRATEGY

We seamlessly integrate 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 roadmap for the years ahead. We are committed to align our investments and operational practices with global sustainability goals. By integrating our ESG 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 core values and our vision for a better future.

In our commitment to a sustainable future, we have outlined the pledges that 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

1. **Diversity, Equity and Inclusion (DEI):**  
Developing a comprehensive DEI policy and strategy to ensure zero tolerance for discrimination in the workplace and community.
2. **Human Capital Development:**  
Investment in leadership development programmes, prioritisation of employee well-being through enhancement of employee engagement and satisfaction.
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 Non-Governmental Organisations (NGOs), government agencies and community organisations.



#### Pledge 2: Empower Partnerships for Collective Action

1. **Strategic Collaboration and Engagement:**  
Foster strong, collaboration relationship with regulators, corporate governance bodies, other institutional investors, and relevant stakeholders.
2. **Active Ownership and Stewardship:**  
Enhance stewardship effectiveness beyond investment stewardship and increase focus on measurable outcomes on pragmatic sustainable solutions.
3. **Supply Chain Sustainability:**  
Encourage the development of a sustainable supply chain management ecosystem through advocacy on circular economy.



#### Pledge 3: Net Zero Portfolio by 2050

1. **Sustainable Performance:**  
Implementing a responsible investing strategy including screening, analysis, due diligence and monitoring.
2. **Decarbonisation:**  
Measures to reduce the carbon footprint of the investment portfolio whilst ensuring investee companies align with KWAP's net zero targets.
3. **Stewardship:**  
Engaging regularly with investee companies to improve ESG practices, exercising voting rights and communicating ESG concerns effectively.



#### Pledge 4: Increase Investment in Transition Assets to RM20 billion by 2030

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.
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.



#### Pledge 5: Enhance Sustainability Governance

1. **Governance, Compliance and Ethics:**  
Ensuring Board and Investment Panel members are knowledgeable in governance, compliance and ethics.
2. **ESG Risk Management:**  
Regular assessment and mitigation of ESG risks and keeping abreast of the evolving ESG regulations and compliance requirements.
3. **Data Privacy and Cybersecurity:**  
Regular updates and awareness regarding cybersecurity threats in compliance with data privacy and cybersecurity regulations.

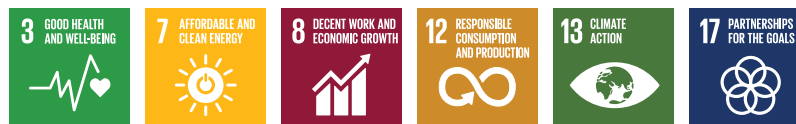
## OUR SUSTAINABILITY APPROACH

[2-22, 2-23, 2-24]



### 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.

#### PILLAR 1

#### Responsible Investing

KWAP aims to generate sustainable financial returns whilst contributing to positive social and environmental outcomes and upholding ethical and governance standards.



#### PILLAR 2

#### Our People and Community

KWAP nurtures sustainable futures for both internal stakeholders and the broader community.



#### PILLAR 3

#### Governance and Risk Management

KWAP ensures robust governance framework and ensure long-term sustainability of our fund.





## OUR SUSTAINABILITY APPROACH

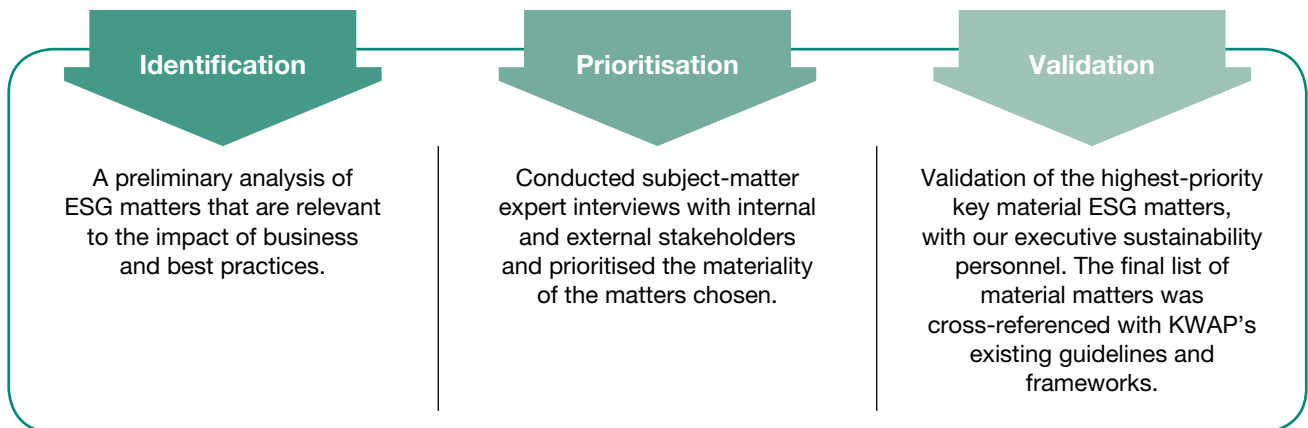
[GRI 3-1, 3-2]

### MATERIAL MATTERS

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

We introduced our approach to materiality, explaining how we assess, prioritise and address ESG issues that matter most to us and our stakeholders. Our materiality assessment is not merely a compliance exercise, it's a strategic tool that guides our decision-making, shapes our sustainability objectives and ensures that 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 in the reporting year.

#### Materiality Assessment Process



#### Identified Material Matters

##### ENVIRONMENT

- Sustainable Performance
- Stewardship
- Collective Action

##### GOVERNANCE

- Governance, Compliance and Ethics
- Risk Management
- Data Privacy and Cyber Security



##### SOCIAL

- Supply Chain Management
- Diversity, Equity and Inclusion
- Human Capital Development
- Employee Engagement and Benefits
- Community Empowerment

## OUR SUSTAINABILITY APPROACH

[GRI 2-29]

### 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, 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 civil servants whilst promoting sustainable practices and ethical conduct. We view our stakeholders as essential partners on our journey toward a more sustainable and prosperous future.

#### Stakeholder Engagement for KWAP

 <b>Who We Engage</b>	 <b>How We Engage</b>	 <b>Material Matters</b>	 <b>Key Topics and Concerns Discussed</b>
<b>Investment Community</b>	<ul style="list-style-type: none"> <li>• Meetings</li> <li>• Dialogues and conferences</li> <li>• Working Groups: IIC, JC3 Committee, Sustainable Investment Platform Steering Committee, amongst others.</li> <li>• ESG Conferences</li> </ul>	<ul style="list-style-type: none"> <li>• Sustainable Performance</li> <li>• Stewardship</li> </ul>	<ul style="list-style-type: none"> <li>• Sustainable investment performance</li> <li>• Commitment of Responsible Investment to integrate and embrace ESG within the bounds of our practices</li> </ul>

## OUR SUSTAINABILITY APPROACH

[GRI 2-29]

 <b>Who We Engage</b>	 <b>How We Engage</b>	 <b>Material Matters</b>	 <b>Key Topics and Concerns Discussed</b>
<b>Pension Community</b>	<ul style="list-style-type: none"> <li>Digital channels</li> <li>MyPESARA mobile application (App)</li> </ul>	<ul style="list-style-type: none"> <li>Sustainable Performance</li> </ul>	<ul style="list-style-type: none"> <li>Financial literacy</li> <li>Financial inclusion</li> <li>Retirement planning</li> <li>Customer experience</li> </ul>
<b>Contributors</b>	<ul style="list-style-type: none"> <li>Digital channels</li> <li>Surveys</li> </ul>	<ul style="list-style-type: none"> <li>Sustainable Performance</li> </ul>	<ul style="list-style-type: none"> <li>Adequate retirement funds</li> <li>Customer satisfaction</li> <li>Ease of transactions and interactions</li> <li>Customer experience</li> </ul>
<b>Government of Malaysia</b>	<ul style="list-style-type: none"> <li>Dialogues</li> <li>Meetings</li> </ul>	<ul style="list-style-type: none"> <li>Sustainable Performance</li> <li>Governance, Compliance and Ethics</li> </ul>	<ul style="list-style-type: none"> <li>Sustainable investment performance</li> <li>ESG integration</li> <li>Promote a transparent, cohesive and efficient governance</li> </ul>
<b>Local Community</b>	<ul style="list-style-type: none"> <li>Surveys</li> <li>Local community initiatives</li> <li>Website and social media</li> <li>Community outreach programmes</li> </ul>	<ul style="list-style-type: none"> <li>Community Empowerment</li> <li>Supply Chain Management</li> </ul>	<ul style="list-style-type: none"> <li>Social impact and welfare of the rakyat</li> <li>Economic empowerment of local communities</li> <li>Digital literacy</li> </ul>
<b>Employees</b>	<ul style="list-style-type: none"> <li>Employee engagement</li> <li>Town halls and Meetings</li> </ul>	<ul style="list-style-type: none"> <li>Diversity, Equity and Inclusion</li> <li>Human Capital Development</li> <li>Employee Engagement and Benefits</li> </ul>	<ul style="list-style-type: none"> <li>Workplace environment, culture, arrangement and worklife balance</li> <li>Corporate values, governance and integrity</li> <li>Recognition and appreciation</li> <li>Diversity, equity and inclusion</li> </ul>

## BASELINE EMISSIONS

As part of our steadfast commitment to sustainable and responsible investing, KWAP is resolute in our efforts to combat climate change through a comprehensive decarbonisation strategy. As a long-term investor, taking action to mitigate the current and impending risks posed by climate change is highly relevant to our operating model. Recognising the urgent need to address environmental challenges, we have set ambitious targets and implemented a multifaceted approach to reduce carbon emissions across our investment portfolio.

In January 2023, we pledged to achieve Net Zero Portfolio by 2050. We are committed to sustainability for several reasons. One key driver is mitigating the most severe consequences of climate change. Another is safeguarding the habitability of our planet for future generations. Finally, we believe this focus on sustainability enhances the long-term value of our investments. In the context of our efforts, net zero signifies that the volume of GHG released by KWAP's activities is balanced by the amount reduced and removed, whether through natural processes like forest growth or through technological means such as carbon capture and storage.

During the reporting year, we embarked on an emissions measurement exercise to establish the KWAP's baseline emissions in FY2022. The exercise was divided into two:

### 01 Enterprise Emissions

The GHG emissions from KWAP's operations, excluding financed emissions

### 02 Financed Emissions

The GHG emissions linked to KWAP's investment activities

We focus on achieving net zero through our comprehensive strategy and a series of short-term goals focused on reducing emissions, investing in climate solutions and accelerating the global economic shift to net zero.

Our calculation approach is guided by the following:

01

**Greenhouse Gas (GHG) Protocol - A Corporate Accounting Reporting Standard**

02

**Corporate Value Chain (Scope 3) Accounting and Reporting Standards**

03

**Technical Guidance for Calculating Scope 3 Emissions**

04

**Partnership for Carbon Accounting Financials (PCAF)**

KWAP selected a consistent approach to consolidate GHG emissions and to define the organisational boundaries for accounting and reporting purposes. An operational control approach was used for this emissions calculation exercise.

The data utilised in this assessment were sourced from KWAP's internal database and historical records. In cases where data was unavailable, assumptions or proxies were incorporated into the methodology.

In 2023, we have developed our environmental reporting to include all our GHG emissions from Scope 1, 2 and 3. Utilising GHG Protocol and PCAF calculation methodologies, this has amounted to an emissions exposure of 6,369,232.09 tCO<sub>2</sub>e\*. 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 our company and investment portfolios.

\* tCO<sub>2</sub>e stands for tonnes (t) of carbon dioxide (CO<sub>2</sub>) equivalent (e). Carbon dioxide equivalent is a standard unit for counting GHG emissions regardless of whether they are from carbon dioxide or another gas such as methane. This figure is for the financial year ended 2022.



# ENTERPRISE EMISSIONS

[GRI 302-1, 305-1, 305-2, 305-3, 305-4]

At Company level, we have chosen the operational control approach, which includes all facilities and operations under our control.

## Scope 1

### Total Scope 1 Emissions 2022



**38.57 tCO<sub>2</sub>e\***

Sources of emission factors:

#### Mobile Combustion:

- Fuel emission factor and net calorific value from Intergovernmental Panel on Climate Change ("IPCC") Guidelines for National Greenhouse Gas Inventories
- Global Warming Potential ("GWP") from GHG Protocol, adapted from IPCC Fifth Assessment Report, 2014 (AR5)

#### Fugitive Emissions:

- Air-conditioning equipment and refrigerators leak rates from the United States EPA Greenhouse Gas Inventory Guidance Direct Fugitive Emissions from Refrigeration, Air Conditioning, Fire Suppression and Industrial Gases, December 2023, applying Table 1: Default Emission Factors for Refrigeration/Air Conditioning Equipment Type of Equipment
- Fire extinguisher leak rates from the United States EPA Simplified GHG Emissions Calculator, dated April 2024
- Global Warming Potential ("GWP") from IPCC Fourth Assessment Report, 2007 (AR4)

Scope 1 represents direct emissions produced from conducting business activities by KWAP. Our direct emissions sources are primarily from mobile consumption (petrol & diesel) from company-owned vehicles and fugitive emissions from air-conditioning, fire extinguishers and refrigerators in our buildings and assets.

## Scope 2

### Total Scope 2 Emissions 2022



**550.82 tCO<sub>2</sub>e\***

### Total Energy Consumed

**726.67 MWH**

Sources of emission factors:

- Energy Commission of Malaysia, applying 2021 National Grid Emission Factor

Scope 2 emissions primarily arise from the indirect consumption of energy purchased for our operations. The data presented herein provides insight into our energy consumption and underscores our dedication to managing and minimising our carbon footprint in alignment with industry best practices. Our Scope 2 emissions arises from the consumption of electricity in our offices located in Malaysia.

\* This data was assured by KPMG PLT. Read the full Statement of Assurance on pages 67 to 69.

## ENTERPRISE EMISSIONS

### Scope 3

#### Total Scope 3 Emissions (excluding Financed Emissions) 2022



**3,508.19 tCO<sub>2</sub>e**

In accordance with our dedication to comprehensive sustainability reporting, we aim to provide an overview of Scope 3 in this sustainability report. Scope 3 emissions encompass indirect emissions from sources beyond our immediate operational control, including investments, supply chain activities and other relevant aspects of our organisational footprint.

By transparently disclosing our enterprise Scope 3 emissions, we seek to acknowledge the broader impact of our activities, thus contributing to a more accurate assessment of our overall carbon footprint. This disclosure underscores our commitment to sustainable practices and guides our ongoing efforts to engage with stakeholders and partners in addressing the challenges of climate change.

Our exposures for Scope 3 indirect emissions are primarily centered around purchased goods and services, capital goods, business travel and employee commuting. We exclude other categories within Scope 3 due to ongoing process of refining data collection.

Category	2022	
	Total Emissions (tCO <sub>2</sub> e)	Emission Intensity (tCO <sub>2</sub> e/ RM mil)
<b>Purchased Goods and Services</b>	2,024.42*	0.29
<b>Capital Goods</b>	127.95*	0.018
<b>Business Travel</b>	321.03	0.05
<b>Employee Commuting</b>	1,034.79*	0.15
<b>Total</b>	<b>3,508.19</b>	<b>0.51</b>

Sources of emissions factors:

**Category 1 – Purchased Goods and Services, Category 2 – Capital Goods and Category 6 – Business Travel**

- EEIO emission factors from the 2017 North American Industry Classification System ("NAICS") v1.2, applying Supply Chain Emission Factors with Margins

**Category 7 – Employee Commuting**

- Distance travelled emission factors for vehicles are from the United States EPA 2023 GHG Emission Factors Hub, Table 10

- Emissions data for electric vehicles ("EV") are estimated using Malaysia's grid emission factor from the Energy Commission of Malaysia, applying 2021 National Grid Emission Factor and the estimated average energy consumption of EV from EV Database

- GWP from GHG Protocol, adapted from IPCC Fifth Assessment Report, 2014 (AR5)

\* This data was assured by KPMG PLT. Read the full Statement of Assurance on pages 67 to 69.

## FINANCED EMISSIONS

### Absolute Emissions 2022

**6,365,134.51 tCO<sub>2</sub>e**

### Emission Intensity 2022

**43.88 tCO<sub>2</sub>e/RM mil**

### Avoided Emissions 2022

**52,389.22 tCO<sub>2</sub>e**

### Calculation of Financed Emissions

We have assessed the emissions generated by our investments using the GHG Accounting and Reporting Standard tailored for the financial industry, which was created by the Partnership for Carbon Accounting Financials (PCAF). PCAF is a global industry-led initiative which is comprised of a group of financial institutions to develop and implement a harmonised approach to assess and disclose the GHG emissions associated with loans and investments. The methodologies used are in accordance with the requirements set forth in the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard for Category 15 investment activities.

Asset classes relevant to KWAP:

#### Asset class 1



Listed equity and  
corporate bonds

#### Asset class 2



Business loans and  
unlisted equity

#### Asset class 3



Project  
finance

#### Asset class 7



Sovereign  
debt

Note:

Asset class 4: Commercial real estate is excluded due to its inclusion is optional as per PCAF GHG Standard.

Asset class 5: Mortgages and Asset class 6: Motor vehicle loans are excluded as these are not present in our portfolio.

The financed emissions are measured based on emissions attributable to KWAP's lending and investment portfolios for the following asset classes analysed as of 31 December 2022:

Financed Emissions by Asset Class					
Asset Class	2022				
	Total Lending and Investment (RM mil)	Financed Emissions (tCO <sub>2</sub> e)	Emission Intensity (tCO <sub>2</sub> e/RM mil)	Avoided Emission (tCO <sub>2</sub> e)	PCAF Data Quality Score
Listed equity and corporate bond <sup>1</sup>	89,402.53	5,806,753.67	64.95	-	2.14
Business loans and unlisted equity <sup>1</sup>	16,171.32	558,196.80	34.52	-	5.00
Project finance <sup>1</sup>	357.01	181.39	0.51	52,389.22	2.00
Sovereign debt <sup>2</sup>	39,111.43	2.65	0.00	-	2.00
<b>Total</b>	<b>145,042.29</b>	<b>6,365,134.51</b>	<b>43.88</b>	<b>52,389.22</b>	

Sources of emissions factors:

1. PCAF Emission Factors as of March 2023, Bloomberg Financial Data and Refinitiv Sectorial Data

2. Emissions Database for Global Atmospheric Research as of December 2022 and World Bank - GDP, PPP as of May 2024.

3. PCAF data quality score: Score 1: Highest data quality; Score 5: Lowest data quality



## FINANCED EMISSIONS

### Scope and Boundary

As of 31 December 2022, KWAP's lending portfolio had exposure to emissions from four out of seven relevant asset classes. These emissions pertain to our exposure totalling up to RM145.04 billion, representing 100% of KWAP's lending and investment portfolio.

