



EMPOWERING GENERATIONS

INTEGRATED
ANNUAL REPORT 2024



DANA YANG BERKAT

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

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

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

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

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

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

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

5 – 15 Februari, 2007

A. SAMAD SAID



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





EMPOWERING GENERATIONS

The cover design for KWAP's Integrated Annual Report 2024 features an hourglass, symbolising the passage of time and the importance of long-term planning. Representing the current era of digitalisation, glowing circuitry lines advance through the hourglass and illuminating a wholesome image of a multi-generational family at play. This showcases life's most precious rewards – family, connection and time spend together. The backdrop shows the security of home and a conducive living environment. This serves to highlight KWAP's role in safeguarding the financial future of retirees and their families, ensuring stability and security through every phase of life.

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STRATEGIC PROGRESS

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ABOUT THIS REPORT

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

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

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

About KWAP

Overview of KWAP, our roles and objectives, business model, and how our purpose, vision, strategy and values position us for long-term value creation.

Strategy Insights

Overview of the business environment in which we operate, including material matters, how we manage our risks and our strategic responses to ensure ongoing value creation.

Sustainability

Overview of our commitments, performance and progress in relation to Environmental, Social and Governance (ESG) on integrating sustainability practices across our investments and operations.

Performance

Assessment of values created, preserved and nurtured for stakeholders.

Governance

Overview of our governance structures and leadership which supports the creation and preservation of value with effective guardrails.

Financial Statements

Our annual audited financial statements prepared in accordance with the Malaysian Financial Reporting Standards (MFRS), International Financial Reporting Standards (IFRS) and the Retirement Fund Act 2007 (Act 662).

REPORTING PERIOD

Our integrated annual report covers the period from 1 January 2024 to 31 December 2024, unless otherwise specified. This report is supplemented by our various online publications, that are available on our website at kwap.gov.my, including reports and disclosures relevant for other key stakeholders, such as our employees, pensioners, contributors, authorities and community.

FINANCIAL AND NON-FINANCIAL REPORTING

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

KEY REGULATORY AND REPORTING FRAMEWORKS

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

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

ASSURANCE

Our 2024 Financial Statements were audited by the Auditor General of Malaysia. The audit was conducted in accordance with the Audit Act 1957 and the International Standards of Supreme Audit Institutions. The Certification of the Auditor General on our financial statements is provided on page 148 to 151.

Recognising the interconnectedness of sustainability, we have also integrated our sustainability framework, principles, practices and outcomes throughout this report.

FORWARD-LOOKING STATEMENTS

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

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

APPROVAL BY THE BOARD

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

This report was approved by KWAP’s Board.

Our Navigation Icons

CAPITALS		
FC Financial Capital	MC Manufactured Capital	SRC Social & Relationship Capital
IC Intellectual Capital	HC Human Capital	NC Natural Capital
RISKS		
R1 Macro-economic and Geopolitical Risks	R4 Business Continuity Risk	R7 Cyber Security Risk
R2 Investment Risk	R5 Sustainability Risk	R8 Compliance Risk
R3 Operational Risk	R6 Climate Risk	R9 Reputational Risk
STAKEHOLDERS		
S1 Government of Malaysia	S3 Pension Community	S5 Local Community
S2 Contributors	S4 Investment Community	S6 Employees
MATERIAL MATTERS		
M1 Sustainable Pension Fund	M4 Future-Ready Operating Model	M7 People Development and Well-being
M2 Customer Experience	M5 Sustainability Pledges	M8 Anti-Bribery and Corruption
M3 Corporate Governance	M6 Industry Presence	M9 Cyber Security and Data Privacy
6 UNSDG GOALS		
3 GOOD HEALTH AND WELL-BEING	7 AFFORDABLE AND CLEAN ENERGY	8 DECENT WORK AND ECONOMIC GROWTH
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	13 CLIMATE ACTION	17 PARTNERSHIPS FOR THE GOALS

2024 KEY HIGHLIGHTS

Financial



Fund Size:

**RM185.60
billion**



Net Income:

**RM12.96
billion**



Annual TWRR:

12.0%



Domestic Investments:

**RM138.50
billion,**

74.6% invested in domestic capitals

Strategic Asset Allocation



Asset Class

Public Equity: Infrastructure:

51.7% 2.2%

Private Equity: Real Estate:

5.4% 5.2%

Fixed Income: Cash:

32.4% 3.1%



Public Market & Private Market

Public Market:

87.1%

Private Market:

12.9%

Transformation Plan



100% completion of our 3-year Transformation Programme

ESG



84% of KWAP KL Office's electricity transitioned to renewable energy through TNB's Green Electricity Tariff Programme

Service Level Agreement



99.8% SLA score against minimum threshold SLA of 95%

Learning & Development



13.60 average learning days per employee

Stakeholder Engagement



Total of **4,048** participants benefited from 18 Jelajah MyPesara events

Total of **9,440** people attended 38 Government Engagement Programmes

Awards



KWAP received several notable recognitions throughout the year, including:

- Recipient of 1 category in the HR Excellence Awards by Human Resources Online
- Recipient of 1 category in the Life at Work Awards by TalentCorp Malaysia
- Recipient of 1 category in The BrandLaureate Brand of the Year Awards
- Recipient of 1 category in Malaysia’s 100 Leading Graduate Employers Awards
- Awarded a Certificate of Merit at the ISSA Good Practices Awards for Asia Pacific
- Recipient of 1 category under Investment Governance at the 41st ASSA Conference and Board Meeting

Achievements

Completed over **92 deliverables** from **28 initiatives**, covering **5 enabler pillars** within 3 years

Collected a total contribution of **RM2.78 billion**, exceeding the target by **4.3%**

Achieved **RM51.83 million** in **total exposure value** from public-related activities

Organised **The KWAP Inspire Conference 2024** that was attended by over **400 participants**, featuring the inaugural launch of The Sustainability Report and the unveiling of KWAP’s 5 Key Sustainability Pledges

Active participation in **GEAR-uP Programme** with the total commitment of **RM40 billion to support the national economic agenda and empower local entrepreneurs** across 5 years (2024-2028)

Introduced new Cultural Framework with **7 cultural indices**

1,003 Malaysian graduate trainees placed under **MySTEP Programme**

Established KWAP’s **Data Governance Framework and Policy**

Developed KWAP’s **first Integrated Annual Report**



Launched **Circular Economy Young Leaders for Change** programme

Exercised active stewardship through ESG engagement with **10 investee companies**

MESSAGE FROM THE CHAIRMAN



NAVIGATING A DYNAMIC MARKET LANDSCAPE

The global landscape was marked by intricate dynamics in 2024. Whilst specific global events of the year presented their own unique complexities, the echoes of a post-pandemic world, coupled with persistent geopolitical uncertainties and inflationary pressures, continued to shape the investment environment. It is within this context that Malaysia's domestic economy demonstrated remarkable resilience, underpinned by the stable policies of the MADANI Government. These have been instrumental in supporting KWAP's efforts to fulfil its crucial mandate, as we leveraged on investment diversification to capitalise on opportunities whilst effectively mitigating potential risks. Through prudent and disciplined management of the Fund, I am pleased to note that 2024 marked as one of the most stellar years in KWAP's investment history, affirming the strength of its long-term investment strategy.

Since its establishment in 2007, KWAP has witnessed remarkable growth, with our fund size quadrupling and achieving an average annual growth rate of 9.1%. This long-term trajectory highlights the success and sustainability of our investment strategies in delivering consistent value through changing market dynamics. The year's remarkable achievement underscores the effectiveness of these tested investment strategies and the disciplined approach we have adopted in navigating the complexities of the global financial landscape.

At the heart of our operations lies the fundamental responsibility entrusted to us: the prudent management and growth of retirement funds for the benefit of Malaysia's dedicated public sector workforce. This stewardship demands a resolute commitment to balancing growth objectives with a measured approach to risk management, ensuring the long-term sustainability of the funds we oversee.

It is with immense pride that I present Kumpulan Wang Persaraan (Diperbadankan)'s [KWAP's] 2024 Integrated Annual Report. It was a year that marked a historic milestone in our journey. The organisation has achieved unprecedented success, a testament to the dedication of our team and the robustness of our strategic direction. We concluded the year with a record-breaking investment income of RM18.01 billion, translating to a total return of 12.0%, the highest since KWAP's inception.



Fund Size

RM185.60 billion
9.3% YoY Growth



Annualised Time-Weighted Rate of Return

12.0%

PARTNERING NATIONAL PROGRESS

KWAP continues to be a significant contributor to Malaysia's national economic growth. In 2024, we actively supported the Government's efforts to drive future-proof economic growth through strategic investments in priority sectors such as data centres and sustainable energy under the Government-linked Enterprise Activation and Reform Programme (GEAR-uP) initiative. This sees us collaborating with other Government-Linked Investment Companies (GLICs) to catalyse growth in key economic sectors within Malaysia through investments in the domestic private markets over the next five years.

Our Dana Perintis and Dana Pemacu initiatives exemplify the alignment of KWAP's fiduciary duty with innovation and national agenda, such as supporting entrepreneurship. By strategically allocating capital to these critical areas, KWAP aims to generate positive economic impact and contribute to the nation's prosperity.

During the year, KWAP also played a crucial role in supporting national financial obligations through a RM5 billion withdrawal from the fund to partially finance the Government's pension liabilities. This action demonstrates KWAP's commitment to its mandate of assisting the Federal Government in this critical area.

STRONGLY ANCHORED ON GOOD GOVERNANCE

Integrity remains paramount to all our operations at KWAP. The Board remains determined in its commitment to providing strong strategic oversight and ensuring the implementation of robust governance practices across all facets of KWAP's operations. As the custodian of Malaysia's largest public pension fund, we believe that a clear strategic direction, coupled with sound governance, is fundamental to achieving our long-term objectives and safeguarding the interests of our stakeholders.

Our commitment to robust governance and risk management frameworks is unwavering. We continue to adhere to and enhance these frameworks, building upon the foundations laid out in previous years. During the year, we pursued the ABMS standard re-certification for KWAP, and established the KWAP Code of Business Ethics and Conduct ("the Code"), which serves as a guide to our employees in safeguarding KWAP's business and reputation, as well as to uphold the highest standard of professionalism and personal integrity in KWAP. An integrated Governance, Risk and Compliance system is also in development to strengthen governance and risk awareness within KWAP.

DRIVING CIRCULAR IMPACT AND RESPONSIBLE INVESTMENT

As an institutional investor, we recognise that sustainable value creation goes beyond financial returns. KWAP has designed and deployed two transformative investment funds, Dana Perintis and Dana Pemacu that proved fiduciary duties and innovation can co-exist. With both funds designed to uphold the fiduciary duties of a public sector sovereign wealth and retirement fund, Dana Perintis uplifts Malaysia's venture and startup ecosystem through robust investments into Malaysia's venture and startup ecosystem and early-stage companies, whilst Dana Pemacu provides carefully tailored investments for high-growth Malaysian companies and critical sectors, aligning with the Government's reformative "GEAR-uP" initiative, "Raising The Ceiling" under the broader Ekonomi MADANI framework. The funds also simultaneously catalyse nation building innovation and delivering risk-adjusted financial returns.

In addition, since becoming the PRI signatory in 2018, we have placed climate action at the heart of our sustainability agenda. Through Pledge 3 and 4, we have committed to achieve Net Zero Portfolio by 2050 and increasing our investments in transition assets to RM20 billion by 2030 which is a clear reflection of our dedication to advance sustainable economic growth.

MESSAGE FROM THE CHAIRMAN (CONTINUED)

This commitment is supported by a comprehensive Net Zero strategy, encompassing a structured decarbonisation plan through active stewardship, strategic asset allocation, and a phased reduction plan. All efforts are aligned with Malaysia’s Net Zero aspiration and contribute to the nation’s broader socio-economic development paving the way for Just Transition.

The KWAP Inspire Conference in 2024 reinforced our leadership in circular sustainability, sparking regional dialogue and youth engagement. Themed “Advancing Circular Transformation for a Climate-Smart Malaysia”, the conference attracted exceptional public attention, generating media coverages across online platforms, broadcast channels, social media, and print publications. Officiated by Minister of Finance II, YB Senator Datuk Seri Amir Hamzah Azizan, the conference brought together leading ESG experts who shared insights on pressing sustainability topics including Circular Economy, Carbon Markets, and Impact Investment.

Other notable sustainability highlights in 2024 were the establishment of KWAP’s Circular Economy Young Leaders for Change (CYCLE) that empowers youth to champion circularity practices in KWAP, exploration for strategic collaboration with Malaysian Forest Fund (MFF), and the successful subscription of Green Electric Tariff (GET) which enabled our office in Kuala Lumpur to reduce its carbon footprint in electricity consumption.

UNWAVERING COMMITMENT AHEAD

The TERAS 5 programme continues to be pivotal in shaping KWAP’s future, driving our long-term vision and enhancing our operational agility and resilience in an ever-evolving environment. We have achieved an impressive accumulated adjusted fund size, reflecting our ambition and commitment to growth.

Looking ahead, the Board remains confident in KWAP’s ability to navigate the increasingly complex global environment. Our approach, grounded in data-driven insights, robust

risk management practices, and a well-diversified portfolio, positions us to effectively capitalise on opportunities whilst mitigating potential risks, ensuring the long-term resilience of the fund. As Malaysia progresses towards pension reform, KWAP is committed to playing a key role in shaping a more resilient, inclusive, and adaptable pension system that meets the evolving needs of our nation.

ACKNOWLEDGEMENTS

The achievements of 2024 would not have been possible without the dedication and hard work of the entire KWAP team. Their commitment to excellence and their unwavering focus on our mandate are deeply appreciated. I take this opportunity to extend my deep appreciation and acknowledgement to KWAP’s Senior Management for their unwavering leadership and contributions in implementing and executing strategic initiatives.

On behalf of the Board, I wish to formally recognise the valuable contributions of Datuk Dr. Shahrazat binti Haji Ahmad and Tan Sri Ahmad Terrirudin bin Mohd Salleh, who resigned from their roles during the period under review. Their considered counsel were much appreciated.

In their stead, we extend a warm welcome to Datuk Ramzi bin Mansor, representing the Ministry of Finance, and Datuk Mohd Shahrin bin Hussin, representing the Government of Malaysia. We look forward to the fresh insights and perspectives they bring. We also extend our sincere gratitude to the Government, our regulators, and our industry partners for their continued support and collaboration.

In conclusion, we remain focused in our mission to secure the financial future of Malaysia’s public sector retirees and are confident in our ability to navigate the evolving landscape and continue delivering sustainable benefits for generations to come.

Datuk Johan Mahmood Merican
Chairman

MESSAGE FROM THE CHIEF EXECUTIVE OFFICER



KWAP delivered one of its strongest investment performances to date, marking a standout year in our history. This stellar achievement was driven by our investment portfolio rebalancing, well-timed asset allocation decisions, and continued push into private markets.

Our fund size increased by RM15.78 billion to reach RM185.60 billion, a significant 9.3% rise from the previous year, and our investment income reached a record-breaking RM18.01 billion, translating to a total return of 12.0%. This remarkable growth affirms the soundness of our long-term investment strategy and the disciplined execution of the entire KWAP team in generating sustainable value.

A granular view of our investment performance reveals the strength and synergy of our domestic and international portfolios. Our domestic investments generated a robust return of 12.9%, whilst our international holdings delivered a commendable 9.0%. Notably, public equity emerged as a significant performance driver, achieving a total return of 21.9%, with domestic equity contributing an impressive 23.2% and international equity yielding 16.9%. The strong performance in the Malaysian equity market reflects the underlying dynamism of our national economy, where KWAP plays a significant role as a long-term institutional investor.

Our asset allocation strategy remained well diversified and resilient, with 74.6% allocated domestically and 25.4% allocated internationally. As at 31 December 2024, our portfolio was strategically positioned across diverse asset classes: 51.7% in equity, 32.4% in fixed income, 5.4% in private equity, 5.2% in real estate, and 2.2% in infrastructure, with the remaining 3.1% in cash management for optimal liquidity. This carefully calibrated diversification has been crucial in optimising returns amidst dynamic market conditions.

Navigating the complexities of the global financial landscape necessitates a comprehensive focus on risk management and resilience. KWAP remains committed to a data-driven investment approach, fortified by robust risk management frameworks and our well-diversified portfolio. This enables us to effectively manage potential challenges and strategically capitalise on emerging opportunities, ensuring the long-term security and sustainability of the fund.