### Data Quality

Accurate computation of financed emissions in lending and investment portfolios requires high-quality data, including GHG emissions data for underlying investee and borrowing companies. In this regard, for companies that are measuring and publicly reporting their emissions, this will facilitate KWAP in obtaining high-quality data. However, based on our findings, the GHG emissions data for our investee companies are still lacking. Currently, data limitations are primarily related to a lack of granular and sub-sector investee companies' data availability. The PCAF Standard recognises this challenge and has provided methodologies for computing financed emissions using various approaches, each with varying data quality scores depending on the level of estimates involved. Therefore, we have estimated our financed emissions based on the best available data, aligned with the PCAF Standard calculation methodology. This includes leveraging on best estimates from available sectoral and sub-sector data as a proxy to measure its absolute financed emissions. Moving forward, we will continuously refine our financed emissions estimates as we enhance our calculation methodologies and data. In addition, we aim to improve our processes for collecting actual emissions data from investees, in response to the growing prevalence of reporting GHG emissions.



## PILLAR 1: RESPONSIBLE INVESTING

[GRI 204-1, 302-4]



**To deliver strong financial returns while championing positive social and environmental impact, all within a framework of ethical and governance standards.**

In our pursuit to balance financial excellence and long-term sustainability, KWAP places a paramount focus on responsible investing. Our commitment to our fiduciary duty and a sustainable future for our pensioners compels us to consider ESG factors. A sustainable future is critical for long-term returns and integrating ESG considerations into our investment decisions is the key to achieving both goals.

Our responsible investing policies ensure that ESG considerations are systematically factored and integrated into our investment processes.

By embracing the principles of responsible investing, we intend to chart a transformative path for KWAP and at the same time set a pioneering example for the wider financial community, reinforcing KWAP's status as a vanguard of sustainable progressive and conscientious pension fund management.

### Embracing Sustainability: The Imperative of Responsible Investing for KWAP

Traditional paradigms of investing no longer suffice. In an era defined by shifting global dynamics and heightened environmental consciousness, responsible investing is rapidly emerging as a moral imperative as well as a pragmatic approach to securing robust returns and safeguarding the interests of future generations, beyond pensioners. As such, we endeavour to cultivate a sustainable portfolio that not only generates substantial returns but also aligns with the evolving expectations of stakeholders and the broader Malaysian society.

In our journey, we have seen how responsible investing drives positive change and promotes sustainable development. We are thus resolutely committed to navigating the intricacies of the modern investment landscape with a keen eye on mitigating risks, maximising opportunities and fostering a more sustainable and inclusive future for all.

### SUSTAINABLE PERFORMANCE

ESG-related issues such as climate change and unethical labour practices have become more evident in recent years. The increasing and rapidly changing expectations from

stakeholders for sustainable and inclusive growth have altered how KWAP effectively anticipate, manage and incorporate these dynamic and emerging risks and opportunities into our strategies. This approach is essential for preserving and generating long-term growth value for the fund.

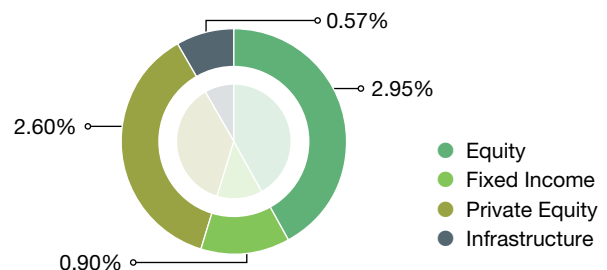
Assessing and managing ESG-related risks is crucial. For instance, climate change poses financial risks to investments and as a sustainable pension fund, we take these risks into consideration in our portfolio management and asset allocation decisions.

Proactively addressing and investing in these factors can lead to long-term value creation and preservation for the fund. We recognise that sustainability-related factors, whether environmental, social, or governance-related, are often interconnected and should be comprehensively addressed.

### Our ESG Investment Portfolio

KWAP's ESG portfolio amounts to 7.02% out of KWAP's total investments. The chart below shows the breakdown of ESG-labelled investments by asset class.

ESG Portfolio (%)



### Responsible Investing Strategy

We are committed to integrating ESG practices into our investment strategies, recognising that this approach can generate sustainable risk-adjusted returns and therefore enhance shareholder value over the long run. This commitment aligns with the five principles of KWAP's Investment Beliefs.



**PLEDGE 3**  
Net Zero Portfolio by 2050



**PLEDGE 4**  
Increase Investment  
in Transition Assets to  
RM20 Billion by 2030

## PILLAR 1: RESPONSIBLE INVESTING

In the context of ESG, we shall, 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, including but not limited to the following:

- 1** Companies that are exclusively or principally engaged in vice products or services;
- 2** Companies that are exclusively or principally involved in businesses, which are deemed indecent, immoral or unethical;
- 3** Companies that are in repeated and/or unmitigated violations of widely accepted ethical norms, standards and laws concerning human rights, labour standards, the environment and anti-corruption;
- 4** Companies whose business activities are conducted in an unsustainable manner, with severe and irremediable adverse impact on biodiversity, ecosystems, natural resources, climate, and communities and/or to the detriment of the good condition and resilience of the environment and social systems within which they operate; and
- 5** Companies whose business activities threaten, cause harm or adverse impact to, or result in conversion or degradation of cultural and/or natural heritage sites, protected areas, or critical natural habitats.

The Responsible Investment team continues to collaborate with the investment team to incorporate ESG factors into our investment strategy and decision-making process. This occurs prior to making an investment and during the period when we hold the asset. We conduct ESG due diligence and an annual ESG rating exercise to assess the ESG practices of our investee companies as part of our ongoing monitoring.

### ESG Guidelines and Frameworks

At KWAP, our meticulously crafted investment strategies form a strong foundation, ensuring we can weather the ever-changing financial landscape. 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 incorporate ESG considerations across all investment decision-making processes via the following guidelines and frameworks:

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

## PILLAR 1: RESPONSIBLE INVESTING

Our investment ESG guidelines and frameworks outline how we integrate ESG factors into our investment processes and engage with companies through voting and other engagements. ESG risk analysis is a fundamental component of our investment process and investment decisions. Whilst the integration of sustainability initiatives in the investment process varies by asset class, ESG risks and opportunities are taken into account throughout the investment process in accordance with our various ESG guidelines and frameworks.

### Screening

As part of our efforts to safeguard our investments and protect our assets from financial and reputational risks, we have avoided investments in the following areas:



Tobacco



Alcohol



Gambling



Adult Entertainment



Armaments (i.e., Chemical weapons, cluster bombs and etc.)



Countries that have no diplomatic ties with the Government of Malaysia



High-risk Countries (including countries identified by United Nations Security Council Sanctions List)



Corrupt Practices

This was also incorporated in the KWAP Investment Policy and has been our stance since 2007.

### Analysis & Research

We conduct research and analysis for all our investments based on publicly available information, company reports, Bloomberg, engagement, ESG data providers etc.

- a) ESG Scoring<sup>1</sup>
- b) ESG Credit Rating Impact Score Methodology<sup>1</sup>

### Due Diligence

We conduct internal due-diligence exercise for our Private Equity and Real Estate investments as part of the pre-investment process. The results of the ESG due diligence are deliberated during the Investment Committee (IC) meeting.

### Monitoring

We have a vigorous monitoring process on our investee companies, including via our proprietary and internally developed ESG Tracking Methodology<sup>2</sup>. Monitoring initiatives by KWAP includes the following:

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

1. refer to pg. 26 for further information

2. refer to pg. 27 for further information



## PILLAR 1: RESPONSIBLE INVESTING

### Escalation

- Publicly engaging the entity, which is signing an open letter
- Not investing
- Reducing exposure to the investee entity
- Divesting
- Litigation

### Risk Mitigation

Regular assessment and mitigation of ESG risks and keeping abreast of the evolving ESG regulations and compliance requirements.

### Investment Decision


**buy**
**maintain****sell****divest**

### ESG Scoring

We conduct an annual ESG scoring on all stocks within the KWAP Domestic Stock Universe. The adoption of an ESG-based research approach and scoring system has strengthened our decision-making by providing a structured framework for individual stock analysis across 16 sectors. The ESG Scoring Methodology will continue to guide the evaluation of ESG practices for existing stocks in KWAP's Domestic Stock Universe, as well as future investment opportunities. Our investment processes are further strengthened and enhanced through active engagement with companies that have low ESG scores.

The 2023 annual review exercise was conducted based on the findings from our active engagement with the investee companies and publicly available information. Under the 2023 review cycle, our Domestic Universe scored a higher ESG rating as compared to 2022, driven by improvements in our Social and Governance pillars, whilst the Environmental pillar was unchanged.

### ESG Credit Rating Impact Score Methodology (CRIS)

We developed our ESG Credit Rating Impact Score Methodology (CRIS) to complement the existing credit evaluation process through the assessment of impact of ESG risks to credit quality of issuers and transactions across sectors and region.

It provides transparency around the material ESG issues that have influence over credit rating to allow us to manage our investment exposure as well as enforce close monitoring of issuer/transaction with ESG concerns.

Issuers/transactions within our Corporate Bonds and Loan portfolio will go through an ESG impact score review on an annual basis for the existing exposure and prior to the inclusion of new investment opportunities. The assessment is performed concurrently with the existing evaluation and assessment process on credit rating assignment.

CRIS ranks the issuer/transaction on a five-point scale from CRIS1+ (positive) to CRIS-3 (very highly negative) which represents the opinion over the investment preference given the materiality of the risk exposure. Issuers/transactions rated CRIS-2 and below will be closely monitored on their progress to address the respective concerns associated with ESG-profile score as well as set a mitigation plan in place to ensure stability of credit profile in a near- to medium-term.

For the 2023 review cycle, we concluded that ESG risk does not pose material impact on the credit ratings of majority of our investments. While there are no issuers rated at the lowest scale, the ESG attributes of more than 65% issuers are generally considered as having neutral-to-low impact on its current credit strength.

## PILLAR 1: RESPONSIBLE INVESTING

### ESG Tracking Methodology

In 2018, we developed the ESG Tracking Methodology to enable KWAP to have a structured process to track, monitor and review the ESG performance of our investee companies. KWAP annually screens investee companies based on the considerations outlined in the ESG Tracking Methodology and shortlists a few companies to be included in the ESG Watchlist. The team at KWAP will then conduct a thorough analysis of the relevant ESG issues as per the GRI Standards.

Following this, we organised ESG engagements and dialogues with companies under the ESG Watchlist to further monitor their operations and development, if any and we use this platform to get insights on the investee companies' ESG journey as well as share our experiences in engaging with other companies based on previous engagements. This aims to inform a strong message to all investee companies within KWAP's investment universe of our intention to be the leader in ESG for asset owner category.

We have enhanced our ESG Tracking Methodology to expand the coverage to monitor ESG performances of selected investee companies and borrowers for Domestic Equity and Fixed Income Corporate Bonds Investments as well as improve the list of questionnaires that will be sent to investee companies and borrowers prior to the ESG engagement.

### KWAP's Voting Guidelines

In 2023, we have updated our Voting Guidelines in line with the latest best practices namely The Principles of Good Governance for Government-Linked Investment Companies (PGG), Malaysian Code for Institutional Investors 2022 (MCII) and Malaysian Code on Corporate Governance 2021 (MCCG).

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

In line with our Investment Beliefs on ESG, exercising voting rights and engagement are key drivers of active ownership. Whilst the right to voting and engagement are the most preferred options, we may, at any time, exercise discretion to discontinue investments according to the relevant internal guidelines and frameworks including where the outcomes of voting actions and engagements have not been satisfactory and other measures have been exhausted.

### ESG Related Bonds

No.	Issuer Type	Remarks
1.	MYR Sovereign Sustainable Development Goals Sukuk (SDG)	Proceeds to be used for eligible expenditures under the Government of Malaysia (GOM) SDG Sukuk Framework.
2.	SDG debt offering by Domestic Financial Institution (FI)	Proceeds to be used for eligible expenditures under the respective FI's SDG Bond and Sukuk Framework.
3.	SDG debt offering by Utilities and Infrastructure Corporations	Proceeds to be used for eligible expenditures that meet the criteria set out in the respective issuer's SDG Bond and Sukuk framework.
4.	Socially responsible investment (SRI) debt offering by Government linked investment companies (GLIC)	Proceeds to be used to fund eligible SRI projects.
5.	Non-MYR Sovereign SDG debt offering	Proceeds to be used for eligible expenditures under the respective Government's SDG Bond and Sukuk Framework.

## PILLAR 1: RESPONSIBLE INVESTING

In pursuit of our primary objective to foster a more sustainable investment environment, we have introduced an ESG assessment in the annual external manager evaluation. This annual assessment is instrumental in gauging the progress of their sustainability journey and commitments to ESG practices, including the integration of ESG considerations into their policies and investment processes. Ultimately, this will indirectly encourage them to embrace more sustainable practices.

We also continued our active engagement with all domestic EFMs on a quarterly basis to review their performance and operational compliance including ESG practices. In addition, we had also conducted on-site visits and virtual visits to the EFMs' premises throughout the year.

Apart from our continuous engagement with the EFMs, we hosted a Chief Executive Office Mandate event to the EFMs in April 2022 and February 2023, which was aimed at sharing KWAP's investment objectives for the year and convey expectations to the EFMs in terms of performance requirement and emphasising the need to comply to the investment management agreement (IMA). Other key messages delivered during the event include the sharing of our ESG journey and expectations from the EFMs to uphold strong ESG practices.



*KWAP Investment Panel Chairman, Datuk Mohammad Nasir Ab Latif, Economy Minister, YB Mohd Rafizi Ramli and KWAP Chief Investment Officer, Encik Hazman Hilmi Sallahuddin at the launch of Dana Perintis.*

### Impact Investing

Catalysing our commitment to sustainable impacts, we have made our inaugural investment into the impact investing space. Impact investing is a form of investment strategy that aims to identify significant business opportunities while addressing societal and environmental needs in a positive manner. Venturing beyond traditional ESG-related compliance measures, impact investing means we actively seek to invest in companies and projects that align with certain themes and have the potential to generate significant social and environmental impact, alongside financial returns. The overarching goal of impact investing is to drive positive change in society and the environment, using market-based solutions to address social and environmental challenges.

KWAP is thus focusing on funds that drive measurable social and environmental impact alongside business performance and strong returns with a diversified target exposure. This is driven and guided by several UNSDGs, and a commitment to invest in Education, Financial Inclusion, Digital Economy, Silver Economy, Food Security and Energy Transition.

### Dana Perintis

The Dana Perintis investment strategy was approved by the Investment Panel, marking a milestone for our commitment in the Malaysian venture capital space. Dana Perintis will serve as an investment framework that furthers ESG integration in investments and drives knowledge transfer and industry networking in developing local talents. In line with the launch of Dana Penjana Nasional in 2020 and the 2023 budget announcement highlighting the crucial role of GLICs in the nation's economy, Dana Perintis will support the government's ongoing efforts to develop the local venture capital ecosystem towards becoming a preferred regional venture capital hub. This will be implemented across different venture capital stages which provides exposure to a wide range of industries, thus taking advantage of opportunities locally and regionally.

## CASE STUDY



Focus Area: Digital Economy

## EMPOWERING LOCAL TALENT TO BECOME GLOBAL LEADERS IN SOFTWARE AND TECHNOLOGY SERVICES

Aerodyne Group is a provider of DT3 (drone tech, data tech and digital transformation) and a pioneer in the use of artificial intelligence as an enabling technology for large-scale data operations, analytics and process optimisation. It employs over 800 drone professionals to operate on an unprecedented level in the Unmanned Aircraft System (UAS) services sector, having managed more than 560,000 infrastructure assets with 458,058 flight operations and surveyed over 380,000 km of power infrastructure across 35 countries globally.

Drone data and Artificial Intelligence (AI)-powered analytics are used by the company to address difficult industrial challenges, allowing organisations to rapidly scale, digitally convert and function optimally while increasing productivity. The company excels in utilising drone technology for a variety of industrial sectors including power, oil and gas, wind, security and surveillance, agriculture and critical infrastructure assets such as ports and bridges. It also has customers in the military and police sectors.

Our investment in Aerodyne is a major step forward and a clear vote of confidence for this homegrown talent in particular and the local start-up scene in general. After having initially invested in the Group back in 2020, KWAP participated in Aerodyne's latest bridging round, investing USD10 million of the total USD30 million (RM142 million) raised.



- Carbon emission baseline setting: 779,797 kgCO<sub>2</sub> in total encompassing GHG Scope 1, 2 and 3.
- Environmental practices and policies: 100% sustainable drone battery recycling from operations and all suppliers screened through environmental assessment.
- Energy management: 32% implementation of RE system within facility with ongoing energy-efficient practices.

### Awards and Recognition

#### 2023

- Awarded by the Malaysia Book of Records for receiving the 1<sup>st</sup> SUP Approval for Nested Drone Project
- International Business Review Global Maritime and Aerospace Awards 2023

#### 2022

- Member of the Forbes Council, Kamarul A Muhamed, Founder and Group Chief Executive Officer (CEO)
- Ranked No. 1 in Global Drone Service Provider Ranking by Drone Industry Insights, Germany
- Industry Excellence Platinum Award Malaysia by Institute of Engineering and Technology (IET)



## CASE STUDY

## Vantage Solar UK

Focus Area: Renewable Energy



## KWAP'S FIRST FORAY INTO RENEWABLE ENERGY (RE) GENERATION SPACE

KWAP's investment into Vantage Solar United Kingdom (VSUK), together with Tenaga Nasional Berhad, represents KWAP's first foray into the sustainable and renewable energy generation space. This represents a strong step towards supporting KWAP's investment focus towards energy transition efforts through the portfolio of 24 solar photovoltaic plants with a total capacity of 365 MW, spanning across the United Kingdom.

VSUK makes an important contribution to the UK's supply of clean energy as it produces enough electricity each year to avoid approximately 79,973 tonnes of carbon dioxide equivalent emissions annually. Over the expected remaining lifetime of the portfolio, this could potentially result in avoiding millions of tonnes of carbon dioxide equivalent emissions, significantly contributing to the UK's decarbonisation efforts.



## CASE STUDY



Focus Area: Food Security

## BUILDING RESILIENCE FOR FOOD SECURITY THROUGH AQUACULTURE

The food expenditure in Asia is expected to more than double, surpassing USD8 trillion by 2030. This surge in spending is driving significant changes within the agrifood industry, as there is a growing demand for safe and nutritious food.

Established in Bandung in 2013, eFishery has disrupted the aquaculture industry by introducing digital solutions such as auto feeder that is designed to increase accountability, efficiency and convenience of the fish farming business. eFishery leveraged on the network effect brought from the introduction of the auto feeder to build an end-to-end aquaculture ecosystem through introduction of new products in other business segments, such as marketplace (eFresh and eFeed) and financing (eFund) to fish and shrimp farmers. eFishery aims to unlock the untapped value within each business segment through minimising the transaction cost due to the existence of middlemen between producers and consumers and the opportunity cost to the farmers from inadequate financing.

KWAP's investment in aquaculture sets to deliver substantial benefits. By advancing aquaculture practices, KWAP enhances food security and promotes sustainable food systems. This investment ensures a reliable supply of seafood, reduces pressure on overfished marine resources and supports environmental conservation. Additionally, it fosters economic growth, creates jobs and drives technological innovation, yielding widespread advantages for communities and stakeholders.



## PILLAR 1: RESPONSIBLE INVESTING

[GRI 201-2]

### Increase Investment in Transition Assets to RM20 Billion by 2030




We are dedicated to supporting investment solutions that prioritise addressing sustainability challenges and the transition to cleaner energy sources. Committed to accelerating the shift towards a more sustainable future, we actively contribute to the national agenda and the establishment of industry standards.

As part of this commitment, KWAP aims to increase our investments in transition assets to 10% of the fund size amounting to RM20 billion, by 2030. Transition assets encompass climate-focused solutions and investments associated with the transition to a low carbon future such as in the form of infrastructure, technology advances, services and many more.

In addition, we firmly believe that supporting the transition journey of our investee companies, many of which are still in their early stages in Malaysia, is crucial to limiting global warming to below 1.5°C. This involves actively engaging with major emitters, rather than divesting, to create opportunities for responsible ownership. Our goal is to facilitate these companies' transition journeys, leveraging financial influence to make a positive impact while achieving risk-adjusted returns. We expect large emitters to establish a credible and measurable pathway towards net-zero emissions. Our approach includes implementing robust ESG integration, evaluating the transition plans of our primary emitters, broadening our investment strategies to focus on sustainable outcomes and developing investment frameworks that incorporate climate considerations.

Our subsidiary in real estate development, KWEST Sdn Bhd (KWEST), established the KWEST Sustainability Framework approved by the KWEST Board in 2023. Its development is timely and aligns with both the nation's and the KWAP group's overarching sustainability commitments. Anchored by three pillars – environmental, social and governance – the KWEST Sustainability Framework is further guided by three pledges and seven main goals.

VISION		
To be Malaysia's leading investment institution for sustainable real estate development		
MISSION		
1. <b>Unlocking value</b> through strategic real estate investments and maximising returns for stakeholders	2. Setting the benchmark for <b>sustainability excellence and innovation</b> in real estate practices	3. Integrating sustainability <b>principles into operations</b> for lasting industry impact
INVESTMENT GOAL		
1. GDV up to RM5.8 billion by 2026	2. Rolling PAT between RM60 - RM100 million from 2027 onwards	

	 <b>ENVIRONMENT</b>	 <b>SOCIAL</b>	 <b>GOVERNANCE</b>
<b>Pledges</b>	Ensuring green development and preserving biodiversity	Nurture internal talents to maximise sustainability impact	Strive for best practices and enhance sustainability governance
<b>Goals</b>	<ul style="list-style-type: none"> <li>Net Zero Portfolio by 2050</li> <li>100% investment in sustainable assets</li> </ul>	<ul style="list-style-type: none"> <li>Invest in social impact projects</li> <li>Workforce capability development</li> <li>Diversity and inclusion in the workplace</li> </ul>	<ul style="list-style-type: none"> <li>Zero Non-Compliance Report (NCR) on governance</li> <li>Strengthen governance for effective sustainability oversight</li> </ul>

KWEST Sustainability Framework approved by KWEST board on 20 December 2023.



## PILLAR 1: RESPONSIBLE INVESTING

For KWEST's investments, following the success of attaining GreenRE Platinum Provisional Certifications under the township category for Phase 1 of Andaman Island in 2022, Andaman's maiden launch, The Meg and its second development, Arica, achieved GreenRE Platinum Provisional Certifications under the residential category in 2023. This reaffirms Persada Mentari Sdn Bhd's (PMSB) commitment to creating a sustainable integrated mixed-use development. PMSB is a special purpose vehicle formed by Tanjung Pinang Development Sdn Bhd, a subsidiary of Eastern & Oriental Berhad and KWEST Sdn Bhd for the development of Phase 1 of Andaman Island.

Apart from residential developments, our investment in real estate includes student accommodations, offices and retail properties situated in strategic global cities, as well as logistics properties integrated into worldwide distribution networks. Prior to initiating new investments, we evaluate the environmental and social aspects of a building design and assess the governance risks associated with investment structuring as part of our due diligence process. The well-being, safety and health of tenants, employees and subcontractors are seamlessly integrated into our building management practices.

We have invested in 21 properties in domestic and international markets and four land sites and developments domestically, as well as in two real estate funds. We continue to embrace ESG principles in our investments with nine of our properties accredited with environmental and energy efficiency certifications.

### **Real Estate's ESG Commitment:**

- All existing logistics and office properties to be green certified **by 2030**.
- KWAP to invest in strong green-certified office & logistics.



## PILLAR 1: RESPONSIBLE INVESTING

### Certified Green Office and Logistics Buildings in KWAP's Portfolio

**5 out of 21 properties are green certified.**



#### Integra Tower, Kuala Lumpur (Office)



LEED (Platinum Core & Shell)



#### Cap Square Tower, Kuala Lumpur (Office)



Green Building Index Malaysia  
& LEED (Gold)



#### 747, Collins Street, Melbourne (Office)



NABERS Energy (6.0)  
& NABERS Water (5.0)



#### 100 Cheapside, London (Office)



BREEAM (Excellent),  
LEED (Platinum) & EPC (B)



#### Zalando, Erfurt, Germany (Logistics)



DGNB (Gold)



Green Certificate obtained

### Adopted Features



#### High Energy Efficiency with Low Energy Intensity

- High energy efficient equipment
- Minimal air infiltration
- Lighting zoning to reduce energy wastage
- Sub-metering system to detect leakages



#### Sustainable Design and Construction Materials

- Usage of sustainable resources
- Usage of recycled resources/ product



#### Water Efficiency

- Efficient water fittings
- Sub-metering system to detect leakages



#### Enhanced Indoor Environmental Quality

- Improved thermal comfort
- Improved clean indoor air circulation
- Carbon dioxide monitoring
- Natural daylight glare control



#### Green Innovation

- Installed with RE system
- Installed with green tech such as thermal storage, co-generation, condensate water recovery, heat recovery system

### Office and Logistics Buildings en route for Green Certification



#### 133, Lenore Drive, Sydney (Logistics)



NABERS certification



#### 145, Lenore Drive, Sydney (Logistics)



NABERS certification



#### 38-46 Bernera Road, Sydney (Logistics)



NABERS certification



#### 10, Gresham Street, London (Office)



BREEAM certification



### Environmental Focus as part of Real Estate ESG Commitment

1. Assess the possibility of RE supply conversion.
2. Collect operational baseline data to achieve EPC rating B for UK property (FY2023 compliance).
3. RE on-site installation.
4. Building Energy Audit for benchmarking.
5. Review Tenant's Handbook with regards to ESG compliance of building's operation.
6. Review possibility to include tenant ESG responsibility in Tenancy Agreement.

## The Meg, Andaman Island, Penang



### Awards

The Meg:

#### **Platinum GreenRE Certification Residential Category**

Certified by Real Estate Housing Developers' Association (REHDA) on the Andaman Project by KWEST and E&O

Andaman Island:

#### **Platinum GreenRE Certification Township Category**

Certified by Real Estate Housing Developers' Association (REHDA) on the Andaman Project by KWEST and E&O

**90 acres**  
of green area

More than  
**200,000 plants**

### Sustainable Materials

- Reusing building materials and products to reduce demand for virgin materials and reduce generation of waste (approximately 8.2% of total project materials, by cost).
- Using building materials and products that incorporate recycled materials. For example, reinforcement steel, BRC, aluminium works (approximately 37.0% of total value of the project materials).
- Using products extracted, harvested, recovered and manufactured in Malaysia (approximately 78.7% of total value of the project materials).
- More than 75% of wood-based materials used in the construction process are certified by the Malaysian Timber Certification Council.

### Waste Management

- Designated area for collection of recyclable waste for building occupants.
- Compost bins to recycle landscape and organic waste to be made into fertiliser.
- An estimated 500 litres of organics fertiliser per month will be generated for 50% of landscape fertilising needs.

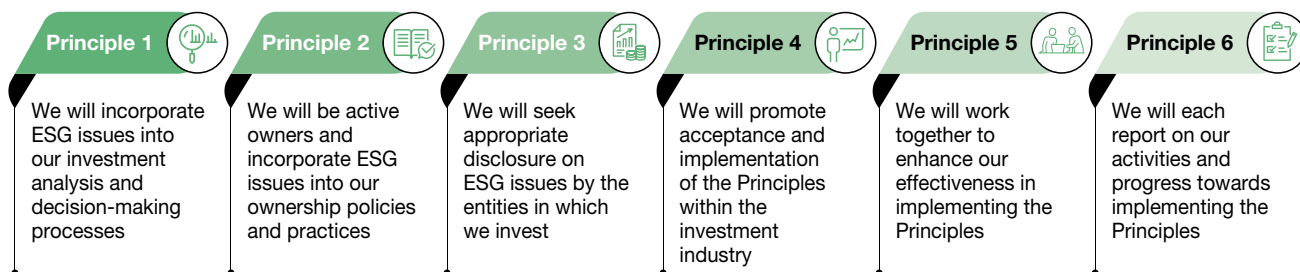
### Water Efficiency

- Rainwater harvesting tanks are installed at elevated levels in property developments to facilitate landscape irrigation, thereby reducing the use of potable water.
- Use of water-efficient fittings is estimated to save more than 50% of potable water.

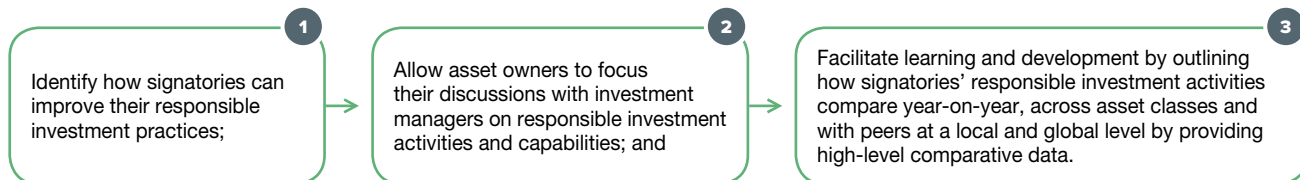
## PILLAR 1: RESPONSIBLE INVESTING

### Principles for Responsible Investment (PRI)

We support and work to implement the UN-supported Principles for Responsible Investment (PRI). We became a signatory to the PRI on 8 February 2018, aiming to expand our responsible investment initiatives on a globally recognised platform. Implementation of these principles is a continuous process in which sustainability issues are taken into consideration of our role as an asset owner. PRI provides a variety of tools and activities to support investors to implement the principles and to facilitate collaboration among investors. Over 5,000 investors have pledged their support to these principles. As a signatory, we are dedicated to implementing the six principles for responsible investment in alignment with our fiduciary responsibilities.



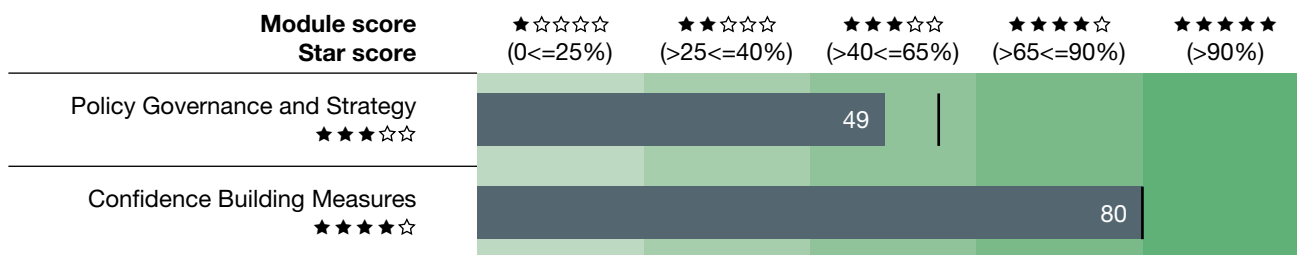
In an annual assessment by PRI, all signatories report on how they are working to implement the six principles. The assessment aims to:



As part of the PRI's 10-year blueprint, the grading system has been revised to ensure that the framework remains relevant in a period of ever-accelerating responsible investing practices across the industry. As part of this, the scoring for each module has changed. They are ranked from 1 to 5 stars, compared with the previous method of A+ to E.

For PRI Reporting 2022, the reporting format does not require asset owners to report on the asset class modules, nor will the PRI provide feedback and assessment on those modules for asset owners.

The scores show where KWAP should prioritise and improve, as well as areas where further engagement with the industry is required to promote better practice. It is clear from KWAP's scores this year that there is one area in particular that KWAP should be focusing on: policy, governance and strategy. Whilst there are still areas for improvement, results from the current initiatives need to be better captured when providing evidence for future PRI surveys.



## PILLAR 1: RESPONSIBLE INVESTING

### STEWARDSHIP

We actively engage with investee companies on ESG issues, exercising our influence through proxy voting and active ownership. Our approach is underpinned by principles of transparency, accountability and continuous improvement, reflecting our strong commitment to responsible investing. This commitment aligns with our dedication to the long-term financial health of our beneficiaries and the broader good. Through both direct engagement and proxy voting, we encourage investee companies and issuers to enhance disclosure and take action on their sustainability issues and opportunities.

Furthermore, we actively engage with our investee companies to promote better sustainability practices, aiming to enhance long-term outcomes for the businesses and assets in which we invest. These considerations are crucial in assessing a company's risk profile and value, significantly influencing our investment decisions and asset management strategies. We view sustainability-related factors as essential and collaborate with investee companies to generate long-term value. This is achieved by integrating these factors throughout the investment life cycle, ensuring a holistic approach to sustainable investing.

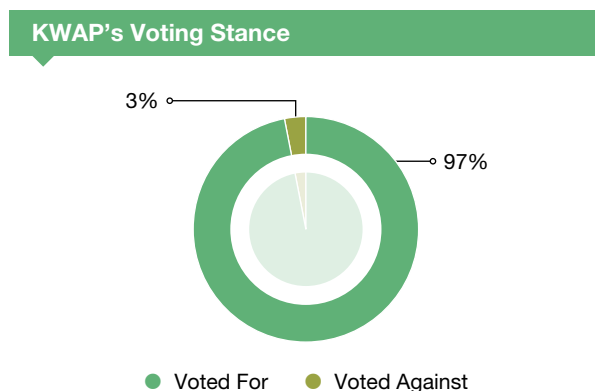
#### a. Voting at AGMs/EGMs

We continue to exercise our voting rights at Annual General Meetings and Extraordinary General Meetings (AGMs/EGMs). We submitted 127 AGMs/EGMs resolutions to all investee companies and exercised our voting rights based on KWAP's published Voting Guidelines.

##### Voting at AGMs/EGMs

Type	No. of Resolutions
AGM	107
EGM	20
<b>Total</b>	<b>127</b>

During the reporting period, we have exercised our voting rights for all of the companies under our portfolio except for one company. Our voting stance during this period is indicated below:



#### b. Senior Management Engagement

We conduct shareholder's engagements with our investee companies to discuss company overview, market condition, company's future business plans and ESG-related issues. The engagements are participated by KWAP's senior management team including KWAP's Chief Executive Officer.

#### c. ESG engagements

Based on our ESG engagements with the investee companies, we have observed that the sustainability disclosures among the investee companies have improved as regulators in Malaysia (i.e., Securities Commission Malaysia and Bursa Malaysia) established and updated Sustainability Guidelines/Toolkits based on the best industry practices to encourage companies to disclose their sustainability initiatives.

#### d. Analyst Engagement

Our research analysts conducted a total of 573 engagements, 329 domestic and 244 international, throughout the period which included analyst briefings, internal meetings and engagements with investee companies, including reviews on their ESG practices, where applicable.

Domestic	International	Total
329	244	573

## PILLAR 1: RESPONSIBLE INVESTING

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### e. Company Engagement

In December 2023, KWAP's officers attended 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 company's engagement:

- **Environmental**

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

- **Social**

The focus area for Social is mostly on Diversity, Equity and Inclusion initiatives which include:

- 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

- **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.



## PILLAR 1: RESPONSIBLE INVESTING

### RESPONSIBLE PRACTICES

**KWAP prioritises responsible practices, ethical governance and environmental stewardship towards creating long-term value.**



**PLEDGE 2**  
**Empower Partnerships**  
**for Collective Action**

KWAP is steadfast in our objective to refine our investment strategies. Our focus extends beyond short-term returns, aiming to build a secure and sustainable future for those we serve. This commitment is deeply ingrained in our tagline, “*Teman Persaraan Anda*” or “Your Retirement Companion” and we believe that it is attainable through targeted investments that are both environmentally and socially responsible whilst adhering to good governance. Furthermore, our Sustainability initiatives, encompassing energy efficiency, waste management and responsible procurement, play a pivotal role. These initiatives are not just cost-effective; they significantly enhance operational efficiency and augment our corporate reputation.

Our strategic direction is meticulously charted: it involves the alignment of our enterprise activities with our sustainability investment ethos, underpinned by a robust roadmap for the advancement of the KWAP Enterprise Sustainability initiatives. This realignment is in congruence with the nation-wide commitment to net zero targets, with a focused emphasis on a just and equitable transition towards these objectives. Following the net zero pledges, we have established a comprehensive inventory of our GHG emissions, working towards achieving net zero by 2050.