Our asset allocation strategy remained well diversified and resilient, with 74.6% allocated domestically and 25.4% allocated internationally.

MESSAGE FROM THE CHIEF EXECUTIVE OFFICER (CONTINUED)



STRATEGIC INITIATIVES DRIVING NATIONAL IMPACT AND FUTURE GROWTH

In 2024, KWAP distinguished itself as a high-performing institutional investor, reaffirming our unwavering dedication to nation-building through transformative initiatives. We are increasing our focus on private market investments, aiming to double our exposure in this private market asset classes. By fostering collaboration and knowledge transfer, KWAP seeks to support high-growth Malaysian companies, enhance local talent, and ultimately strengthen the nation’s financial market.

A notable milestone this year is the advancement of the Dana Perintis - a RM500 million commitment launched in 2023, with the successful deployment of the initial RM100 million tranches into high-potential Malaysian start-ups and venture capital funds.

Aligned with the Government’s broader reform agenda on Government-Linked Investment Companies (GLICs) KWAP has earmarked RM6.0 billion for Private Capital Investment under the newly launched Dana Pemacu in May 2024. This approach aims to enhance the private capital ecosystem whilst promoting ethical and socially responsible investing. In addition, Dana Pemacu will also unlock the potential of Islamic equity capital and amplify the impact of Shariah-compliant investments, in particular with 50% of the amount allocated to Shariah-focused investments.

Another significant achievement this year is KWAP’s participation in the Government-linked Enterprise Activation and Reform Programme (GEAR-uP), a national initiative led by the Ministry of Finance under the Ekonomi MADANI framework. The programme seeks to harmonise efforts across GLICs to catalyse growth in Malaysia’s key economic sectors. As a key player, KWAP has pledged up to RM40 billion over the next five years to domestic private markets, with a focus on high-growth, high-value industries.

A recent RM219 million investment in an Asia-based offshore renewables platform exemplifies our commitment to sustainable investments, supporting the energy transition whilst driving innovation and creation of long-term value. This initiative reflects our commitment to the energy transition, aiming not only to elevate Malaysia’s economic stature but also to enhance societal well-being through innovation, skilled job creation, and sustainable development.

SERVING OUR MANDATE AND SOCIETY WITH DEDICATION AND IMPACT

KWAP remains resolute in its mission to elevate the quality of retirement services for our beneficiaries. In 2024, we proudly served over 810,000 pension recipients nationwide, a 2.4% increase from the previous year. Our unyielding pursuit of service excellence is reflected in our outstanding Service Level Agreement (SLA) performance score of 99.8%, well above the 95.0% benchmark.

As the entrusted administrator of pension disbursements for government retirees, KWAP plays a pivotal role in the implementation of Phase 1 of the Sistem Saraan Perkhidmatan Awam (SSPA), which supersedes the Sistem Saraan Malaysia (SSM) effective 1 December 2024. We have successfully recalibrated pension payments for affected recipients, with updated disbursements executed promptly on 18 December 2024.

Throughout the year, KWAP has actively engaged tens of thousands of pensioners across Malaysia through our MyPesara outreach programmes, including Jelajah MyPesara and Karnival MyPesara. These efforts were further complemented by MyPesara Prihatin, which underscored our social responsibility by delivering critical disaster relief to impacted communities.

Meanwhile, now in its third year, the Anugerah MyPesara continues to celebrate the enduring legacy of public sector retirees who remain actively engaged and contribute meaningfully to society.

ACCELERATING SUSTAINABILITY PATHWAYS FOR A CLIMATE SMART MALAYSIA

2024 was a pivotal year where, KWAP advances our sustainability agenda, by intensifying our efforts to tackle pressing environmental and social challenges guided by the commitments outlined in our five Sustainability Pledges. As an institutional investor, we are committed to ‘walk the talk’ on sustainability. To reduce our environmental footprint through practical and measurable actions, we have subscribed to TNB’s Green Electricity Tariff (GET), enabling 84% of the electricity at our Kuala Lumpur office to be sourced from renewable energy.

Recognising the vital role of the younger generation in driving change and building on the fact that the majority of KWAP employees are youth, we also launched CYCLE (Circular Economy Young Leaders for Change). This youth-led initiative empowers our youth employees to champion circular economy practices within the organisation, fostering a culture of sustainability and inclusivity from the ground up.

On 6 August 2024, KWAP marked another key milestone with the successful hosting of its flagship event, KWAP Inspire 2024, themed “Advancing Circular Transformation for a

Climate-Smart Malaysia.” The conference brought together leading ESG and circular economy experts from across Asia and the Pacific including asset owners, asset managers, institutional investors, policymakers, academicians, and emerging sustainability professionals for an engaging exchange on topics such as net zero ambition, impact investing, Islamic finance, youth, and social security.

Post-conference, our collaboration with Malaysia Forest Fund (MFF) took centre stage, reinforcing KWAP’s support for the national carbon credit ecosystem through instruments such as Forest Conservation Certificate (FCC) and Forest Carbon Offset (FCO), as part of our broader commitment to environmental stewardship and nature-based climate solutions.

EXECUTING THE KWAP DIGITAL TRANSFORMATION ROADMAP

In our ongoing pursuit of operational excellence and enhanced stakeholder value, KWAP recognises the transformative power of digital technologies. In 2024, we made significant strides in bolstering our manufactured capital through the diligent execution of strategic digital transformation initiatives. Our comprehensive Digital Transformation Roadmap, firmly anchored by our overarching Digital Transformation Strategy, has served as an instrumental guide for all our digital endeavours, ensuring a cohesive and purposeful approach.

This well-defined roadmap is strategically built upon five key and interconnected pillars: Digital Governance and Services, Cyber Resilience, robust Technology Platforms, comprehensive Data Management, and agile Digital Business Systems. These fundamental pillars provide a robust and structured framework that underpins our journey towards achieving comprehensive digital excellence across the organisation.

Significant efforts undertaken across these strategic pillars in 2024 clearly demonstrate KWAP’s unwavering commitment to achieving operational excellence and fostering long-term value creation for all our stakeholders. These initiatives ranged from critical upgrades to our core IT systems, ensuring enhanced efficiency and reliability, to the crucial strengthening of our cybersecurity infrastructure, safeguarding sensitive data and maintaining operational integrity.

MESSAGE FROM THE CHIEF EXECUTIVE OFFICER (CONTINUED)

Furthermore, we have actively fostered a digital culture within the organisation, empowering our employees with the skills and mindset necessary to thrive in an increasingly digital landscape. The ongoing and future-oriented initiatives within this roadmap will strategically leverage technology to drive improvements in operational efficiency, enhance the security of our systems and data, and ultimately elevate the quality and accessibility of our service delivery, firmly positioning KWAP as a digitally advanced and resilient organisation.

COMPLETION OF TERAS 5

TERAS 5 has culminated in outstanding success, marked by the completion of 28 sub-workstreams that have fortified KWAP's organisational framework and secured approvals for critical governance frameworks, operational guidelines, and long-term enterprise strategies. These achievements have catalysed substantial growth and transformation across the organisation. By addressing foundational gaps in talent, processes, digital infrastructure, governance, and structural alignment, TERAS 5 has significantly enhanced KWAP's agility and strategic coherence, laying a robust foundation for sustainable innovation and growth.

This transformation has institutionalised governance and performance monitoring, optimised resource utilisation, and reinforced clarity, accountability, and decision-making effectiveness. As a result, KWAP is now working to incorporate operations with data-driven precision and future-ready systems, leveraging AI, analytics, and automation to enable faster, smarter decisions. These advancements have not only elevated the retirement experience for our members but also contributed meaningfully to long-term value creation.

NAVIGATING GLOBAL UNCERTAINTIES AND SHAPING A RESILIENT FUTURE

KWAP is committed to playing a pivotal role in shaping a more resilient, inclusive, and adaptable pension system for the future. As Malaysia's population landscape continues to evolve, the importance of a resilient and inclusive retirement system becomes increasingly clear. KWAP recognises that the needs and expectations of our pensioners are also changing—shaped by longer life expectancy, rapid digitalisation, and shifting socio-economic dynamics.

In response, we are exploring ways to expand the scope of our support beyond the traditional role of pension disbursement. This includes encouraging active ageing and economic participation through entrepreneurship opportunities in the silver economy, improving access to healthcare and well-being services, and strengthening digital literacy to ensure our retirees remain connected and empowered.

KWAP remains committed to working alongside key stakeholders to contribute meaningfully to Malaysia's long-term retirement landscape. Our focus is on ensuring that the system remains adaptive, future-ready, and anchored in financial sustainability, whilst also reflecting the dignity and aspirations of those it serves.

Looking forward, our investment strategy for 2025 will remain adaptive and grounded in rigorous analysis, building upon our successes to achieve sustainable long-term optimal risk-adjusted returns. We will continue to strategically explore opportunities in international and private markets for long-term growth and diversification.

APPRECIATION AND GRATITUDE

I extend my deepest appreciation to our Chairman of the Board, the Board and Investment Panel Members for their invaluable guidance and unwavering support throughout the year. I also wish to acknowledge the exceptional hard work, dedication, and commitment of the entire KWAP team. The collective efforts of the divisional leadership, teams and partners have been instrumental in achieving these remarkable results, and I am confident in our continued success.

With our capable team in place, we are well-positioned to adeptly navigate future challenges and opportunities to deliver strong, sustainable returns for the future. Our commitment to continuous improvement remains unwavering across all aspects of KWAP's operations and service delivery, as we strive for excellence in fulfilling our mandate.

Datuk Hajah Nik Amlizan Mohamed
Chief Executive Officer

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ABOUT KWAP

Vision

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

Mission

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

Values



LEADERSHIP

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



EXCELLENCE & ACHIEVEMENT

Achievement that is attained through excellence



TEAMWORK

Working together to provide efficient and effective outcomes for each stakeholder



STAKEHOLDER ORIENTATION

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



ACCOUNTABILITY

Taking responsibility for our actions



CONTINUOUS LEARNING & INNOVATION

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



INTEGRITY

An expected internal trait of strong morals and principles

Functions



Administration, management and investment of the Fund in equity, fixed income securities, money market instruments and other forms of investment as permitted under the Retirement Fund Act 2007 (Act 662)



Management of contributions from the Federal Administration, Statutory Bodies, Local Authorities and other agencies



Management and payment of pension

Establishment

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



Investment Philosophy and ESG Beliefs

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

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

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

KWAP WITHIN MALAYSIA'S PENSION SYSTEM

	Policy Setting	Member Contribution Collection	Investment Policy & Guidelines	Investment Management	Members Administration	Benefit Payments
	Set policy for pension or provident fund	Manage collection of individual members' contributions	Set investment policy and monitor performance	Execute investment management	Manage members' accounts	Manage financial administration and payment
PENSIONABLE CIVIL SERVICE	<p>Treasury</p> <ul style="list-style-type: none"> Financial impact calculation Approve EPU policies Develop and review policies <p>PSD</p> <ul style="list-style-type: none"> Develop and review policies 					
ARMED FORCES	<p>MINDEF</p> <p>Develop and review policies</p>	<p>LTAT</p> <ul style="list-style-type: none"> Collection of contribution from armed forces personnel and the Federal Administration Calculation of LTAT refund to KWAP Communication with active members Administration of members' account balance 		<p>Veterans Affairs (MINDEF)</p> <ul style="list-style-type: none"> Communicate with retirees Benefits calculation Disbursement of withdrawals Transfer of refunds to KWAP 		
PRIVATE SECTOR & NON-PENSIONABLE CIVIL SERVICE	<p>EPF</p> <p>Provide policy input</p>					

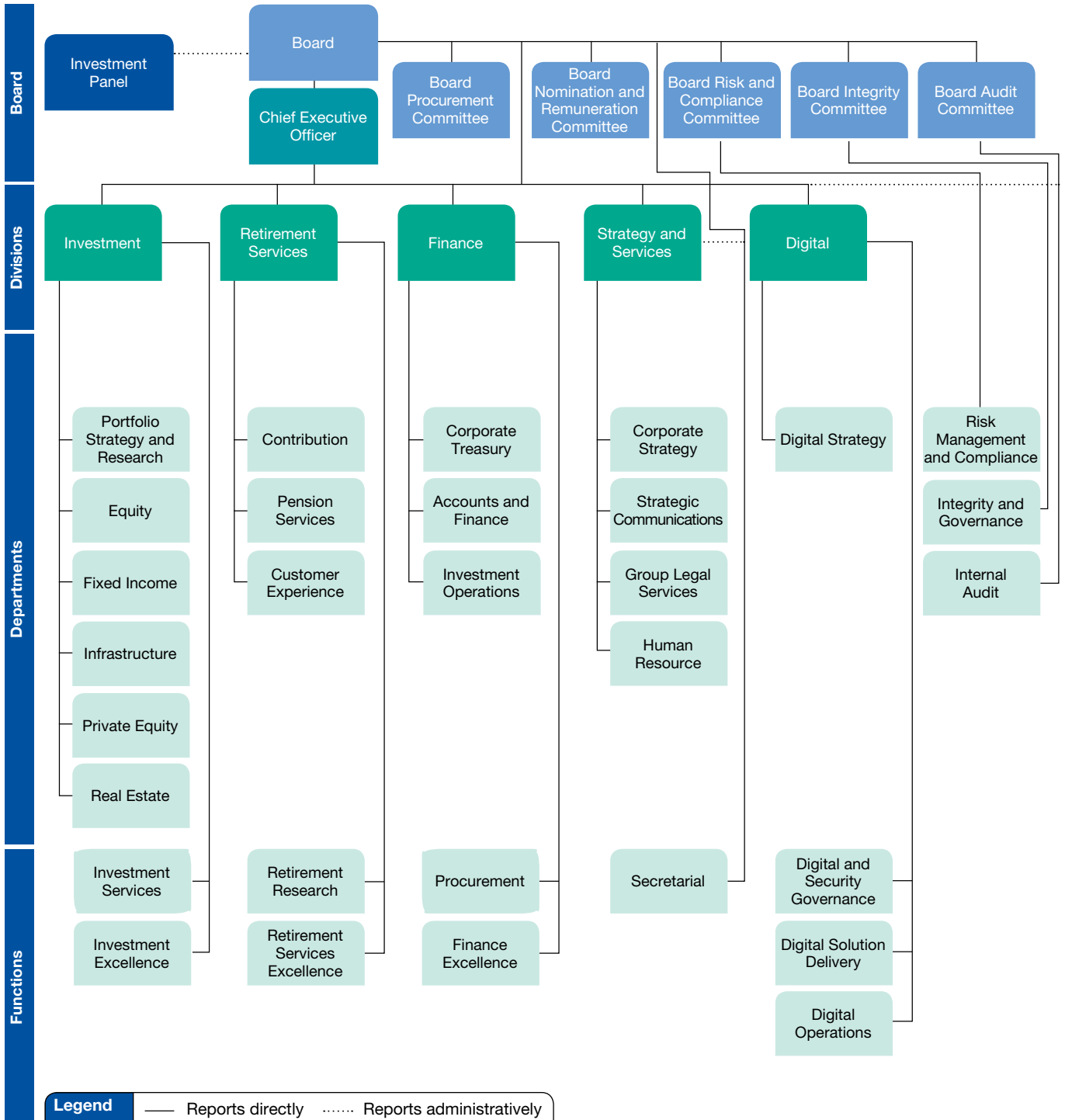
Legends:

Treasury: Treasury, Ministry of Finance
PSD: Public Services Department

MINDEF: Ministry of Defence
LTAT: Armed Forces Fund Board

EPF: Employees Provident Fund

ORGANISATION CHART



CORPORATE STRUCTURE



Property Investment

Malaysia



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

Australia



100.00% KWAP MIT 3
 100.00% KWAP MIT 4

Associate Company

10.00% LOGOS Australia Logistics
 Venture (LALV) Trusts

United Kingdom



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

Luxembourg



100.00% Prima Harta 3 (Lux) S.à r.l.