As we navigate through a world that is increasingly aware of climate change, we have embarked on a transformative sustainability and decarbonisation journey. Our journey is underpinned by a holistic approach, integrating ESG factors into our investment decisions. We strive to mitigate the environmental impact of our operations by managing direct and indirect GHG emissions responsibly, in addition to our broader environmental impact. We recognise that the emissions from our operations contribute to climate change and we want to reduce our GHG emissions to prevent further warming of the planet. We have adopted a comprehensive approach focused on enhancing sustainability and reducing emissions across our operations.

### Commitment to transparency and accountability

Regular updates are provided to the Board in accordance with our commitment for transparency and accountability. Our periodic reporting on the progress of the KWAP Sustainability Roadmap serve as a crucial tool in monitoring our sustainability journey. These updates include a comprehensive overview of the milestones achieved, as well as the challenges and opportunities encountered along the way. Moreover, the progress updates offer a holistic view of our enterprise sustainability commitments, addressing sustainability risks and outlining the key implementation initiatives of our decarbonisation strategy.

In line with the commitment to effective oversight of enterprise sustainability, the Senior Leadership Committee (SLC) assumes a pivotal role. All sustainability-related matters presented at the Board are thoroughly reviewed and discussed by the SLC, ensuring that decisions are well-informed and aligned with our sustainability objectives. Additionally, matters concerning responsible investing and financed emissions are deliberated by the Investment Committee (IC) before being presented to the Investment Panel (IP). This established reporting structure guarantees that both the Board and IP are regularly apprised of sustainability developments throughout the organisation.

Recognising the significance of promoting a comprehensive understanding of sustainability among our leadership, the Board and IP have actively participated in various sustainability-related training sessions. These training initiatives have equipped our leadership with a deep understanding of sustainability governance and reporting. Furthermore, the implications of the sustainability agenda on the Board and SLC have been thoroughly addressed, fostering a collective commitment to integrate sustainability principles into our overall strategic decision-making process.

## CASE STUDY

# MYPESARA MOBILE APPLICATION: A VANGUARD IN SUSTAINABLE, DIGITAL PENSION MANAGEMENT

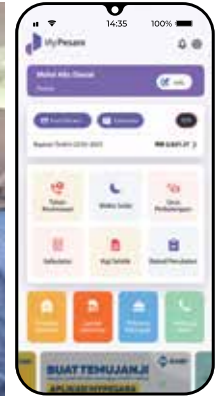
Sector: Digital



The introduction of a comprehensive platform designed to provide retirees with quick access to vital pension-related information stands as a testament to KWAP's dedication to a more inclusive, equitable and sustainable world.

## Promoting Environmentally Friendly Pension Management

In an era where technological advancement and environmental responsibility are deeply intertwined, the MyPESARA mobile application leads the way in eco-friendly pension management. The digital transformation of pension services has significantly reduced the environmental impact traditionally associated with pension management. By minimising paper use, MyPesara App encourages pensioners to make environmentally conscious choices. This approach not only promotes long-term financial security for retirees but also aligns with global efforts to preserve our environment for future generations.



## Revolutionising Pension Management and Disbursement in the Digital Age

The digital revolution is reshaping how pensioners manage and receive their pensions. MyPesara App is at the forefront of this transformation, simplifying pension management and streamlining disbursements. Our app goes beyond being a financial tool. It empowers users with financial autonomy, promotes digital inclusion and acts as a catalyst for a broader digital revolution in retirement planning. By leveraging technology, we are ensuring that pensioners are equipped to navigate their retirement securely in the digital age.

### MyPesara Features

#### Information

- Pension Information
- KWAP's Public Announcements
- Health Tips
- Financial Tips
- Sembang MyPesara (Online Engagement)

#### Lifestyle

- Health Record
- Spending Tracker
- Prayer time
- Emergency Locations Map
- S.O.S. Alam (Find Me)
- Pension, Credit Card, Mortgage and Net Worth Calculators

#### Offerings

- Job Opportunities
- MyPesara Benefits Programme

### Adapting to a Tech-Savvy World

Acknowledging the increasing tech-savviness of pensioners, MyPESARA Mobile Application eliminates the need for more physical branches, embracing the efficiency and accessibility of digital solutions. This adaptation not only reflects the changing preferences and capabilities of our users, but also supports our environmental goals by reducing the resources needed for physical infrastructures.

## MyPESARA Mobile Application



Managed to get **379,693** number of downloads

Received almost 80% perfect score with total rating 4.56/5.00

★ ★ ★  
★ ★  
**4.56/5**  
Rating

#### Reviews

Awesome	<div></div>	79.36%
Very Good	<div></div>	9.54%
Good	<div></div>	4.69%
Bad	<div></div>	2.75%
Very Bad	<div></div>	3.66%

The analysis of the download data reveals that 50% of the app downloads are from registered users, predominantly pensioners themselves. The remaining downloads are largely attributed to family members who assist the pensioners in navigating the MyPESARA Mobile Application. This trend is a positive indicator of the growing digital literacy among pensioners.

#### Registered Users



**131,906**

Pensioners



**36,530**

Non-Pensioners

#### Total Registered User

**168,436**



Number of  
Feedback  
Received

**5,350**

KWAP has garnered valuable feedback and facilitated appointment bookings directly through the MyPesara App, showcasing its utility and reducing the reliance on traditional telephone-based customer service. Moreover, the app actively encourages user feedback, which plays a crucial role in enhancing pensioners' experiences and improving the management of their pensions.



Appointments

**1,328**

Number of appointments set via MyPESARA Mobile Application (Pensioners set appointment to meet customer service officer)

Significantly, the most widely utilised feature on the MyPESARA Mobile Application has been the option to download pension statements, leading to a notable reduction in paper usage at KWAP's offices. This initiative is a crucial component of our decarbonisation strategy, aligning with our overarching net-zero goal.

Through these concerted efforts, we remain dedicated to driving sustainable practices and mitigating the impact of climate change within our organisation and beyond.



## CASE STUDY

Sector: Real Estate

Region: Kuala Lumpur

# ACHIEVING GREEN BUILDING CERTIFICATION LEADING THE FUTURE OF SUSTAINABILITY: KWAP'S OFFICE IN THE HEART OF A GREEN- CERTIFIED BUILDING



*Furniture that are locally sourced and made from recyclable materials.*



*Integra Tower LEED Platinum Plaque.*

Our commitment to environmental protection is exemplified by our achievement of the Green Building Certification for our office building in which we have implemented a range of environmentally efficient systems and practices. The positive impact made has been recognised by the United States Green Building Council (USGBC), with the award of a Platinum Leadership in Energy and Environmental Design (LEED) certification of the Integra Tower in 2013 and a Gold LEED certification for our office environment in 2017.

The building's remarkable achievements include a 20 percent reduction in energy consumption, a 40 percent increase in water efficiency and a notable decrease in GHG emissions by 1,663 tonnes annually. This green building demonstrates our dedication to sustainable practices through the utilisation of high-performance building systems that effectively minimise energy and water usage whilst ensuring optimal indoor environmental quality.

The 2017 LEED Gold certification was achieved based on five key areas that KWAP has demonstrated excellence in:

## 1. Sustainable Site

A strategic location within the city centre, a few hundred meters away from public transportation, provides tenants with easy access to low carbon transport.



## 2. Water Efficiency

Our commitment to sustainability includes installing water-efficient fixtures and a rainwater harvesting system for irrigation. This has resulted in a substantial reduction in water consumption.

## 3. Energy and Atmosphere

Designed to be operated efficiently with lower Building Energy Intensity (BEI), initial energy modelling shows that the building can achieve 20% energy savings compared with a typical Grade A office building. This is achieved through its fully automated Air Conditioning & Mechanical Ventilation (ACMV) system, integrated with complex sensors. The building is also fitted with an Energy Management System (EMS) to effectively shed 'peak load demand' to avoid high energy penalty.

Other energy-saving measures implemented include:

- Using energy-star-rated equipment for efficient lighting and ACMV systems
- Maximising natural lighting by not blocking out the windows
- Expansive windows, reaching from floor to ceiling, flooding the space with natural light

## 4. Materials and Resources

There is mindful use of sustainable building materials and recycled materials in the fit out works, down to the choice of non-toxic paint and glue.

Locally-sourced materials and furniture were prioritised to reduce transportation-related emissions and support the local economy.

## 5. Indoor Environmental Quality

Indoor air quality and comfort is maintained by:

- A centralised Air Handling Unit (AHU) with automated control of fresh air intake
- A linked CO<sub>2</sub> monitoring system that automatically allows more fresh air into the space when CO<sub>2</sub> reaches the maximum level
- The use of ionised air filters
- Placement of recycling bins on all floors

These help to improve the health and well-being of KWAP employees, resulting in a more comfortable and productive work environment.

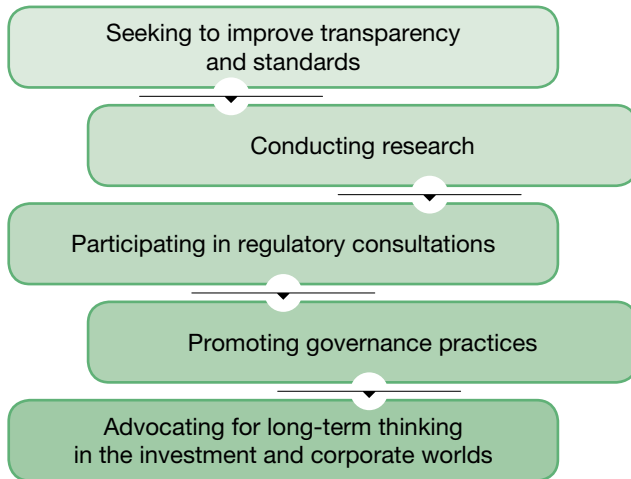
## 6. Responsible Sourcing

Only Fair Trade Coffee, from farmers who receive a fair price, are used in our coffee machines. Fair-trade-certified coffee directly supports a better life for farming families in the developing world through fair prices, community development and environmental stewardship.



## COLLECTIVE ACTIONS

We believe that by leveraging partnerships and collaborations, we can improve KWAP's impact on matters that affect sustainability-related practices. Our collaborative efforts include, but are not limited to:



### Forging Partnerships, Advocating Change

As a committed institutional investor, we champion strong ESG practices throughout the capital market and within our partner network. We leverage our influence through engagements with investee companies, collaborations with regulators and active participation in organisations like PRI, ultimately driving positive change.

Our active participation in governance-related councils, such as the Institutional Investors Council (IIC) and the Security Commissions Key Corporate Governance Stakeholders Group, as well as engagements with various regulators, including the Securities Commission (SC), Bursa Malaysia, Bank Negara Malaysia (BNM) and the Malaysia Anti-Corruption Commission (MACC), further underscores our commitment to fostering governance excellence whilst driving innovation in the investment landscape.

Additionally, we have 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).

On 21 June 2023, the IIC appointed KWAP's CEO, Datuk Hajah Nik Amlizan, as the Chairperson of the IIC

Council Board Members, emphasising the IIC's commitment to upholding strong governance as a pillar of sustainability. Currently, the Council has 38 signatories, including institutional investors, asset managers and asset owners. We have actively participated in various IIC-related events, including speaking engagements, council meetings and working group sessions.

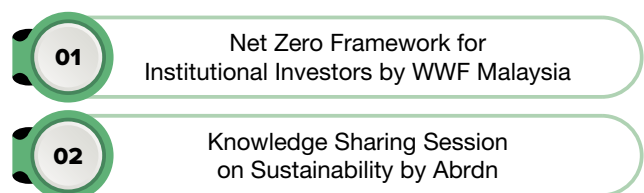
### Working with Partners

KWAP's CEO and Senior Management have also participated as guest speakers in numerous ESG-related events such as:

Speaking Engagement	
i.	MIDF Green Conference 2022: Does being ESG compliant help with raising capital?
ii.	SIDC's Sustainable and Responsible Investment (SRI) 2022 Virtual Conference: Preserving the Climate through Sustainable Business and Living
iii.	4 <sup>th</sup> Islamic Sustainable Finance & Investment Forum 2022: Positioning ESG and Sustainable Finance and Investment - Policy, Regulation and Action
iv.	Climate Governance - A Standing Item in Board Agendas
v.	Institutional Investors Council Malaysia and ARE - Investor Roundtable on Net Zero in Malaysia
vi.	Abrdn Sustainability Summit APAC
vii.	Sustainable Global Capital Conference
viii.	PwC & Bursa Malaysia, Public Listed Companies (PLC) Transformation Programme - Strengthening Stakeholder Management & Investor Relations Guidebook 3 Highlights
ix.	RHB Investment Bank Berhad & Bursa Malaysia Seminar - Invest Shariah Corporate Conversation - When Shariah Meets ESG: The Next Level

### ESG Knowledge Sharing Session

During the reporting year, we have conducted two internal ESG knowledge sharing sessions for our employees:





## DRIVING SUSTAINABLE CHANGE: OUR JOURNEY IN SUPPLY CHAIN TRANSFORMATION

As we move forward, we recognise the necessity of actively engaging with our suppliers on the critical issue of climate change mitigation. Our collaborative future goals are centered around three key objectives: identifying and measuring significant emissions, setting reduction targets and working towards decarbonising our supply chain. This aligns with our overarching aim of progressively reducing GHG emissions over time. We are committed to continually monitor and improve the breadth, quality and reliability of our emissions data, especially as this area evolves rapidly.

Our network of suppliers is not only a part of our business ecosystem; they are pivotal to its success. We prioritise building and maintaining mutually beneficial and lasting relationships with our suppliers, recognising their essential role in driving our growth. Our approach to sustainability is comprehensive, extending beyond our immediate operations to include the supply chain. We understand that failing to manage ESG risks within the supply chain could lead to significant reputational damage and legal accountability.

It is therefore essential for us to thoroughly understand our supply chain as part of our corporate due diligence. Upholding principles of responsibility, ethics, fairness and transparency in our procurement practices is more than a policy—it is a cornerstone of our procurement framework. This commitment is crucial in fostering sustainable practices throughout our supply chain, thereby mitigating potential risks to our reputation, financial stability and operational efficiency.

		FY2023
<b>Local</b>	Number of suppliers	480
	Amount spent (RM Million)	RM80.4
<b>Foreign</b>	Number of suppliers	46
	Amount spent (RM Million)	RM27.0

As we strive to encourage sustainable practices within our supply chain, we also prioritise creating opportunities for local businesses in our operating markets. During the reporting year, 91% of our suppliers are local and we spent over RM80.41 million on products and services through these suppliers, demonstrating our dedication to not only enhance our sustainability practices but also contribute to the economic vitality of the communities we serve.

## PILLAR 2: OUR PEOPLE AND COMMUNITY

[GRI 2-7, 2-8, 2-27, 202-1, 202-2, 401-1, 401-2, 401-3, 404-1, 404-2, 404-3, 405-1, 405-2, 413-1, 413-2]



### DIVERSITY, EQUITY AND INCLUSION

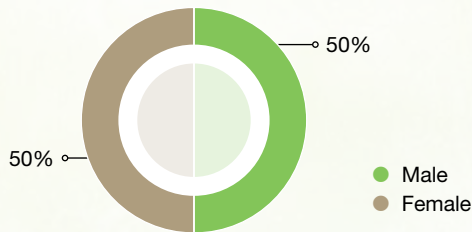
At KWAP, we are committed to fostering an environment that reflects Malaysia's rich and diverse culture and advocates for a socially responsible capital market. This commitment to social enhancement and inclusion not only supports our mission to optimise investment returns and deliver excellent services by adopting best practices in meeting the key stakeholders' commitments, but also demonstrates our dedication to upholding the highest standard of governance, accountability and transparency. We firmly believe that by championing diversity and inclusivity, we are not only creating a better workplace but also positively impacting on our communities and the world at large.



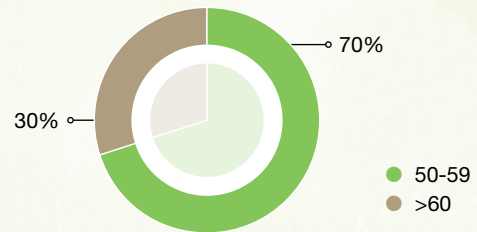
### PLEDGE 1 Advocate of Social Agenda

#### Board Profile

##### Gender

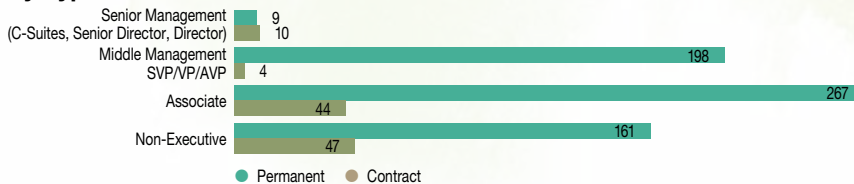


##### Age



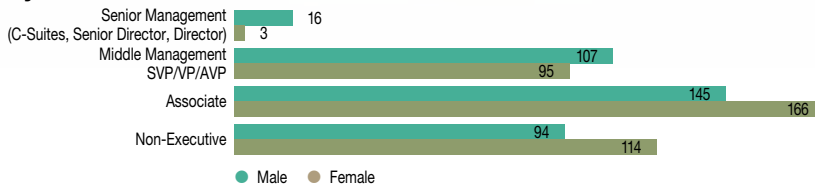
#### KWAP Workforce Dashboard

##### By Type



Permanent: 635	Contract: 105
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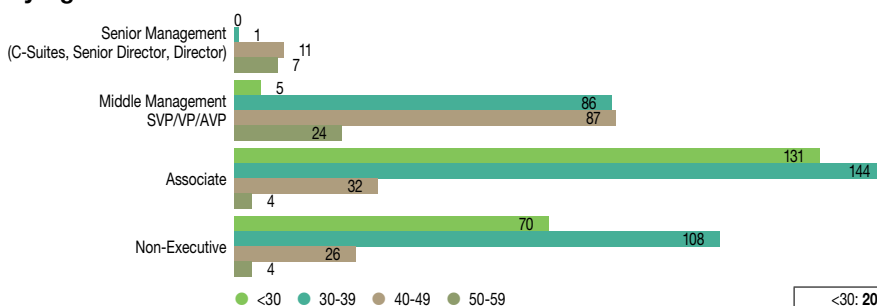
##### By Gender



Male	Female
2.2%	0.4%
14.5%	12.8%
19.6%	22.4%
12.7%	15.4%

Male: 362	Female: 378
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##### By Age