Property Development

Malaysia



100.00% KWEST Sdn Bhd

Associate/IV Companies

20.00% Compass IP Sdn Bhd
 20.00% Persada Mentari Sdn Bhd



Infrastructure and Services

Malaysia



Associate Companies

5.83% Aerodyne Ventures Sdn Bhd
 5.29% edotco Group Sdn Bhd
 7.47% Lapasar Sdn Bhd

Luxembourg



Associate Company

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



Education

Malaysia



Associate Company

19.50% Asia Pacific Education Group



Management Services

United Kingdom



100.00% Prima Ekuiti (UK) Limited



Trading and Services

Malaysia



Associate Company

4.90% Bateriku (M) Sdn Bhd

Notes:

- Detailed information of KWAP's Corporate Structure can be referred to Note 11 to 13 of the Audited Financial Statements.

OUR VALUE CREATION MODEL

The availability and quality of our inputs...



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

Financial Capital

FC

Our capital base, reinvested income and contributions from Federal Government, Government Share and contributing employers (Statutory Body, Local Authority and Agency)

- Allocation of Statutory Funds: **RM0.5 billion**
- Pension Contributions: **RM2.78 billion**
- Reserves and Surpluses: **RM18.01 billion**

Intellectual Capital

IC

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

- **20** public related activities or events including KWAP Financial announcement, launching of Dana Pemacu, KWAP Inspire Conference, and Karnival MyPesara
- **RM290,000** spent on the Research collaboration with MyAgeing UPM and JPA for the assessment on retirement readiness among the Pensioners
- Development of internal public-accessed reports and best practices

Manufactured Capital

MC

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

- **Capital Expenditure**
Digital Hardware: **RM2.80 million**
Digital Software: **RM4.79 million**
- **Operating Expenditure**
Digital Expenditure: **RM21.90 million**

Human Capital

HC

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

- A workforce of **753** KWAP employees.
- **RM3.9 million** spent on training and skills development
- Expanded Employer Branding by investing **RM11.03 million** on MySTEP Programme
- Extended Employee Engagement by investing **RM0.5 million** into Education Assistance Scheme Programme (EAS)
- Honoured with several prestigious awards from 4 different categories

Social & Relationship Capital

SRC

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

- **RM1.57 million** recovered in outstanding contributions
- Achieved a high satisfaction rate of **96%** through contributors' engagements
- **RM1.18 million** invested for FY2024 Jelajah MyPesara series
- Conducted over **10** CSR related initiatives including engagements with corporate associations

Natural Capital

NC

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

- Strengthened renewable energy portfolio with **RM236.2 million** investment
- Achieved **322 GWh** clean energy generation capacity through solar power from VSUK investment
- Reduced enterprise Scope 2 company-level offices emission by **84%** of Integra Tower office

enable us to execute our strategy...



by innovatively delivering sustainable benefits

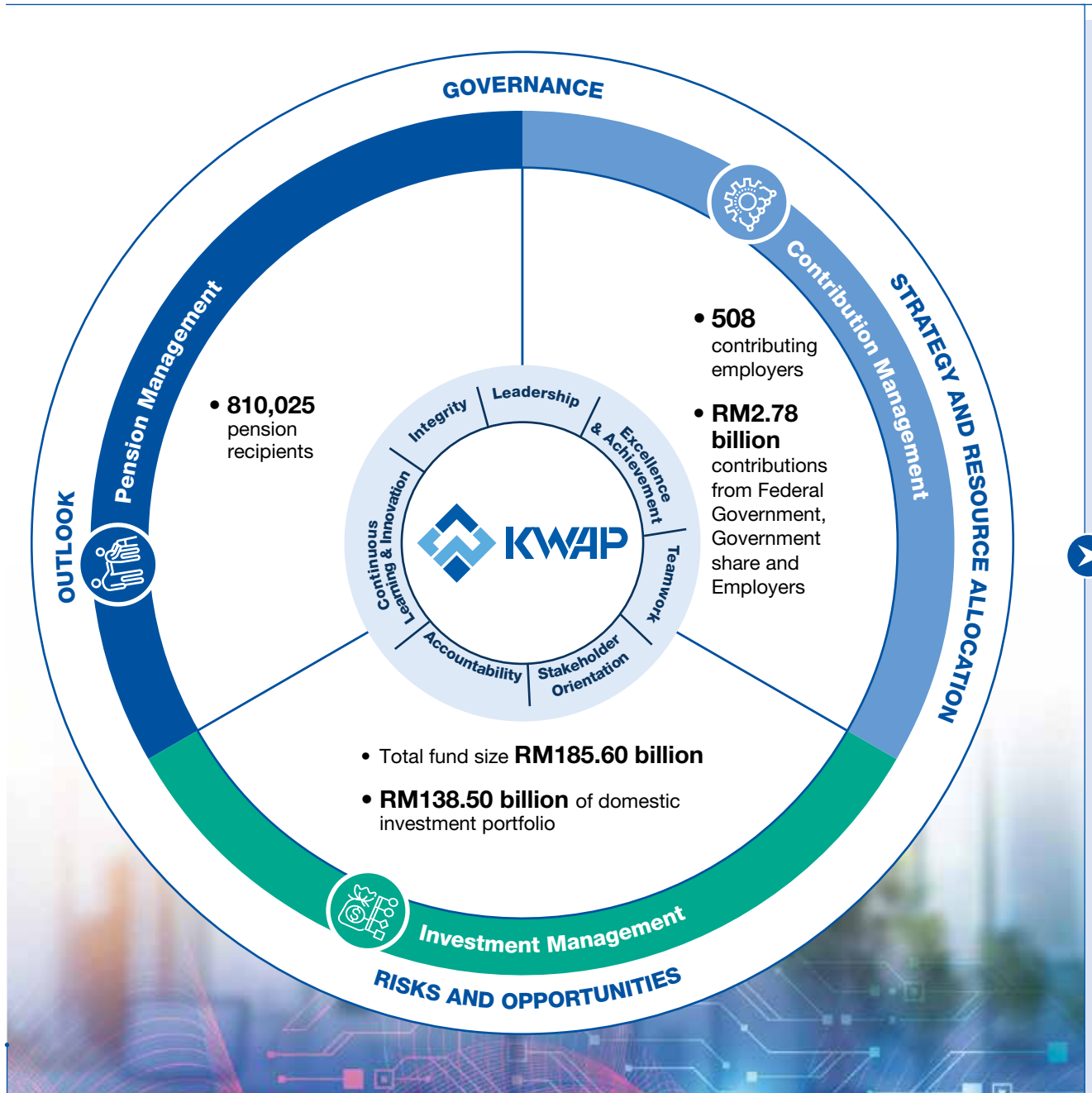


OUR VALUE CREATION MODEL (CONTINUED)

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



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



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



and values...

▶ for our stakeholders.

by innovatively delivering sustainable benefits

Financial Capital

- RM12.96 billion Net Income and RM18.01 billion Total Comprehensive Income recorded
- RM5 billion withdrawn to assist in funding of partial pension payments
- 12.0% annualised TWRR
- 5.9% annualised TWRR over 10-year rolling period

Intellectual Capital

- RM51.83 million of total exposure value from public related activities (PR value)
- Retirement Strategic Agenda Report was launched encapsulating four pillars, 12 strategies, and 78 strategic initiatives to promote retirement readiness and improve retirement experience
- Inaugural of KWAP FY2023 Integrated Annual Report and Sustainability Report
- ISSA Good Practices Award for Asia Pacific through MyPesara application reflects KWAP dedication to enhancing Pensioners' retirement journey and digital transformation

Manufactured Capital

- 100% business system availability
- Strengthened cybersecurity by introducing advanced measures, running threat simulations, and reducing the phishing risk from 2.2% in FY2023 to 1.9% in FY2024
- Onboarded users to Microsoft 365 Copilot and selected AI platforms through proof-of-concept projects

Human Capital

- Average learning days recorded at 13.6 days
- 1,003 Malaysian graduate trainees were placed under the MySTEP Programme
- Eight participants completed their programme under EAS
- Recipient of awards from HR Excellence Awards, Life at Work Awards, The BrandLaureate Brand of the Year Awards, and Malaysia's 100 Leading Graduate Employers Awards

Social & Relationship Capital

- Successfully recovered outstanding contributions through targeted engagement with 44 employers
- Engaged with 383 employers, covering nearly 80% of our contributors
- A total of 4,048 participants attended Jelajah MyPesara series in 18 locations across Peninsular and East Malaysia
- Managed several key CSR initiatives such as Karnival Kampung Santuni, Kasih KWAP series and MyPesara Prihatin