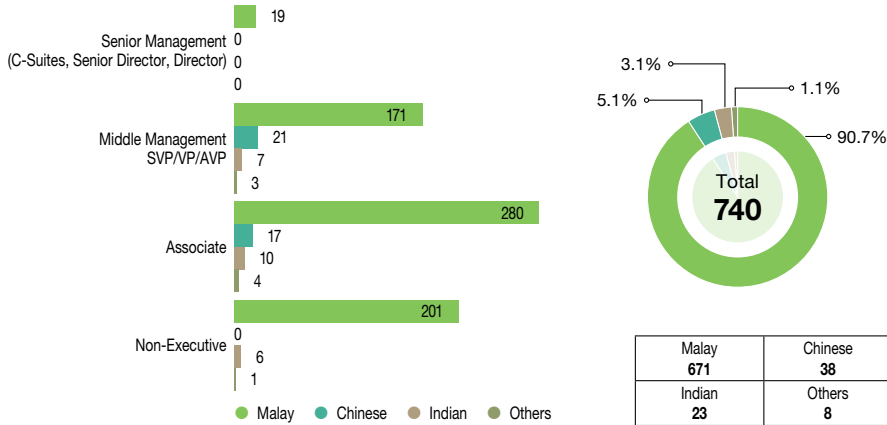


<30	30-39	40-49	50-59
0%	0.13%	1.49%	0.95%
0.7%	11.6%	11.8%	3.2%
17.7%	19.5%	4.3%	0.5%
9.5%	14.6%	3.5%	0.5%

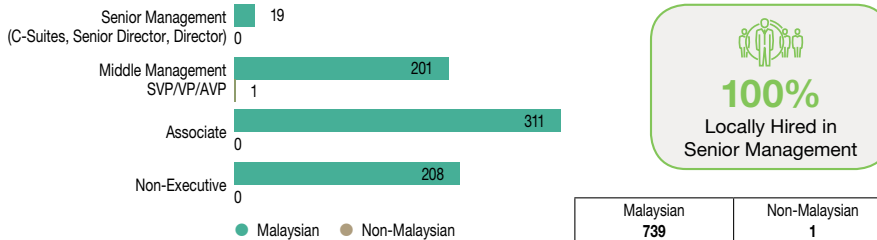
<30: 206	30-39: 339	40-49: 156	50-59: 39
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## PILLAR 2: OUR PEOPLE AND COMMUNITY

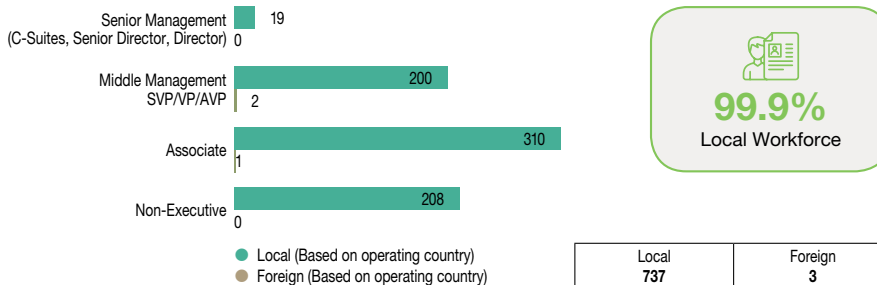
### By Ethnicity



### By Nationality



### By Workforce Category



### EMPLOYEE DIVERSITY

#### New Hires



Percentage of Male New Hires:

49  
Male

60%



Percentage of Female New Hires:

33  
Female

40%

#### Employee Turnover



Percentage of Male Employee:

20  
Male

57%



Percentage of Female Employee:

15  
Female

43%

## PILLAR 2: OUR PEOPLE AND COMMUNITY

### EMPOWERING OUR WORKFORCE

#### Employee Diversity

We are committed to fostering a culture of diversity and inclusion in the workforce as part of our social agenda under the Sustainability Roadmap. Diversity is not only about gender, race, ethnicity, age, religion and disability, it also encapsulates the diversity of thought, perspective, experience and skills that each employee brings to the organisation. This enhances our innovation and creativity, as well as ensures a more holistic approach to problem-solving, resulting in a stronger and more adaptable company. Recognising the value of a diverse workforce and an inclusive culture, we are dedicated to fostering an environment where individuals from all backgrounds feel respected, valued and empowered to contribute their unique perspectives. As such, we adhere to the industry standards on fair labour practices, which ensures equal opportunity, non-discrimination and respect for human rights in all aspects of employment.

#### Diversity

At KWAP, we value and respect diversity amongst our employees. We strive to create a work environment where employees are comfortable expressing their opinions, ideas and perspectives without fear of judgement or bias. We also encourage employees to learn from each other and appreciate the differences that make each individual unique and valuable.

Some of the initiatives that we have undertaken to foster dimensions of diversity include:

- I. Organising various **events and activities** that celebrate the **cultural diversity** of employees and promote awareness and understanding of different cultures and traditions.
- II. Supporting the participation of employees in **community engagement and volunteerism programmes** that contribute to the social well-being and development of various groups in society.



A group photo of one of the engagements during Karnival MyPESARA 2023 at Shah Alam.



A pensioner took part in the Larian MyPESARA.



## CASE STUDY

## WOMEN'S EMPOWERMENT PRINCIPLES AT KWEST

Our core values include the commitment to advocate for social inclusiveness and gender equality. This commitment is rooted in our DNA and is reflected in the Sustainability Roadmap under Pledge 1 of Advocate for Social Agenda, where one of the key initiatives is to enhance women empowerment at the workplace. Our commitment is already reflected in our female workforce representation, which stands at an impressive **52%**.

### Board Gender Composition

**2:3**

(male-to-female ratio)

Our subsidiary company, KWEST has paved the way towards greater gender diversity and inclusion at both the board and company levels. Currently, KWEST has an exemplary board gender composition of 2:3 (male-to-female ratio). This composition enhances decision-making by bringing forth a variety of perspectives and experiences to the table.

### Employee Gender Composition

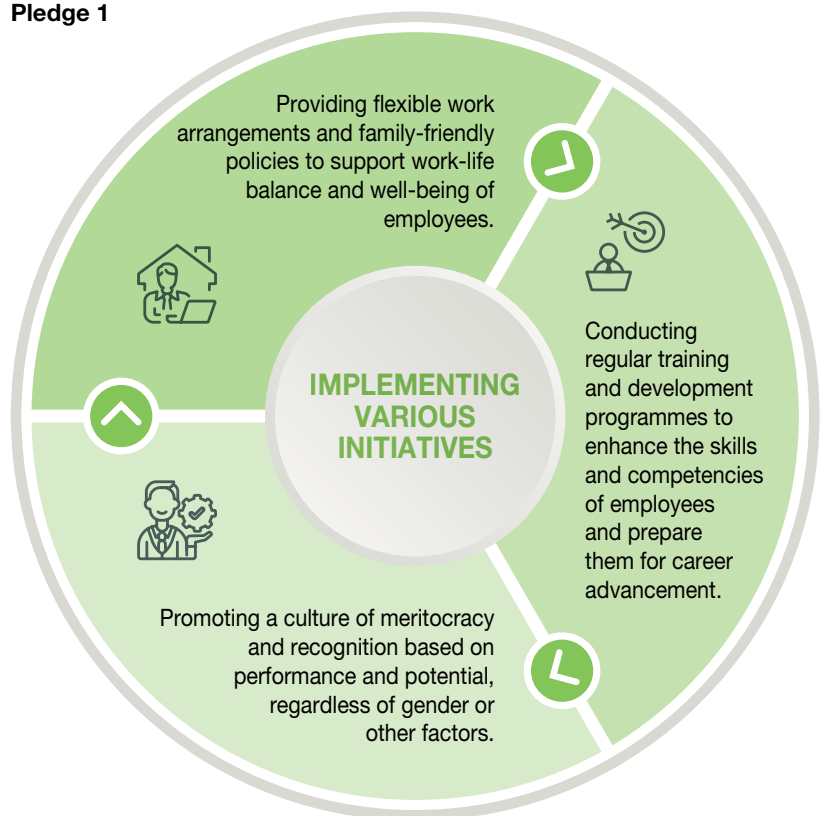
**7:8**

(male-to-female ratio)

The employee ratio is 7:8 (male to female) at a company level, demonstrating the inclusive opportunities provided for women. The fair and balanced hiring practice positively impacts workforce morale, company culture and attract a wider pool of talent.

KWEST aims to retain a good balance of gender diversity in its manpower planning by implementing various initiatives such as:

### Pledge 1



### Outcome

The ultimate objective is to position KWAP as a champion for gender equality, fostering an environment that is supportive, diverse and inclusive.


**52%**

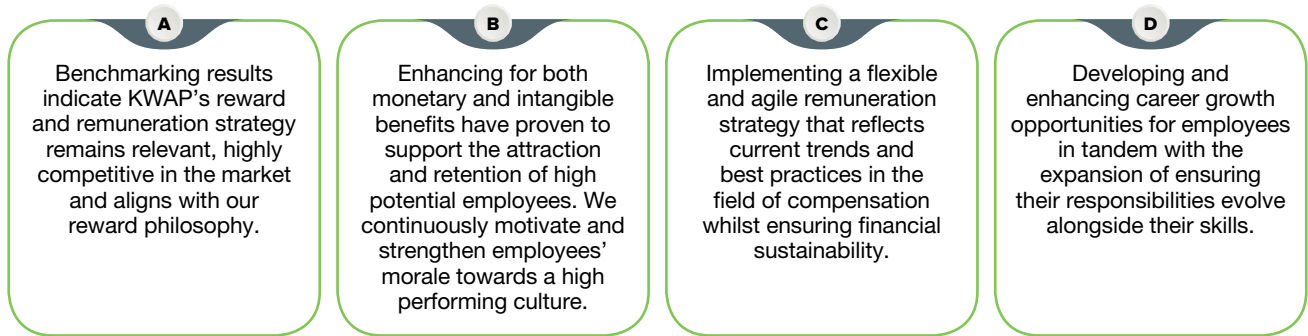
 Female Workforce  
(Overall)

## PILLAR 2: OUR PEOPLE AND COMMUNITY

### DRIVING PERFORMANCE THROUGH REWARDS AND RECOGNITION

#### Competitive and Sustainable Rewards Approach

We have reviewed our reward structure and philosophy at regular intervals in order to ensure competitiveness. With the refinement of our Vision, Mission and Core Values post KWAP's transformation journey, it is crucial to ensure the rewards philosophy and principles remain relevant and sustainable. Competitive reward management is crucial, as it strengthens the Employee Value Proposition (EVP) by effectively promoting our Reward Strategy. The implementation of Reward Strategy since 2008 has achieved the following objectives:



#### Highlights of KWAP's Rewards Journey

2008	2013	2015
<b>Transformation from government to private</b> Adopted corporate total rewards strategy and approach	<b>Incorporation of pension services</b> Job evaluation due to restructuring and expansion of new functions	<b>Alternative way to implement higher take-home pay</b> Introduced non-taxable fixed allowance
2017	2021	2022-2023
<b>Benefits enhancement</b> Increased several benefits entitlement to retain and attract talent	<b>Flexibility and Wellness</b> Managing the effect of COVID-19 pandemic to enhance employee motivation	<b>Strengthening rewards</b> Rewards management and application for high potential employees for retention purpose and streamlining the policy at group level

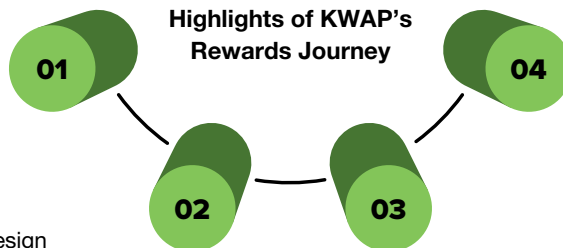
#### Inception/Early Stage

- Unstructured bonus distribution
- Undefined approach

#### Pre-Pandemic

- Establish and design the framework
- Formulate the distribution matrix
- Differentiated bonus distribution based on performance
- Individual Performance Evaluation

#### Highlights of KWAP's Rewards Journey



#### Mid-Pandemic

- Differentiated bonus distribution based on performance
- Team Performance Evaluation
- Promote Caring Employer

#### Post-Pandemic

- Differentiated bonus distribution based on performance
- Individual Performance Evaluation
- Impacted by the high resignation
- Revisit the approach and mechanism

## PILLAR 2: OUR PEOPLE AND COMMUNITY

### HUMAN CAPITAL DEVELOPMENT

#### Learning and Development

At KWAP, we recognise that our people are our greatest asset. We are committed to hiring the best talent and providing continuous training and development opportunities to enhance their skills and competencies. We believe that training not only improves the performance of our employees, but also increases their satisfaction, contributes to career growth and establishes loyalty to the organisation.

Learning and development is responsible for determining training needs, designing training programmes, evaluating its effectiveness and ensuring the alignment with our strategic goals. Some of the training areas that we focus on include governance, digital security, social and human rights, as well as occupational health and safety.

Training Record by Employee Category	Total Headcount (Pax)		Total Training Hours		Total Expenditure (Per Year)
	Male	Female	Male	Female	Currency Used (RM'000)
C-Suites/Senior Director/Director	16	3	2,322.6	605.7	691.46
SVP/VP/AVP	109	96	11,368.1	11,448.7	818.01
Associate	143	166	14,377.2	16,176.9	846.42
Non-Executive	93	114	12,616.6	12,816.5	76.00
<b>Total by Gender</b>	<b>361</b>	<b>379</b>	<b>40,684.5</b>	<b>41,047.8</b>	<b>2,431.89</b>
<b>Grand Total</b>	<b>740</b>		<b>81,732.3</b>		

During the reporting period, we invested a total of RM2.43 million in training fees for our employees. This translates to an average of 110.5 hours of training per full-time employee and an average of RM3,432.53 of training expenditure per employee. These figures reflect our dedication towards developing our human capital and fostering a culture of learning and excellence in KWAP.

#### Average Training Hours

##### Per Employee



# 110.5

##### By Gender



Male

# 112.4



Female

# 108.6

##### By Employee Category

Senior Management (C-Suites, Senior Director, Director)	154.1
Middle Management SVP/VP/AVP	113.0
Associate	98.2
Non-Executive	122.3

## PILLAR 2: OUR PEOPLE AND COMMUNITY

### Career Development Opportunity

The new generation demonstrates a profound inclination for career development within a fast-paced environment. Several programmes were established by KWAP to accommodate these initiatives.

**Learning, Engagement and Advisory Programme (LEAP)** Programme leveraging on KWAP's external fund managers for value-add and knowledge transfer for the benefit of KWAP employees

**Learning Management System (LMS)** Online learning portal that complements conventional training and serves as a platform that promotes flexibility in learning

**Upskilling Programme** In collaboration with UTM Azman Hashim International Business School to provide paper qualification for non-executives and associates

**Education Assistance Scheme** Funding for furthering tertiary education/professional certification for permanent employees

**MySTEP** Government fresh graduate 6-12 month hiring programme for 1,000 pax

### Education Assistance Scheme

We aim to empower our workforce through high-quality training and education delivered through the EAS as part of our employee learning and development programmes. This scheme is managed by the Human Resource Department, in line with our Corporate Social Responsibility (CSR) initiative aimed at assisting employees in upgrading their skills for a more promising future for their career development. The key objectives of the Scheme are as follows:

**01** Enhance education level and the technical competencies of KWAP's employees to enable them to deliver better work performance and support the organisation to achieve its goals

**02** Produce a multi-skilled workforce that is agile and upholds the principles of life-long learning

**03**

Enhance KWAP's employment brand as an organisation that strongly embodies high professionalism standards in business and operation

**04**

Align KWAP's learning and development initiatives with the corporate value - Continuous Learning and Innovation

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





## PILLAR 2: OUR PEOPLE AND COMMUNITY

Initially limited to investment-focused certifications, the EAS now has expanded to cover various disciplines and courses deemed relevant to the industry.

Currently, over twenty (13) employees are pursuing professional and tertiary education programme including CFA, Pasaran Kewangan Malaysia Certificate (PKMC), Association of Chartered Certified Accountants (ACCA) and others.

During the reporting year, KWAP was recognised for the second time in two years by the CFA Society Malaysia as an Employer Partner under its Employer Recognition Programme. This recognition reflects KWAP's commitment to supporting employees in their pursuit of CFA qualification.

As a sign of our commitment to inclusive and quality education, we also offer our employees the opportunity to enroll in Master of Business Administration (MBA) programme. This programme serves as a means for employees to expand their knowledge and skills and ensures that no one is left behind in their pursuit of education and lifelong learning.

Our employees are empowered through the programmes to remain competitive and progressive.

### Outcome

The figures provided below represent the status of programmes under the Education Assistance Scheme:

Status Programmes under EAS			
Course	Active	Completed	Total
Professional	8	6	14
Tertiary	5	17	22

A total of six and 17 employees have completed their professional programmes and tertiary programmes respectively. A total of 13 employees are currently active in the EAS.

### KWAP Upskilling Programme

The first batch concluded the KWAP Upskilling Programme in December 2021, with 14 non-executives graduating with a mini-MBA recognised by KWAP and Azman Hashim International Business School, Universiti Teknologi Malaysia (AHIBS, UTM). This programme opened doors for career advancement. One of learning and development's team members, senior clerk completed the programme and improved his skills and competencies, resulting in his promotion to Associate level upon successful completion of the programme. Other candidates also progressed in their respective areas within a year upon completion of the programme.

Building on this success, we continue our engagement with AHIBS, UTM through KWAP Upskilling Programme 2.0. 16 employees enrolled in the programme which concluded in December 2023. The enhancement includes preparatory classes in English, critical thinking, communication and professional writing. Participants will complete five MBA modules over a year and the initiative aims to promote continuous learning, in which non-executive employees with a Diploma can advance to the master's level through Accreditation of Prior Experiential Learning for Access. Regular feedback sessions and progress monitoring are provided by the learning and development team to keep participants motivated.

The programme has helped to elevate our employee's career development progress. In a survey conducted amongst the participants, 93% of graduates considered the programme to be well-structured and beneficial for their intellectual growth.

### Outcome

The programme has reduced non-executives without degree equivalent qualifications from **97% to 90%**. KWAP Upskilling Programme improves succession planning for internal employees by helping stagnating individuals.

## PILLAR 2: OUR PEOPLE AND COMMUNITY

### Internship Programmes

To support young graduates and provide opportunities for unemployed youth, we have established an internship programme open to graduates from diverse academic backgrounds, both local and international. In 2023, we welcomed five interns.

#### Nation-Building Initiative - MySTEP programme

MySTEP is an initiative by the Ministry of Finance aimed at providing employment opportunities to underprivileged groups, including young talents from deprived backgrounds, those with poor social status and individuals with no access to formal initiatives or collaborations.

In support of this initiative, we have collaborated with nine strategic partners to provide our MySTEP trainees the training opportunities within KWAP and with our strategic partners, namely Lembaga Kenaf dan Tembakau Negara, Sepang International Circuit, FELDA, 3F Resources, Affin Hwang Asset Management, Damansara Holdings, Permodalan BSN, Northport (Malaysia) and Sri-Mas.

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.

### EMPLOYEE ENGAGEMENT AND BENEFITS

To strengthen our Employee Value Proposition (EVP) to attract and retain top talent, we emphasise the importance of a competitive remuneration structure that includes both financial and non-financial rewards. The EVP is designed to align with our vision, mission and business objectives, aiming to retain and develop talented employees.

The EVP features a competitive remuneration package, combining financial rewards with attractive non-financial benefits. This demonstrates our commitment as a caring organisation. The extensive benefits package encompasses medical and insurance coverage, allowances, paid time off and business-support benefits. The goal is to motivate employees to perform at their highest potential whilst fostering consistent performance.

In line with the importance of equality for employee engagement and motivation, KWAP has streamlined core benefits entitlements for fixed-term employees to align with permanent employees, subject to specific terms and conditions. Since 2022, KWAP has incorporated Diversity, Equity and Inclusion (DEI) principles in our benefits structure, enhancing entitlements to support employees' well-being.

The benefits offered by KWAP are designed to position it as the employer of choice for top-tier talent. By promoting work-life balance, healthy lifestyles, career advancement and skill development, we strive to create a supportive work environment. The commitment to sustainability and DEI reflects our dedication to achieving our business objectives whilst fostering an inclusive and motivated workforce.

## PILLAR 2: OUR PEOPLE AND COMMUNITY

### Health and Wellness

- Provides equal opportunity to all the employees for Health Screening entitlement (subject to the terms and conditions).
- Employees are eligible for comprehensive medical benefits entitlement, subject to the specified terms and conditions. These benefits encompass dental and optical coverage.

### Work-Life Balance

- Provides opportunity for employees to rejuvenate their motivation level, minimise burnout, explore new skills and knowledge including attending to family issues.
- Employees are allowed to take a minimum of two months to two years career break without affecting seniority and job security subject to relevant justifications and approval of the Management.
- Provides an opportunity for the employee to self-manage their day-to-day job efficiently by introducing the Flexible Working hours and Hybrid Working Arrangement (HWA). This flexibility allows employees to make the necessary personal arrangements, optimising work productivity and reducing commuting-related carbon emission and time.
- The initiative was introduced to address employees' requests for improved work-life balance and align with the Employment Act 1955's flexible work arrangements effective from 1 January 2023.

### Leave

- In compliance with the Employment Act, all KWAP's employees are entitled for 98 days of maternity leave or 7 days of paternity leave upon joining.
- In FY2023, all 49 employees who took parental leave returned to work after their leave ended and those who returned remained employed for at least 12 months.

Aspects	Headcount (pax)	
	Male	Female
<b>Parental Leave</b>		
Employees that took parental leave	25	25
Return to work after parental leave ended - Employed 12 month after parental leave ended	24	25

- As KWAP promotes a culture of continuous learning and skill enhancement, one approach to cultivating a dynamic and skilled workforce is the introduction of study leave entitlement under the Education Assistance Scheme (EAS).
- Eligible employees are entitled to 10 days of study leave per annum subject to the terms and conditions.
- We have included Unrecorded Leave entitlement of 10 days per annum for the examination day to any eligible employees to accommodate their needs in various circumstances.

### Amity Wellness Programme

- Through the Amity Wellness Programme (AWP), we provide mental health support accessible to all employees. 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.
- A total of 23 personnel utilised the service in 2023.

## PILLAR 2: OUR PEOPLE AND COMMUNITY

The following are KWAP's signature employee engagement initiatives:

### KWAP Team Building 2023

On 24 June 2023, KWAP holds its first company-wide in-person team-building event since the COVID-19 pandemic, designed to enhance various aspects of employee development and engagement.

A total of 646 employees participated in the team-building event, which achieved an 88% satisfaction rate.

#### Objectives

- I. To strengthen connections across departments.
- II. To improve communication skills.
- III. To increase employee morale and motivation.

#### Outcome

Nurtured employee connections, improved communication skills, enhanced productivity and enhanced job satisfaction in line with our commitment to a positive work culture and social responsibility.



### HR Marketplace

HR Marketplace is a signature HR programme designed to foster employee engagement, connect employees to local services and provide a marketplace for vendors to sell their products. The "Bring Your Own Bag" concept was encouraged throughout the programme to inspire employees to embrace sustainable practices in their daily lives.

March 2023

#### People Services: HR Marketplace

April 2023

#### Eid Souk: HR Marketplace

#### Objectives

- I. To provide a centralised platform for access to products and services, focusing on financial literacy, cultural enrichment, as well as health and wellness.
- II. To provide SMEs and local entrepreneurs a platform to showcase and sell their products.
- III. To foster a vibrant workplace culture through diversity and inclusion programmes.

#### Outcomes

- I. Enhanced employee satisfaction and engagement.
- II. Promoted eco-friendly products and services, reduced single-use plastics and supported environmentally conscious vendors.
- III. Strengthened relationships with the local community by supporting SMEs, positioning KWAP as a partner in the growth of the local economy.



## PILLAR 2: OUR PEOPLE AND COMMUNITY

### COMMUNITY EMPOWERMENT

At KWAP, we view community empowerment as a social responsibility and a strategic investment towards nation-building. Our commitment spans across the enhancement of well-being, education and growth within our communities. This constitutes a fundamental aspect of our mission, vision and identity.

Acknowledging the significance of supplemental retirement savings for our pensioners, we recognise community empowerment as an opportunity and an obligation. We actively promote financial literacy and retirement planning within our various outreach programmes as well as provision of resources. We take pride in our diverse outreach programmes and provisions that support our pensioners in achieving financial stability and transforming their retirement aspirations into tangible realities during their golden years.

#### Retirement Education

We strive to empower our pensioners through education and engagement programmes, such as promoting financial literacy as well as retirement planning to navigate the various aspects of retirement life.

Through the implementation of engagement initiatives, our goal is to acquire profound insights into the distinct requirements of pensioners in their retirement years. This approach is strategically crafted to cultivate social security and inclusivity among pensioners, ensuring no individual is marginalised.

#### Supporting Pensioners Well-being

As an integral component of Jelajah MyPesara and various other engagement initiatives, we have undertaken courtesy visits to the chronically ill and low-income pensioners. These visits have been organised 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. This concerted effort aims to address the immediate needs of the pensioners and also foster a sense of care and community support during their challenging times.

Over the course of the year, our outreach programmes have extended to over 50 pensioners across different regions in Malaysia, showcasing our commitment to social responsibility and dedication to enhance the well-being of pensioners.



#### JPA, Ministries, Agencies and Associations Engagement Programme 2023

This programme is strategically designed to bolster active engagement with our key stakeholders, including the Public Service Department (JPA), various ministries, agencies and associations. It fosters a supportive and mutually beneficial environment for our pensioners through which we can effectively communicate and disseminate information about KWAP's functions and services.

Through strategic efforts with JPA, we have successfully reached out to over 5,700 stakeholders in 2023. These engagements emphasise our commitment to facilitate an open dialogue and building meaningful partnerships contributing to the well-being of our pensioners.



## CASE STUDY

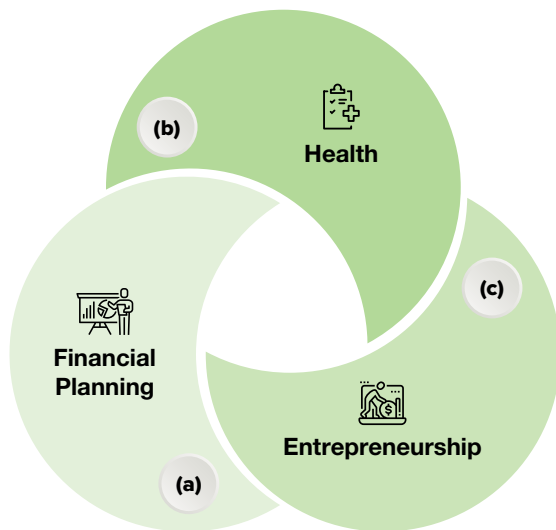


## JELAJAH MYPESARA

Jelajah MyPesara is a year-long engagement programme which started in 2023 as a collaborative initiative between KWAP and JPA.

Introduced in 2023, Jelajah MyPesara stands as a year-long engagement programme, designed to engage current and future pensioners aged 50 and above. This collaborative initiative between KWAP and JPA serves as a one-stop platform for disseminating information and fostering awareness on key retirement topics.

Jelajah MyPesara focuses on three core themes: financial planning, health and entrepreneurship, all curated to address the specific needs of pensioners and help them achieve a fulfilling retirement with optimal social security and quality of life. Additionally, the programmes highlight the services offered by KWAP, alongside various ministries, agencies and service providers within the retirement ecosystem.



### (a) Financial Planning

Our strategically designed financial literacy programme empowers current and future pensioners with the knowledge and skills for effective financial management. Focused on scam awareness, debt management and cash flow, the programme equips participants to make informed decisions for a secure and comfortable retirement.

### (b) Health

Jelajah MyPesara's health seminars offer enlightening sessions on healthy eating, meal preparation and nutritious choices. Held across Melaka, Pahang, Terengganu and Selangor, the attendees were given health tips, free health screenings, oral hygiene checks, eye tests and physiotherapy consultations.

These programmes extend beyond participation numbers as it reflects our commitment to holistic social security. By addressing immediate health concerns and community well-being, Jelajah MyPesara provides opportunity for a healthier future for pensioners.

### (c) Entrepreneurship

Another key pillar of our commitment to pensioners' well-being is the entrepreneurship theme. This is strategically designed to empower them with the skills and knowledge needed to start and manage businesses during their retirement. This proactive engagement highlights our dedication to fostering entrepreneurship as one of the options for a sustainable and fulfilling retirement experience.

The programme aims to cultivate an entrepreneurial mindset. It serves as a catalyst to broaden their perspectives and embark on entrepreneurial journeys.

The curated entrepreneurship seminars cover fundamental topics such as accounting and finance for small businesses, marketing and digitalisation, as well as awareness of business scams. These seminars equip participants with the necessary skills and insights, preparing them for a potential entrepreneurial path. The knowledge imparted extends beyond commercial goals, encompassing crucial aspects of financial management for a holistic understanding and application.

## PILLAR 3: GOVERNANCE AND RISK MANAGEMENT

[GRI 2-9, 2-14, 2-16, 2-17, 2-23, 2-24, 2-25, 2-26, 2-27, 3-3, 205-1, 205-2, 418-1]



**To ensure a robust governance framework and ensuring the long-term sustainability of the fund.**



**PLEDGE 5**  
**Enhance Sustainability Governance**

KWAP is committed to transparent disclosure of governance and risk management frameworks to foster accountability and trust, demonstrating a commitment to responsible and sustainable management of pension funds. It provides stakeholders with the information they need to make informed decisions, ultimately contributing to the long-term stability and success of the pension system.

Governance disclosure outlines the structure, decision-making processes and responsibilities within our organisation. This transparency helps stakeholders understand how we are ensuring efficient and ethical operations. It also allows for scrutiny and evaluation, promoting a culture of continuous improvement.

Risk disclosure is essential as pension funds are exposed to various financial, operational and strategic risks. Communicating the risk management framework enables stakeholders to assess our ability to identify, assess and mitigate risks effectively, even in challenging economic environments.

### CORPORATE GOVERNANCE AND ETHICS

At KWAP, we understand that effective governance is the cornerstone of responsible and sustainable business practices. As an institutional investor entrusted with the retirement funds of civil servants, we hold ourselves to the highest standards of governance. Beyond adhering to regulatory requirements, we place utmost emphasis on ensuring our operations are conducted with transparency, integrity, accountability and ethical conduct.

**KWAP Sustainability Governance Framework underscores our unwavering dedication to aligning our decision-making processes, policies and practices with ESG principles.**

The Sustainability Governance Framework provides the governance structure that empowers our organisation to actively manage ESG risks and opportunities, integrate sustainability considerations into our investment strategies and to safeguard the financial interests of our pensioners whilst advancing sustainability goals.

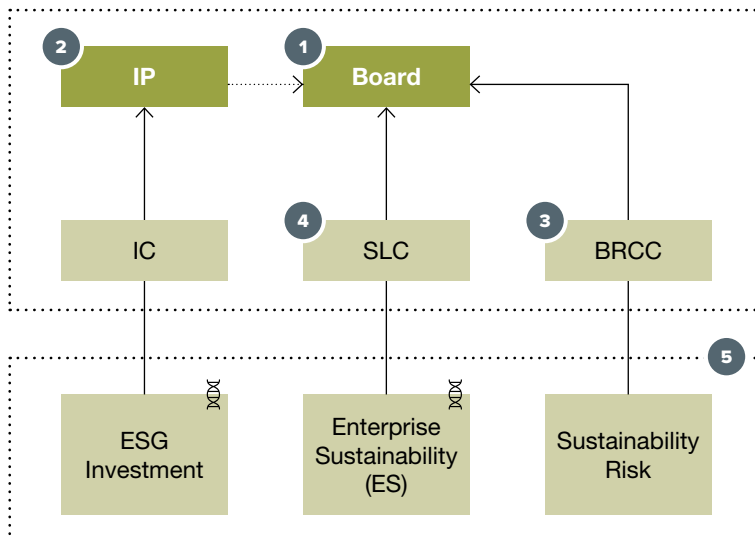
This commitment to governance, compliance and ethics not only underpins KWAP's mission to provide financial security for our stakeholders but also underscores a dedication to upholding the highest ethical standards in all aspects of our investment and operational activities. It is within this context that we introduce our Sustainability Governance Framework, a vital component of our commitment to promoting sustainable investment and operations.

## PILLAR 3: GOVERNANCE AND RISK MANAGEMENT

In this framework, we outline the principles that guide our sustainability governance approach, highlighting the roles and responsibilities of key stakeholders within our organisation. We detailed the governance mechanisms and committees responsible for overseeing our sustainability initiatives, ensuring that ESG factors are embedded into our investment and operational activities. We recognise that robust sustainability governance is not just about compliance but about driving meaningful and positive impacts on society and the environment.

As we embark on this journey towards enhanced sustainability governance, the framework reflects our steadfast commitment to sound governance practices that are inextricably linked to our vision and values as a responsible institutional investor.

### Sustainability Governance Structure



#### Note:

- IP** Investment Panel  
**IC** Investment Committee  
**SLC** Senior Leadership Committee  
**BRCC** Board Risk and Compliance Committee

∞ Helix Function: ESG Investment deliverables to be included in Enterprise Sustainability reporting for Board oversight

- 1 The Board has oversight on KWAP's implementation of the Board-approved Sustainability Roadmap (SR) which includes deliverables of the target outcomes outlined in the Sustainability Framework (SF), sustainability risk matters and will be periodically notified on ESG Investment Matters, post tabling to the Investment Panel (IP).
- 2 The IP has primary oversight on ESG investment proposals, ESG investment policies & guidelines and ESG investment process integrations (ESG Investment Matters), towards achieving KWAP's target of Net Zero Portfolio by 2050 and investments in transition assets by 2030.
- 3 Board Risk and Compliance Committee (BRCC)'s role includes the review on overall sustainability risk matters including KWAP's sustainability-related risk framework and compliance with related external policies, principles and guidelines.
- 4 SLC's role includes approval of enterprise sustainability-related initiatives based on the Board-approved SR and ensure the alignment of ESG investment deliverables against the SF's target outcomes.
- 5 In line with KWAP's Transformation Plan (TERAS 5's) re-organisation plans, the Responsible Investment section under Portfolio Strategy and Research Department (RI-PSRD), has adopted the Helix model to manage ESG investment matters for implementation, monitoring and reporting purposes. Details and roles of Sustainability Risk shall be independently governed under the sustainability-related risk framework.



## PILLAR 3: GOVERNANCE AND RISK MANAGEMENT

At KWAP, integrity is a core value that we diligently uphold. We implement robust controls and measures and foster a culture of integrity amongst our employees to ensure good governance and reinforce KWAP's zero-tolerance stance on corruption.

In 2023, we established the Integrity and Governance Office (IGO) to oversee matters related to integrity, governance, and anti-corruption. The IGO's main responsibilities include:

- institutionalising integrity via training and awareness programmes;
- ensuring best governance practices through the implementation of anti-corruption and other relevant controls and measures;
- managing the whistleblowing mechanism; and
- detecting, verifying and investigating issues/reports/cases on improper conduct.

The IGO reports directly to KWAP Board and Board Integrity Committee as well as administratively to the Chief Executive Officer.

KWAP's zero-tolerance policy against all forms of bribery and corruption is outlined in our Anti-Bribery and Corruption (ABC) Policy. This policy prohibits KWAP personnel (including the Board, employees, and directors of KWAP's subsidiaries) and business associates from engaging in bribery, corruption, or other illicit activities that could harm KWAP's reputation and business. The ABC Policy also mandates compliance with all relevant laws, including the Malaysian Anti-Corruption Commission Act 2009 and addresses KWAP's stance on sponsorships, donations, political contributions, facilitation payments and dealings with third parties.

Since December 2021, KWAP has been certified under the ISO 37001:2016 Anti-Bribery Management System (ABMS), covering our core functions across the Kuala Lumpur and Cyberjaya offices as well as our subsidiaries. This certification underscores KWAP's commitment to continuous improvement in corruption prevention.

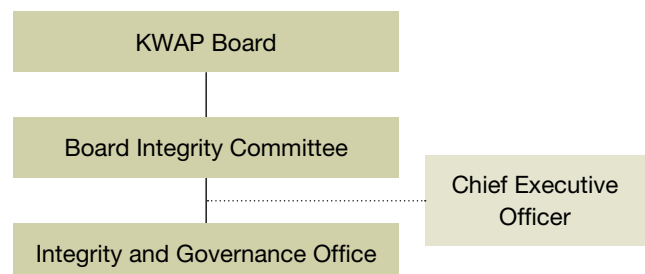
ABMS requires ongoing training and awareness on anti-corruption. To enhance our personnel's understanding of KWAP's anti-corruption policies and integrity issues, we use various platforms, including top-down communication, policy briefings, integrity talks, monthly e-bulletins, email blasts, corporate publications and events celebrating national and international integrity and anti-corruption days. From March to April 2023, we launched the first module of mandatory online training on integrity, governance and anti-corruption for all employees.