Natural Capital

- Committed RM236.2 million towards renewable energy investments, including a co-investment in Cyan Renewables, a maritime operator that provides support and services to the offshore wind industry
- Solar power generation through investment in VSUK with 365 MW capacity across 24 solar PV sites, equivalent to powering approximately 111,000 households annually
- Improved enterprise Scope 2 company-level offices emission by transitioning 84% of Integra Tower Office's energy consumption to renewable energy source under TNB's Green Electricity Tariff (GET) Programme

	+ Value Created	Shield Value Preserved			
	+	Shield	Shield	+	Shield
	+	+	+	Shield	+
	Shield	Shield	Shield	Shield	+
	+	Shield	Shield	Shield	+
	+	+	+	Shield	Shield
	+	Shield	Shield	+	Shield

03

STRATEGIC VALUE CREATION

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OUR STRATEGY

KWAP's Vision, Mission and Values



STRATEGIC OBJECTIVES 2020 - 2025

- i. Sole pension manager for public sector
- ii. Leading retirement partner that seeks to enrich members' retirement experience
- iii. Grow asset sustainably



FY2024 STRATEGIC FOCUS

01

Leading Digital Transformation Journey

02

Inculcating purpose-driven culture among employees

03

Investment diversification for growth-oriented assets and optimum returns

04

Driving the delivery of KWAP Sustainability Agenda

05

Strengthening brand equity through nation building initiatives



FY2024 ENABLERS

TERAS 5 ENABLERS FOR FUTURE READY ORGANISATION



Structure

Value-chain based organisational structure



Process

Improvement and simplification of end-to-end business process



Digital

Driving towards digital excellence



Governance

Strengthen group governance and oversight of subsidiaries framework with effective compliance



People

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

OUR STRATEGY (CONTINUED)

OUR STRATEGY

As we are approaching the end of wave 3 (2020-2025) of our transformation journey, collectively known as Vision 2025, we had managed to achieve a completion of all eight workstreams and 28 sub-workstreams as part of the TERAS 5 Programme, well ahead of its planned schedule. This progress lays a solid foundation for KWAP to pursue crucial strategies in achieving Vision 2025. For each of the five key focus areas mentioned earlier, we have implemented the following strategic initiatives:

Implementation of Digital Transformation		
Related Capital MC	2024 Strategic Focus 01	<ul style="list-style-type: none"> Establishment of Data Governance & Data Quality capabilities including developing Citizen Developer and Data Analytics Capabilities Exploration of Artificial Intelligence (AI) via partnership with innovation lab/ universities to support nation building i.e. Universiti Malaysia Kelantan Conducted Innovation Hackathon which aims to cultivate an innovative mindset within KWAP, and Roadshow. Enhancement towards Cyber Security by introducing internal capabilities of cyber resilience team such as Red Team which is a controlled engagement where experienced cybersecurity experts tested the resilience of KWAP’s systems and internal controls as part of exercise simulation.
Culture cultivation among KWAP employees		
Related Capital HC	2024 Strategic Focus 02	<ul style="list-style-type: none"> Development of the first KWAP Culture Framework Introduction of new employee engagement benchmark index Socialisation of KWAP’s identified culture pillars via Culture Champion Organised several culture related awareness programs i.e. KWAP Circular Month 2024 (KCM24), Risk Week, Integrity and Governance awareness program
Continuous Investment Diversification efforts for the Growth Assets		
Related Capital FC	2024 Strategic Focus 03	<ul style="list-style-type: none"> Development of Malaysia-focused fund (Private Equity, Infrastructure and Real Estate) including Shariah exploration i.e. Dana Pemacu
Fulfilling 5 Sustainability Pledges		
Related Capital NC	2024 Strategic Focus 04	<ul style="list-style-type: none"> Development of KWAP’s Portfolio Decarbonisation Strategy Development of buildings’ Energy Efficiency Programme and/or procure renewable energy through Renewable Energy Certificates (RECs) Sustainability capability building for employees including Board and Investment Panel Members Inaugural launch of the Sustainability Report which includes unveiling of KWAP’s 5 Sustainability Pledges Commencement of One Million Tree Planting 10-Year Programme by focusing on planting and restore firefly habitats at Pusat Konservasi Kelip-Kelip Sungai Panjang, Selangor

Nation Building Initiatives via Investment, People Development and Retirement Ecosystem Agenda

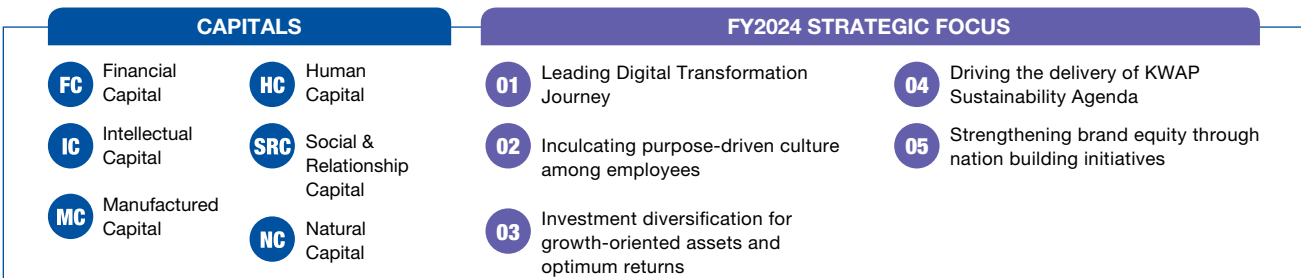
Related Capital SRC	2024 Strategic Focus 03 05	<ul style="list-style-type: none"> Support Malaysia’s venture and startup ecosystem through the deployment of Dana Perintis Drives knowledge transfer through developing local talents and creating job placements through the MySTEP Programme
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Outreach and Thought Leadership Initiatives

Related Capital SRC IC	2024 Strategic Focus 05	<p>Execute a structured media programme for 2024 via a series of major engagement events, physically and virtually, to targeted stakeholders to enhance KWAP’s brand value and increase influence via:</p> <ul style="list-style-type: none"> 18 nation-wide engagement plans under second edition of Jelajah MyPesara and Karnival MyPesara KWAP Inspire Conference 2024 <p>Establish the Thought Leader Framework to outline the methodologies and approach for Thought Leader content creation</p> <ul style="list-style-type: none"> Release of Thought Leader publications in collaboration with domestic or global institutions within the pension, ageing and/or social security industry i.e. Retirement Strategic Agenda Report
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TERAS 5 Enablers @ Future Ready Organisation Related Initiatives

Related Capital MC	2024 Strategic Focus 01 05	<ul style="list-style-type: none"> All eight workstreams and 28 sub-workstreams were completed as part of the TERAS 5 Programme Seven core systems replacement initiatives are on-track covering various areas such as pension, investment, contribution and administrative solutions
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OUR STAKEHOLDERS

Government of Malaysia

S1



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

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

Area of concern/interest:

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

Method of Engagement:

- Dialogues
- Meetings

Contributors

S2



Contributes to the Fund based on pre-determined rates pursuant to the Statutory and Local Authorities Pension Act 1980 (Act 239).