We also engage with business associates through outreach programmes to raise their awareness of KWAP's anti-corruption stance, policies and practices. Information about these initiatives is available on KWAP's official website and social media channels for public access.

In 2022, KWAP completed its first organisation-wide integrity assessment using the Integrity Assessment Tool (IAT) developed by the Malaysian Institute of Integrity (IIM). This self-assessment tool allows organisations to evaluate their progress in embedding ethics and integrity in the workplace. KWAP scored 84.17%, indicating our achievement of best practices in ethics and integrity.

We launched the Organisational Anti-Corruption Plan 2021 – 2025 (KWAP OACP) on 24 February 2021 as part of the National Anti-Corruption Plan (NACP). The KWAP OACP is a five-year strategic plan addressing issues, weaknesses and risks related to integrity, governance and anti-corruption within the organisation. This initiative was made possible through the establishment of Corruption Risk Management (CRM) in February 2020. CRM involves comprehensive corruption risk assessments by all KWAP departments and subsidiaries to identify specific corruption risks, evaluate their likelihood and significance, assess existing controls and implement actions to mitigate residual risks.

### IGO Departmental Structure





## CASE STUDY

## SIGNING OF CORRUPTION-FREE PLEDGE

We are committed to fostering a culture of transparency, integrity and accountability. Together, our people are working to ensure ethical conduct is the cornerstone of every business practice.



We believe that a corruption-free business environment is essential for the long-term success and sustainability of our organisation and the communities we serve. As part of our dedication to sustainable business practices, we officially signed the Corruption-Free Pledge, also known as the *Ikrar Bebas Rasuah*, on 22 February 2023, during the Declaration and Signing Ceremony of Corruption-Free Pledge at KWAP's office in Kuala Lumpur.

The pledge was led by KWAP's Chief Executive Officer, Datuk Hajah Nik Amlizan Mohamed, witnessed by YBhg. Tan Sri Dato' Sri Haji Azam bin Baki, Chief Commissioner of the Malaysian Anti-Corruption Commission (MACC) and accompanied by YBhg. Datuk Haji Razim Mohd Noor, Director of Community Education Division, MACC and En Mohd Nasir Ab Hadi, Head of KWAP's Integrity and Governance Office.



The Corruption-Free Pledge is part of KWAP's efforts towards upholding the highest standards of anti-bribery and corruption by fully complying with all regulations. It is a clarion call for individuals of all levels within our organisation to always avoid and prevent corruption and champion integrity in every aspect of our business operations. Our commitment extends beyond stakeholders. We vow to future generations to contribute positively to society's well-being.



## PILLAR 3: GOVERNANCE AND RISK MANAGEMENT

### No Gift Policy

KWAP practises a no gift policy to avoid conflict of interest or violation of anti-corruption laws. KWAP's No Gift Policy governs and guides KWAP personnel in relation to the acceptance and giving of gifts and entertainment from/to external parties so that they maintain the highest standards of ethics, integrity and professionalism in their business dealings.

### Conflict of Interest Policy

The policy has set out the principles and rules for managing potential conflict of interest which may arise in KWAP. The policy requires all KWAP personnel to act in the best interest of KWAP and not to be involved in an activity for personal gain that conflicts with KWAP's interest.

### Whistleblowing

Whistleblowing in KWAP serves as one of the mechanisms to address corruption as well as to promote transparency and high integrity culture. The KWAP Whistleblowing Policy provides a mechanism for all our personnel including external parties to report any improper conduct, including illegal activities, committed or about to be committed within KWAP. We accept anonymous reporting and all reports are treated with strict confidentiality. Whistleblowers from amongst our employees are protected against any reprisal, whilst action will be taken against any KWAP personnel who is found to have committed any wrongdoings.

The information on whistleblowing and its channels is continuously communicated via internal platforms and is also available on the corporate website. Currently there are five whistleblowing channels available:

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

### RISK MANAGEMENT

The robustness of KWAP's corporate governance relies on the effectiveness of risk oversight and control functions. At KWAP, we recognise the importance of systematically implementing and monitoring risks, across operations, investments and business activities. We seek to build our business for the long term by balancing economic, environmental, social and governance considerations in the decisions we make.

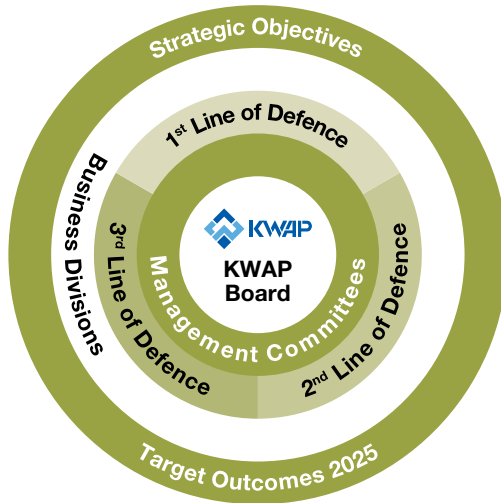
Guided by the tone from the top as articulated in KWAP's Risk Appetite Statement (RAS), we remain prudent in managing our investment and non-investment activities. Although the implementation of our business strategy remains a key focus, setting out our risk appetite ensures that we agree on a suitable level of risk for our strategy. The risk appetite is also aligned with best practices and KWAP's strategic goals and it continues to evolve as our organisation evolves through the years.

### Enterprise Risk Management Framework

We use a comprehensive risk management approach across the organisation and across all risk types, underpinned by our culture and values. Our risk management approach is primarily anchored by the adoption of the ISO 31000:2018 Enterprise Risk Management (ERM) – Guidelines, as the basis for the KWAP ERM framework and practices across the enterprise. Our comprehensive framework employs a disciplined approach to risk management. It identifies, addresses and mitigates potential threats to our strategic objectives. The framework also promotes risk awareness and encourages a sound operational and strategic decision-making process.

## PILLAR 3: GOVERNANCE AND RISK MANAGEMENT

All employees are responsible for the management of risk, with the ultimate accountability residing with the Board. The overall guardrails, oversight and management of our risks are as shown below:



Effective Guardrails

Board and Investment Panel Oversight

Management Committees

Three lines of Defence

- Business units/Departments
- RMCD and IGO
- Internal Audit

Business Divisions

- Investment
- Retirement Services
- Finance
- Strategy & Services
- Digital

Strategic Objectives & Target Outcomes 2025

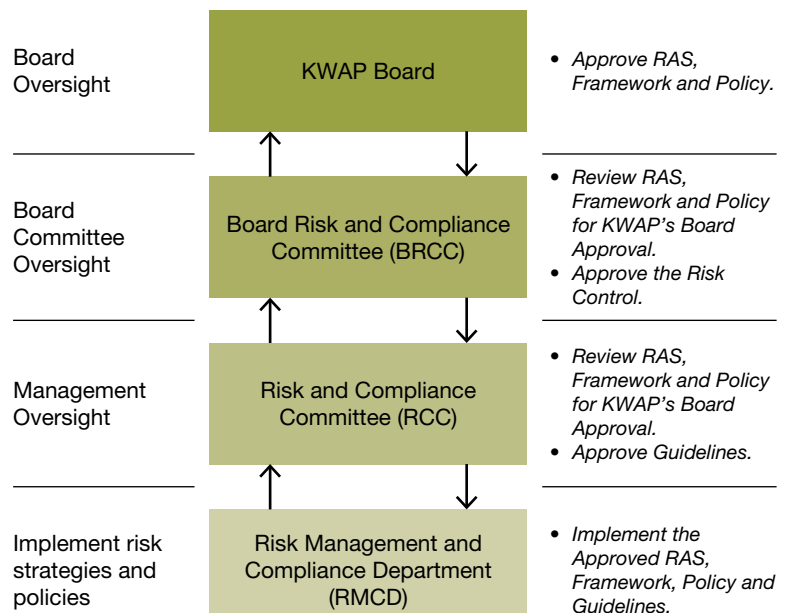
In managing risk, we adhere to the three-lines of defence model in which:

- 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.
- 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.
- 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.

As we implement our initiatives, we proactively manage the execution risks. We perform periodic risk assessments and actively review and enhance our risk management framework and our approach in managing risk in KWAP.

### Risk Governance and Oversight

The Board has the ultimate responsibility for the effective risk management in KWAP. This includes ensuring appropriate and effective strategies to achieve our objectives, approving the Risk Appetite Statement RAS and overseeing the framework and its associated policies.



Risk Management Oversight

## PILLAR 3: GOVERNANCE AND RISK MANAGEMENT

The Board delegates the oversight responsibility to the BRCC, to provide an independent assessment on the adequacy and reliability of the risk management processes and internal controls in KWAP. BRCC is supported by the RCC and RMCD for the implementation and integration of risks related to KWAP business activities, governance and control. This includes, amongst others, reviewing and ensuring the adequacy of risk management guidelines, process and procedures, infrastructure, resources and systems for risk management activities.

### Investment Risk

For effective management of investment risks, we are guided by the Investment Risk Policy which provides clear understanding and guidance to stakeholders on key principles, infrastructure, processes and relevant accountabilities across the line of businesses pertaining to investment risk practices implemented within KWAP.

Additionally, the Investment Risk Policy were established to document the various types of investment risk controls in managing KWAP investment portfolios. The Guidelines empower stronger risk control for KWAP's risk-taking activities within its risk appetite framework. It also ensures adaptability to the evolving business environment.

### Compliance

The compliance function in the organisation remains a very important core function in KWAP. It is imperative for KWAP to implement a strong compliance culture to safeguard the interests of our stakeholders as well as for long-term value creation. We have frameworks, policies, guidelines and procedures in place to ensure that we are compliant with the relevant internal compliance and external regulatory requirements.

- **Compliance Framework**

The Framework was established to provide a clear understanding on KWAP's general compliance processes and the application of appropriate tools. It covers adherence to regulatory and internal compliance requirements.

- **Chinese Wall Policy**

The 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 regulation. 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 and the employee's personal interest.

- **Code of Conduct for Investment Activities**

The Code of Conduct for Investment Activities lays down the principles of personal and professional conduct and the requirement for employees from investment departments to uphold the highest ethical standards in their undertakings and contractual agreements with existing and prospective counterparts.

Our corporate policies and guidelines are made available to employees and public on our intranet and corporate website. To ensure compliance with these policies, employees will receive training through an e-learning platform, either during onboarding or regular training.

### Sustainability Risk

As an effort to support KWAP's sustainability commitments to deliver the five Sustainability Pledges, RMCD has developed the Sustainability Risk Framework and Sustainability Risk Policy during the reporting year. The Framework and Policy are crucial for integrating sustainability risk into our ISO 31000:2018 - Enterprise Risk Management process as it allow for a systematic approach to identify, assess and respond to sustainability risks in investment and business operations to ensure strategic objectives are met.

In brief, the Framework and Policy addresses 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 Framework and Policy, KWAP can better demonstrate commitment to the nation as well as our own sustainability goals through proactive approaches to identify and manage all forms of associated sustainability risks.

## PILLAR 3: GOVERNANCE AND RISK MANAGEMENT

### DATA PRIVACY AND CYBER SECURITY

In 2022, we have successfully implemented the KWAP Personal Data Protection Policy, known as the KWAP PDP Policy, accompanied by enterprise-wide training and the establishment of the Data Privacy Practice Group under Group Legal Services Department (GLSD). Our commitment to data protection includes our employees who receive the relevant trainings, providing them with insights into our practices regarding responsible handling of personal data. During the reporting year, more than 500 employees participated in this training. In FY2023, there were no reported cases of substantiated complaints received concerning data privacy breaches.

Improving stakeholder trust through cyber resiliency is crucial in today's digital age, where data breaches and cyberattacks are common. Our Cyber Security Strategy is formulated based on the Malaysian Government's Rangka Kerja Keselamatan Siber Sektor Awam (RAKKSSA) and the U.S. National Institute of Standards and Technology's (NIST) Cybersecurity Framework.

In order to ensure that KWAP complies with international standards for safeguarding the in-house Critical National Information Infrastructure, we have attained the Information Security Management Systems ISO/IEC 27001:2013 certification for our information security measures since February 2014. We plan to update and transition from ISO 27001:2013 to ISO27001:2022 certification to keep abreast with the latest requirements and standards for information system security.

### Reinforcing Cyber Security

Cyber resilience through comprehensive adoption of eight cyber security pillars.

#### Eight Cyber Security Pillars of RAKKSSA

##### 1.0 Identify

Identification and assessment of potential risks and vulnerabilities to KWAP's asset, systems and data.



##### 2.0 Protect

Controls and measures to safeguard KWAP's systems and data from potential threats and vulnerabilities.



##### 3.0 Detect

Monitoring systems and data for potential threats and vulnerabilities and promptly identifying security incidents.



##### 4.0 Respond

Minimising the impact of Cyber Security incident and restore normal operations as quickly as possible.



##### 5.0 Recover

Restoring systems and data to their pre-incident state after a security breach.



##### 6.0 Procure

Acquisition of security solutions, services and products to address cybersecurity risks and vulnerabilities within the public sector.



##### 7.0 Securities Audit

Assessment of security controls, policies and procedures to identify potential vulnerabilities and improve overall security posture.



##### 8.0 Enforce

Implementation of policies, procedures and controls to ensure compliance with security standards and best practices and to deter potential threats.





## PILLAR 3: GOVERNANCE AND RISK MANAGEMENT

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### Protecting People and the Organisation

As part of our ongoing efforts to close cyber security gaps, we established essential measures to secure the IT infrastructure and continue to protect information from internal and external cyber threats.

- (i) Monitoring and remediation for new vulnerabilities are carried out continuously to ensure that KWAP is not exposed to any possible exploitation attempts on potential vulnerabilities.
- (ii) Identification of future cyber risk threats to our environment through a sound threat intelligence platform and subsequently simulation of the attack in our environment.
- (iii) Regularly conduct third-party security posture assessments including simulated cyberattacks.
- (iv) During the period under review, our digital infrastructure and information security management systems were audited by external auditors. An action plan was developed and executed to close the gaps found from the assessment.
- (v) Our cyber security intellectual documents which include the framework, policy, guideline and standard operating procedure (SOP) are internally available to all employees.
- (vi) Organisation of formal and structured cyber security awareness programmes which included online cybersecurity training and email phishing awareness and simulation campaigns.

### Key Cyber Security Initiatives in 2023

<b>Complete Managed Endpoint Detection and Response</b>	As part of proactive defence against targeted cyberattacks, KWAP adopted a competitively managed endpoint detection and response, including identity protection and continuous threat hunting.
<b>Security Validation</b>	The security validation solution provides KWAP proactive defences to evaluate the overall effectiveness of security controls, whether they are hardware, software, appliance or cloud-based from real cybersecurity threat or today's adversaries.
<b>Online Security Awareness training and Phishing Email simulation</b>	The online security awareness programme is to identify and change the behaviour of especially high-risk users by providing online security awareness training which covers top security related modules inclusive of simulated phishing and social engineering attacks, games and ability to keep track on progress report.



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## **KWAP Board**

Kumpulan Wang Persaraan (Diperbadankan)  
Level 36, Integra Tower, The Intermark  
348, Jalan Tun Razak  
50400 Kuala Lumpur

Dear Sirs,

## **Independent Limited Assurance Report on Selected Sustainability Information of Kumpulan Wang Persaraan (Diperbadankan) ("KWAP" and the "Company") for the financial year ended 31 December 2022**

We, KPMG PLT ("KPMG"), were engaged to provide limited assurance on the Company's Selected Sustainability Information for the financial year ended 31 December 2022 (the "Subject Matter"), published in KWAP's Sustainability Report for the financial year ended 31 December 2023 (the "Sustainability Report"), in the form of an independent limited assurance conclusion as to whether anything has come to our attention that would cause us to believe that the Subject Matter, in all material respects, has not been prepared in accordance with KWAP's definition and calculation methodologies, including any significant inherent limitations (the "Applicable Criteria").

## **Subject Matter**

The Selected Sustainability Information covered by our limited assurance engagement for the financial year ended 31 December 2022 are as follows:

- (i) Scope 1 Greenhouse Gas (GHG) Emissions (*mobile combustion and fugitive emissions*) (tCO<sub>2</sub>e)
- (ii) Scope 2 Greenhouse Gas (GHG) Emissions (*purchased electricity*) (tCO<sub>2</sub>e)
- (iii) Scope 3 Greenhouse Gas (GHG) Emissions (tCO<sub>2</sub>e)
  - Category 1 - Purchased Goods and Services
  - Category 2 - Capital Goods
  - Category 7 - Employee Commuting

The limited assurance engagement by KPMG on the Selected Sustainability Information covers KWAP's entity level operations only.

## **KWAP Board and Management's Responsibilities**

KWAP Board and the management of KWAP (the "Board" and the "Management", respectively) are responsible for the preparation and presentation of the Subject Matter in accordance with the Applicable Criteria, and the information and assertions contained within it; for determining that the criteria is appropriate to meet their needs; and for establishing and maintaining appropriate performance management and internal control systems from which the Subject Matter is derived.



*Kumpulan Wang Persaraan (Diperbadankan) ("KWAP")  
Independent Limited Assurance Report on Selected Sustainability  
Information of KWAP for the financial year ended 31 December 2022  
2 August 2024*

### **KWAP Board and Management's Responsibilities (continued)**

The Board and the Management are responsible for the prevention and detection of fraud and error mainly through the implementation and continued operation of an adequate system of internal control.

The Board and the Management are also responsible for ensuring that staff involved with the preparation and presentation of the description of the Subject Matter in the Sustainability Report are properly trained, ensuring that information systems are properly updated and that any changes in reporting encompass all significant business units.

The Board and the Management are responsible for disclosing to us their knowledge of: (i) known, actual or possible non-compliance with laws or regulations that have or may have a material effect on the Subject Matter; and (ii) allegations of or suspected fraud or dishonesty committed against the Company.

The Board and the Management are responsible to make available to us the Subject Matter and any other information timely to facilitate the completion of the engagement within the required time frame.

The Board and the Management are responsible for disclosing to us facts that may affect the Subject Matter, of which they may become aware up to the date of the independent limited assurance report.

### **Our Responsibilities**

Our responsibility is to carry out a limited assurance engagement and to express a limited assurance opinion based on the work performed and evidence obtained.

We conducted our engagement in accordance with Malaysian Approved Standard on Assurance Engagements (ISAE) 3000 (Revised), *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information*. This standard requires that we plan and perform procedures to obtain limited assurance that nothing has come to our attention that causes us to believe that the Subject Matter is not prepared, in all material respects, in accordance with the Applicable Criteria.

### **Procedures Performed**

Our limited assurance engagement on the Subject Matter consists of making enquiries, primarily of persons responsible for the preparation of the Subject Matter, and applying analytical and other evidence gathering procedures, as appropriate. These procedures, amongst others, included:

- Enquired Management to gain an understanding of the processes established from which the Subject Matter is derived;
- Interviewed relevant staff responsible for preparing and presenting the Subject Matter in the Sustainability Report;
- Compared the Subject Matter presented in the Sustainability Report to underlying sources on a sample basis to determine whether the relevant information has been appropriately disclosed; and
- Read the Subject Matter presented in the Sustainability Report to determine whether they are in line with our overall knowledge of, and experience with, the sustainability performance of KWAP.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement and consequently the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.



*Kumpulan Wang Persaraan (Diperbadankan) ("KWAP")  
Independent Limited Assurance Report on Selected Sustainability  
Information of KWAP for the financial year ended 31 December 2022  
2 August 2024*

### **Our Quality Management and Independence**

Our firm applies Malaysian Approved Standard on Quality Management, ISQM 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirements of the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

### **Inherent Limitations**

Due to the inherent limitations of any internal control structure, it is possible that errors or irregularities in the information presented in the Sustainability Report may occur and not be detected. Our engagement is not designed to detect all weaknesses in the internal controls over the preparation and presentation of the Sustainability Report, as the engagement has not been performed continuously throughout the period and the procedures performed were undertaken on a test basis.

### **Conclusion**

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Based on the limited assurance procedures performed and evidence obtained, as described above, nothing has come to our attention that would lead us to believe that the Subject Matter for the financial year ended 31 December 2022 is not prepared, in all material respects, in accordance with the Applicable Criteria.

### **Restriction on distribution and use of our report**

In accordance with the terms of our engagement, this report on the Subject Matter has been prepared for the Board for the purpose as described in the first paragraph of this report and for no other purpose. Our report should also not be regarded as suitable to be used or relied on by any other party.

We consent to the inclusion of this report in KWAP's Sustainability Report in respect of the financial year ended 31 December 2023, to assist the Board in responding to their governance responsibilities by obtaining independent limited assurance report on the Subject Matter. We will not accept any liability or responsibility to any other party to whom our report is shown or into whose hands it may come.

**KPMG PLT**  
(LLP0010081-LCA & AF 0758)  
Chartered Accountants

Petaling Jaya

Date: 2 August 2024



# MEMBERSHIP OF ASSOCIATIONS AND CERTIFICATIONS

[GRI 2-28]

## MEMBERSHIP OF ASSOCIATIONS AND CERTIFICATIONS

### Association



**Sustainable Investing  
Standards**



### Certifications

Name of Certification/ Projects	Certified Business Units/ Projects/Products	Description of Certification	Year of Award	Validity
Anti-Bribery Management System	ISO 37001:2016 Anti-Bribery Management System (ABMS)	The establishment and implementation of KWAP's anti-corruption controls and measures that is in conformance to ABMS standard ensures that they are adequate in addressing corruption risks within the organisation	December 2021	3 years
Andaman Island Phase 1, Andaman, Penang	Platinum (Provisional) GreenRE Certification Residential Category	Certified by Real Estate Housing Developers' Association (REHDA) on the Andaman Project by KWEST and E&O	December 2022	1 year
The Meg, Andaman, Penang	Platinum (Provisional) GreenRE Certification Residential Category	Certified by Real Estate Housing Developers' Association (REHDA) on the Andaman Project by KWEST and E&O	February 2023	1 year
Arica, Andaman, Penang	Platinum (Provisional) GreenRE Certification Residential Category	Certified by Real Estate Housing Developers' Association (REHDA) on the Andaman Project by KWEST and E&O	March 2023	-
Compass@Kota Seri Langat, Banting	Bronze (Provisional) GreenRE Certification Township Category	Certified by Real Estate Housing Developers' Association (REHDA) by KWEST, Area & PNB	September 2022	1 year
Integra Tower, Kuala Lumpur	Leadership in Energy & Environmental Design (LEED) US	Platinum Core and Shell	2013	-
Cap Square Tower, Kuala Lumpur	Green Building Index (GBI) Malaysia	Certified	2019	March 2019 – March 2022
	Leadership in Energy & Environmental Design (LEED) US	Gold Buildings Operations and Maintenance	2017	-
747 Collins Street, Melbourne	National Australian Built Environment Rating System (NABERS)	NABERS Energy: 6.0 NABERS Water: 6.0	2023	NABERS Energy: 24 January 2024 NABERS Water: 24 January 2024
179 Turbot Street, Brisbane	National Australian Built Environment Rating System (NABERS)	NABERS Energy: 5.5 star NABERS Water: 2.5 star NABERS Waste: 2.0 star	2023	NABERS Energy: 23 July 2024 NABERS Water: 23 July 2024 NABERS Waste: 26 June 2024
100 Cheapside, London	Building Research Establishment Environmental Assessment Method (BREEAM) UK	Excellent	2015	-
	Leadership in Energy & Environmental Design (LEED) US	Platinum Core and Shell	2015	-
	Energy Performance Certificate UK (EPC)	B	2023	June 2033
Amazon Coalville, Bardon	Building Research Establishment Environmental Assessment Method (BREEAM) UK	A	2016	September 2026
Symons House, Leeds	Energy Performance Certificate UK (EPC)	Very Good	2014	December 2029
Crown House, Sheffield	Energy Performance Certificate UK (EPC)	B	2018	February 2028
	Building Research Establishment Environmental Assessment Method (BREEAM) UK	Very Good	2020	-
800 Bristol Road, Birmingham	Energy Performance Certificate UK (EPC)	B	2017	January 2027
Zalando Distribution Centre, Erfurt	German Sustainable Building Council (DGNB)	Gold	2013	-
Trademark registration of "KWAP" and the KWAP logo	KWAP	The registration of "KWAP" and the KWAP logo in Malaysia, Australia, Germany, and the United Kingdom.	6 August 2018 (MAS), 7 November 2018 (AUS), 17 July 2018 (GER), 5 October 2018 (UK)	10 years



## GRI CONTENT INDEX

### Statement of use

KWAP has reported the information cited in this GRI content index for the period from 1 January 2023 – 30 December 2023 with reference to the GRI Standards.

### GRI 1 used

GRI 1: Foundation 2021

GRI Standard	Disclosure Number	Disclosure Title	UNSDGs	SIS	PRI	PGG	MCII	Page
GRI 2: General Disclosures 2021	2-1	Organisational details	-	-	-	-	-	1 & 2
	2-2	Entities included in the organisation's sustainability reporting						1
	2-3	Reporting period, frequency and contact point						1
	2-4	Restatements of information						No restatements were made
	2-5	External assurance KPMG PLT conducted an independent assurance on selected sustainability information for the financial year ended 31 December 2022						67-69
	2-6	Activities, value chain and other business relationships	8	-	-	-	-	Annual Report, 2
	2-7	Employees		-	-	-	-	45-46
	2-8	Workers who are not employees		-	-	-	-	45-46
	2-9	Governance structure and composition	-	Principle 1	Principle 1	Role of the Board with respect to ESG oversight: • Establishment of a governance structure for the oversight of sustainability • Ensure that management integrates ESG consideration in the strategies and operations of the entity	-	59
	2-10	Nomination and selection of the highest governance body						Annual Report
	2-11	Chair of the highest governance body						Annual Report
	2-12	Role of the highest governance body in overseeing the management of impacts						Annual Report, 59
	2-13	Delegation of responsibility for managing impacts						Annual Report
	2-14	Role of the highest governance body in sustainability reporting						59
	2-15	Conflicts of interest						Annual Report
	2-16	Communication of critical concerns						59
	2-17	Collective knowledge of the highest governance body						59
	2-18	Evaluation of the performance of the highest governance body						Annual Report
	2-19	Remuneration policies						Annual Report

## GRI CONTENT INDEX

GRI Standard	Disclosure Number	Disclosure Title	UNSDGs	SIS	PRI	PGG	MCII	Page
<b>GRI 2: General Disclosures 2021</b>	2-20	Process to determine remuneration						Annual Report
	2-21	Annual total compensation ratio						Annual Report
	2-22	Statement on sustainable development strategy						4-9, 13-14
	2-23	Policy commitments						4-9, 13-14
	2-24	Embedding policy commitments						4-9, 13-14
	2-25	Processes to remediate negative impacts	-	Principle 2	Principle 1,4,5	-	Principle 7	62
	2-26	Mechanisms for seeking advice and raising concerns						62
	2-27	Compliance with laws and regulations						60, 62
	2-28	Membership associations						70
	2-29	Approach to stakeholder engagement	-	-	-	-	-	16-17
<b>MATERIAL TOPICS</b>								
<b>GRI 3: Material Topics 2021</b>	3-1	Process to determine material topics	-	-	-	-	-	15
	3-2	List of material topics						15
<b>ECONOMIC</b>								
<b>GRI 3: Material Topics 2021</b>	3-3	Management of material topics		-	-	-	-	29
	201-2	Financial implications and other risks and opportunities due to climate change	3,8,17	-	-	-	-	32
	201-3	Defined benefit plan obligations and other retirement plans		-	-	-	-	Annual Report
	201-4	Financial assistance received from government		-	-	-	-	Annual Report
				-	-	-	-	
<b>GRI 202: Market Presence 2016</b>	3-3	Management of material topics	3,8,12,17	-	-	-	-	45
	202-1	Ratios of standard entry level wage by gender compared to local minimum wage		-	-	-	-	45
	202-2	Proportion of senior management hired from the local community		-	-	-	-	46
<b>GRI 203: Indirect Economic Impacts 2016</b>	203-1	Infrastructure investments and services supported		-	-	-	-	29-31, 35
	203-2	Significant indirect economic impacts		-	-	-	-	29-31, 35

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GRI Standard	Disclosure Number	Disclosure Title	UNSDGs	SIS	PRI	PGG	MCII	Page
GRI 3: Material Topics 2021	3-3	Management of material topics	8,12	-	-	-	-	44
GRI 204: Procurement Practices 2016	204-1	Proportion of spending on local suppliers		-	-	-	-	44
RESPONSIBLE INVESTING								
GRI 3: Material Topics 2021	3-3	Management of material topics		Principle 3	Principle 1	-	Principle 5	23
ACTIVE STEWARDSHIP								
GRI 3: Material Topics 2021	3-3	Management of material topics		Principle 4	Principle 2,3,5	-	Principle 1,2,3,4	37
GOVERNANCE								
GRI 3: Material Topics 2021	3-3	Management of material topics	-	Principle 5	Principle 3,6	-	Principle 6	58
GRI 205: Anti-corruption 2016	205-1	Operations assessed for risks related to corruption		-	-	-	-	60-62
	205-2	Communication and training about anti-corruption policies and procedures		-	-	-	-	60-62
ENVIRONMENT								
GRI 3: Material Topics 2021	3-3	Management of material topics	7,12,13	-	-	-	-	19
GRI 302: Energy 2016	302-1	Energy consumption within the organisation		-	-	-	-	19
	302-4	Reduction of energy consumption		-	-	-	-	42
GRI 3: Material Topics 2021	3-3	Management of material topics	3,12,13	-	-	-	-	19
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions		-	-	-	-	19
	305-2	Energy indirect (Scope 2) GHG emissions		-	-	-	-	19
	305-3	Other indirect (Scope 3) GHG emissions		-	-	-	-	20-21
	305-4	GHG emissions intensity		-	-	-	-	20-21

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GRI Standard	Disclosure Number	Disclosure Title	UNSDGs	SIS	PRI	PGG	MCII	Page
<b>SOCIAL</b>								
<b>GRI 3: Material Topics 2021</b>	3-3	Management of material topics	8	-	-	-	-	45
<b>GRI 401: Employment 2016</b>	401-1	New employee hires and employee turnover		-	-	-	-	46
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees		-	-	-	-	54
	401-3	Parental leave		-	-	-	-	54
<b>GRI 3: Material Topics 2021</b>	3-3	Management of material topics	8	-	-	-	-	50
<b>GRI 404: Training and Education 2016</b>	404-1	Average hours of training per year per employee		-	-	-	-	50
	404-2	Programmes for upgrading employee skills and transition assistance programmes		-	-	-	-	51-52
	404-3	Percentage of employees receiving regular performance and career development reviews		-	-	-	-	49
<b>GRI 3: Material Topics 2021</b>	3-3	Management of material topics	8	-	-	-	-	45
<b>GRI 405: Diversity and Equal Opportunity 2016</b>	405-1	Diversity of governance bodies and employees		-	-	-	-	45
<b>GRI 3: Material Topics 2021</b>	3-3	Management of material topics	12	-	-	-	-	57
<b>GRI 413: Local Communities 2016</b>	413-1	Operations with local community engagement, impact assessments and development programmes		-	-	-	-	56-57
	413-2	Operations with significant actual and potential negative impacts on local communities		-	-	-	-	56-57
<b>GRI 418: Customer Privacy 2016</b>	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	-	-	-	-	-	65-66

## ABBREVIATIONS

Definition	Used for
<b>ABC</b>	Anti-Bribery and Corruption
<b>ABMS</b>	Anti-Bribery Management System
<b>ACCA</b>	Association of Chartered Certified Accountants
<b>ACGA</b>	Asian Corporate Governance Association
<b>ACMV</b>	Air Conditioning and Mechanical Ventilation
<b>AGM</b>	Annual General Meeting
<b>AHU</b>	Air Handling Unit
<b>ARE</b>	Asia Research and Engagement
<b>BBA</b>	Bachelor of Business Administration
<b>BEI</b>	Building Energy Intensity
<b>BNM</b>	Bank Negara Malaysia
<b>BRCC</b>	Board Risk and Compliance Committee
<b>BREEAM</b>	Building Research Establishment Environmental Assessment Method
<b>CFA</b>	Chartered Financial Analyst
<b>CIA</b>	Certified Internal Auditor
<b>CIT</b>	Computer and Information Technology
<b>CRIS</b>	Credit Rating Impact Score
<b>CRM</b>	Corruption Risk Management
<b>CRMA</b>	Certification in Risk Management Assurance
<b>CSR</b>	Corporate Social Responsibility
<b>DEI</b>	Diversity, Equity and Inclusion
<b>DGNB</b>	German Sustainable Building Council
<b>DT3</b>	Drone tech, data tech and digital transformation
<b>EAS</b>	Education Assistance Scheme
<b>EGM</b>	Extraordinary General Meeting
<b>EMS</b>	Energy Management System
<b>EPCB</b>	Energy Performance Certificates (EPC) Rating B
<b>EPCB</b>	Energy Performance Certificate UK
<b>ERG</b>	Employee Resource Group
<b>ERM</b>	Enterprise Risk Management
<b>ES</b>	Enterprise Sustainability
<b>ESG</b>	Environmental, Social and Governance
<b>EVP</b>	Employee Value Proposition
<b>FELDA</b>	Federal Land Development Authority
<b>GDP</b>	Gross Domestic Product
<b>GHG</b>	Greenhouse Gas
<b>GLIC</b>	Government Linked Investment Companies
<b>GreenRE</b>	Green Real Estate
<b>GRI</b>	Global Reporting Initiative
<b>HWA</b>	Hybrid Work Arrangement
<b>IAT</b>	Integrity Assessment Tool
<b>IC</b>	Investment Committee
<b>ICGN</b>	International Corporate Governance Network
<b>IET</b>	Institute of Engineering and Technology
<b>IIC</b>	Institutional Investors Council
<b>IIM</b>	Malaysian Institute of Integrity

Definition	Used for
<b>IP</b>	Investment Panel
<b>ISAE</b>	International Standard on Assurance Engagements
<b>JC3</b>	Joint Committee on Climate Change
<b>JPA</b>	Jabatan Perkhidmatan Awam/Public Service Department
<b>LEAP</b>	Learning, Engagement and Advisory Programme
<b>LEED</b>	Leadership in Energy and Environmental Design
<b>LMS</b>	Learning Management System
<b>MACC</b>	Malaysia Anti-Corruption Commission
<b>MBA</b>	Master of Business Administration
<b>MCII</b>	Malaysian Code for Institutional Investor
<b>MDEC</b>	Malaysia Digital Economy Corporation
<b>MoF</b>	Ministry of Finance
<b>NABERS</b>	National Australian Built Environment Rating System
<b>NACP</b>	National Anti-Corruption Plan
<b>NDPE</b>	No Deforestation, No peat, No exploitation
<b>NO</b>	Nitrogen oxides
<b>ODS</b>	Ozone-depleting substances
<b>PCAF</b>	Partnership for Carbon Accounting Financials
<b>PKMC</b>	Pasaran Kewangan Malaysia Certificate
<b>PLC</b>	Public Listed Companies
<b>PMSB</b>	Persada Menteri Sdn Bhd
<b>PRI</b>	Principles for Responsible Investment
<b>PSD</b>	Public Services Department
<b>RAAI</b>	Responsible Asset Allocator Initiatives
<b>RAS</b>	Risk Appetite Statement
<b>RCC</b>	Risk and Compliance Committee
<b>RE</b>	Renewable Energy
<b>REHDA</b>	Real Estate Housing Developers' Association
<b>RMCD</b>	Risk Management and Compliance Department
<b>RWH</b>	Rainwater Harvesting
<b>SC</b>	Securities Commission
<b>SF</b>	Sustainability Framework
<b>SIDC</b>	Securities Industry Development Corporation
<b>SIS</b>	Sustainable Investing Standards
<b>SLC</b>	Senior Leadership Committee
<b>SME</b>	Small-Medium Enterprise
<b>SO</b>	Sulphur oxides
<b>SR</b>	Sustainability Roadmap
<b>SRI</b>	Sustainable and Responsible Investment
<b>tCO<sub>2</sub>e</b>	Tonnes Carbon Dioxide Equivalent
<b>UAS</b>	Unmanned Aircraft System
<b>UNSDGs</b>	United Nations Sustainable Development Goals
<b>USGBC</b>	United States Green Building Council
<b>VSUK</b>	Vantage Solar United Kingdom
<b>WFH</b>	Work From Home
<b>WLF</b>	Women Leadership Foundation





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[www.kwap.gov.my](http://www.kwap.gov.my)