Area of concern/interest:

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

Method of Engagement:

- Website and social media
- Surveys
- Forums
- Visits

Pension Community

S3



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

Area of concern/interest:

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

Method of Engagement:

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

Investment Community**S4**

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

Area of concern/interest:

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

Method of Engagement:

- Meetings
- Dialogues and conferences
- Working groups

Local Community**S5**

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

Area of concern/interest:

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

Method of Engagement:

- Published reports
- Website and social media
- Engagement programme through Corporate Social Responsibility (CSR)

Employees**S6**

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

Area of concern/interest:

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

Method of Engagement:

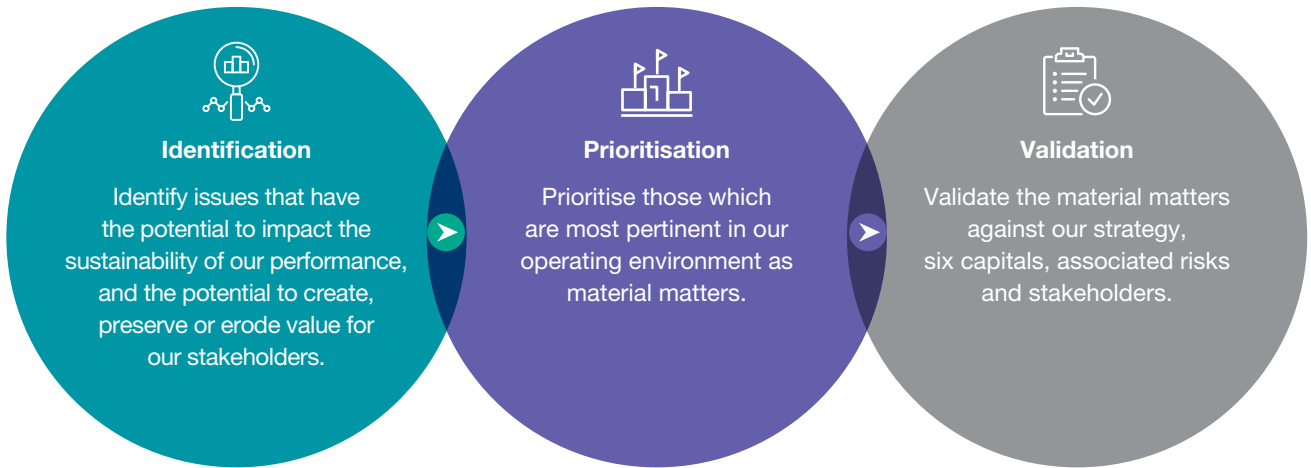
- Employees engagement programme
- Corporate activities and trainings
- Quarterly townhall

OUR OPERATING ENVIRONMENT

MATERIAL MATTERS


Materiality assessment is a critical component of our corporate strategy at KWAP. It serves as a compass, helping us navigate the complex landscape of sustainability by identifying the most significant issues that impact our organisation and our stakeholders. This strategic tool guides our decision-making, shapes our objectives, and ensures our actions create meaningful impact. As a result, we identified the following material matters as those that represent KWAP’s most significant impact on economy, environment and society during the reporting year. Our Board and Senior Management continuously deliberate on these material matters during their meetings as part of KWAP’s strategy process before approving them as part of the annual business planning process.

MATERIALITY ASSESSMENT PROCESS



IDENTIFIED MATERIAL MATTERS

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

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

M2



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

Related Capitals

IC MC SRC

Stakeholders

S1 S2 S3

Corporate Governance

M3



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

Related Capitals

**FC IC MC
HC SRC NC**

Stakeholders

**S1 S2 S3
S4 S5 S6**

Future-Ready Operating Model

M4



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

Related Capitals

IC MC HC

Stakeholders

**S1 S2 S3
S6**

Sustainability Pledges

M5



Commitment to delivering KWAP's five Sustainability Pledges that encompassing social advocacy, collective partnerships, net zero targets, transition asset investments, and enhanced governance frameworks.

Related Capitals

**FC HC SRC
NC**

Stakeholders

**S1 S3 S4
S5 S6**

CAPITALS

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

STAKEHOLDERS

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

OUR OPERATING ENVIRONMENT (CONTINUED)

Industry Presence M6 

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

Related Capitals
IC HC SRC


Stakeholders
S1 S2 S3
S4

People Development and Well-Being M7 

Continuous commitment in supporting nation building via human capital development for communities such as pensioners and young Malaysian citizens. Equipping our employees with fit-for-purpose capabilities to become a future-ready organisation as well as attracting and retaining the best talent. Commitment in continued engagements and CSR initiatives as well as providing a healthy work-life balance and support to employees.

Related Capitals
HC SRC


Stakeholders
S1 S3 S4
S5 S6

Anti-Bribery and Corruption M8 

Commitment and manifestation of the anti-bribery and corruption stance.

Related Capitals
FC HC

Stakeholders
S1 S5 S6

Cyber security and Data Privacy M9 

Commitment in combating any cyber security breaches from external threats.

Related Capitals
MC

Stakeholders
S1 S2 S3

CAPITALS			STAKEHOLDERS		
FC Financial Capital	MC Manufactured Capital	SRC Social & Relationship Capital	S1 Government of Malaysia	S3 Pension Community	S5 Local Community
IC Intellectual Capital	HC Human Capital	NC Natural Capital	S2 Contributors	S4 Investment Community	S6 Employees

PRINCIPAL RISKS

Macro-Economic and Geopolitical Risks

R1


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

Risk Category: Emerging Risk

Our response:

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

Investment Risk

R2


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

Risk Category: Traditional Risk

Our response:

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

PRINCIPAL RISKS (CONTINUED)

Operational Risk

R3



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

Risk Category: Traditional Risk

Our response:

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

Business Continuity Risk

R4



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

Risk Category: Traditional Risk

Our response:

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

Sustainability Risk

R5


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

Risk Category: Emerging Risk

Our response:

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

Climate Risk

R6


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

Risk Category: Emerging Risk

Our response:

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

PRINCIPAL RISKS (CONTINUED)

Cyber Security Risk

R7



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

Risk Category: Emerging Risk

Our response:

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

Compliance Risk

R8



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

Risk Category: Traditional Risk

Our response:

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

Reputational Risk

R9


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

Risk Category: Traditional Risk

Our response:

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

04

SUSTAINABILITY STATEMENT

Our Sustainability Strategy

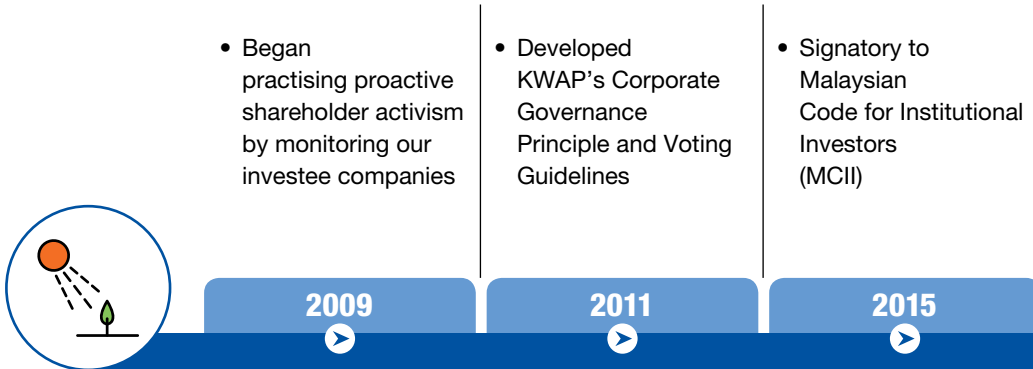
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OUR SUSTAINABILITY STRATEGY

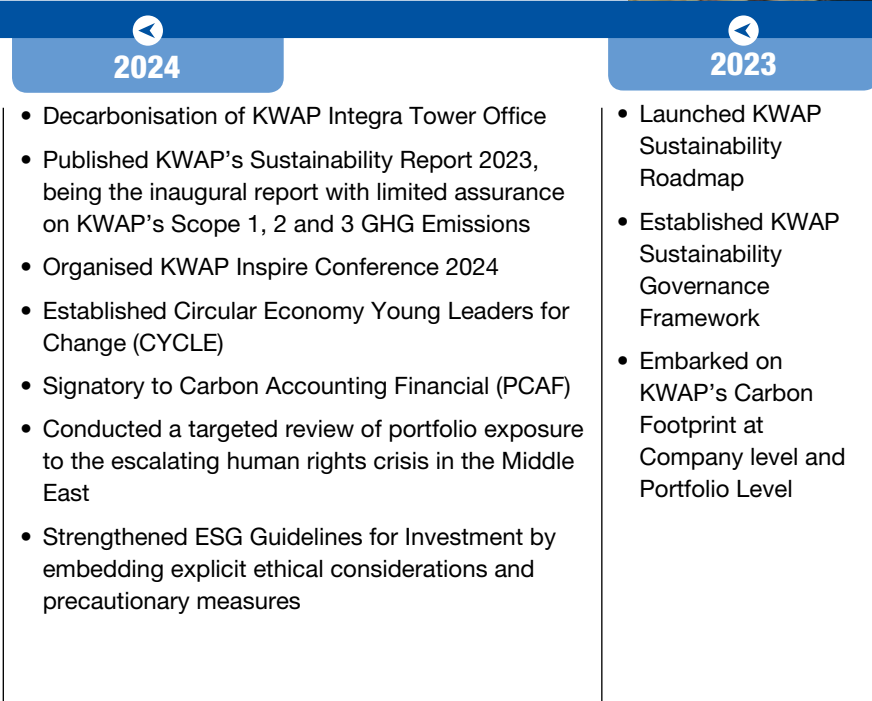
At KWAP, in commitment to a sustainable future, we have outlined five Sustainability Pledges that represent a holistic and responsible approach to sustainability, addressing not only environmental concerns but also social and governance aspects to position KWAP as the thought leader in sustainable practices.



OUR SUSTAINABILITY STRATEGY (CONTINUED)



OUR SUSTAINABILITY JOURNEY TO DATE



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

2016



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

2017



- 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

2018



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 Greenhouse 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

OUR SUSTAINABILITY STRATEGY (CONTINUED)

PLEDGE 1

ADVOCATE OF SOCIAL AGENDA



Focus Area

1) Diversity, Equity, and Inclusion (DEI)

We champion DEI to create a better workplace and positively impact communities. We have a zero-tolerance policy for discrimination and foster an environment where employees can express their opinions without fear.

Our recently launched KWAP Cultural Framework outlines the three culture pillars – Purpose, Trust, and Camaraderie that ensures we remain dynamic and fulfilled at KWAP.

2) Sustainability Capacity Building

We continue raising sustainability awareness through comprehensive capacity building programmes. Our training and learning initiatives enhance employees' knowledge in key sustainability areas including responsible investment, circular economy, and GHG Protocol.

Key Metric

Workplace Gender Equality

Our commitment to gender equality is reflected in the following:

- 52% of our workforce are female.
- 40% of C-Suite positions are held by women, that achieved our goal to empower women leadership in our 2023 target for Senior Management.
- 27 participants currently pursuing studies under KWAP's Education Assistance Scheme (EAS).
- Continued the Upskill Programme to cohort 3 (KWAP Upskill Programme 3.0) with 12 participants.

Building Internal Capacity Through ESG and Circular Economy Training

We made ESG and circular economy training mandatory for all employees, forming the foundation of our capacity-building initiatives, with key activities outlined below:

- Six knowledge-sharing sessions on circular economy were conducted throughout the year, including during the month-long KWAP Circular Month 2024 (KCM24).
- A five-module online training series titled “ESG Unplugged Journey” was made mandatory for all employees.
- 17 ESG specialists achieved full certification in Responsible Investment in Practice from the PRI Academy, with a 100% passing rate.
- KWAP recorded an average of 13.6 training hours per employee, covering:
 - i. Two sustainability-focused sessions tailored for the Board, Investment Panel Members, and Senior Management.
 - ii. Training for employees across departments.

PLEDGE 1

ADVOCATE OF SOCIAL AGENDA



Focus Area

3) Sustainability Culture

We promote sustainability not just in theory but as an inclusive organisational culture, making it practicable for employees in their everyday lives. Initiatives like the #FueltheFuture Used Cooking Oil (UCO) Collection Campaigns in collaboration with PETRONAS Dagangan Berhad was carried out to demonstrate our commitment to inculcate sustainability culture.

In addition, at KWAP Karnival MyPesara 2024 in Johor Bahru which had attracted more than 20,000 participants, two circular economy campaigns were deployed to manage food waste and UCO collection with 2 partners from FOLO Farm and FatHopes.

Key Metric

Harnessing Youth Potential for a Circular Future

- We launched the KWAP Circular Economy Young Leaders for Change (CYCLE), a youth-driven movement driving circular economy practices, alongside KCM24, our inaugural circularity campaign, with over 50 young employees already onboard.

Community Empowerment

- A total of 742 kg of UCO, collected from three Fuel the Future campaigns of different locations with diversified stakeholders involving KWAP employees, pensioners and local communities surrounding the campaign venue.
- 79 kg of food waste was successfully diverted from landfill to be composted as fertiliser benefited local community farms in Johor.
- 17 KWAP Food Warriors in collaboration with What-a-Waste to redistributed 269 kg of surplus food from the KWAP Inspire Conference 2024, benefiting 287 underprivileged individuals.



Used Cooking Oil (UCO) collection drive joined by pensioners at KWAP Cyberjaya during KWAP Circular Month 2024



KWAP's Food Warriors comprising KWAP CYCLE volunteers redistributed surplus food during KWAP Inspire Conference 2024, in partnership with What-a-Waste (WaW)

OUR SUSTAINABILITY STRATEGY (CONTINUED)

PLEDGE 2 **EMPOWER PARTNERSHIPS FOR COLLECTIVE ACTION**



Focus Area

1) Stewardship Engagement

As a signatory to the MCII and PRI, we promote effective stewardship by actively engaging investee companies through clear policies, proactive monitoring, direct and collaborative ESG integration, to optimise risk-return, uphold fiduciary duties, and foster sustainable business practices.

2) Supply Chain Management

We ensure responsible sourcing that respects human rights and promotes environmental responsibility. In line with our efforts to positively influence suppliers towards more sustainable practices, we create opportunities for local businesses in markets where we operate.

Our procurement strategy prioritises local sourcing to contribute to community economic development whilst maintaining high sustainability standards.

Key Metric

ESG Engagements

- Conducted 10 ESG Engagements with selected KWAP’s investee companies based on our ESG watchlist, focusing on ESG progress, carbon footprint, controversies, opportunities in the ESG investment space and other ESG-related matters.

Collaborative Engagements

- Held collaborative engagements with 13 companies, including investee companies, industry peers and players, and ESG experts to exchange insights on latest financial performance and ESG progress.

Analyst Engagements

- KWAP conducted 672 engagements comprising 452 domestic and 220 international, including analyst briefings, internal meeting and reviews of investee companies’ ESG practices, where applicable.

- During the reporting year, a total of over RM157.5 million was spent on the procurement of products and services, of which RM115.2 million (73%), was sourced from 499 local suppliers. These local suppliers constituted 89% of our total supplier base.



Women of Will produced upcycled merchandise from used hotel linens and recycled glass jars filled with locally sourced spices for the KWAP Inspire Conference 2024, empowering single mothers from PPR Lembah Subang

PLEDGE 2

EMPOWER PARTNERSHIPS FOR COLLECTIVE ACTION



Focus Area

3) Strategic Partnership

We establish strategic partnerships to develop nature-based solutions and forest carbon offset mechanisms that advance our net-zero commitments.

Through these collaborations, we leverage collective expertise to address complex sustainability challenges and accelerate progress toward our environmental goals.

Key Metric

- Exploring collaborative initiatives with Malaysian Forest Fund (MFF) on Forest Conservation Certificate (FCC) and Forest Carbon Offset (FCO).
- KWAP received exclusive invitation to participate in the Guidelines Technical Working Group (TWG) sessions and to provide insights in our role as a responsible institutional investor.
- This partnership will also explore additional strategies to support the nation’s net zero target, to be formalised through a Memorandum of Understanding.

PLEDGE 3

NET ZERO PORTFOLIO BY 2050



Focus Area

1) Net Zero Strategy Development

We have anchored our Net Zero ambition to Malaysia’s broader national priorities, particularly the national aspiration to achieve net zero emissions by 2050. Our strategy emphasises investing in transition assets and developing a structured decarbonisation pathway, aligned with key government initiatives such as the National Energy Transition Roadmap (NETR) and the GEAR-uP initiative. Concurrently, we remain committed to upholding global standards and aligning our efforts with the Paris Agreement goal of limiting global warming to 1.5°C.

Key Metric

- 84% of KWAP’s KL Office electricity consumption in FY2024 was sourced from renewable energy via TNB’s Green Electricity Tariff subscription, improving the enterprise Scope 2 company-level offices emission.
- As a signatory to Partnership for Carbon Accounting Financials (PCAF), we aligned the standard to establish financed emissions baseline across key asset classes, enabling consistent emissions accounting, high-emitting sector identification, and emissions data integration into investment processes for future decarbonisation efforts.

OUR SUSTAINABILITY STRATEGY (CONTINUED)

PLEDGE 4 INCREASE INVESTMENT IN TRANSITION ASSETS TO RM20 BILLION BY 2030



Focus Area

1) Strategic Capital Allocation

We allocate an increasing portion of our fund to transition assets, focusing on initiatives that support the transition towards a sustainable, low-carbon economy and enhance environmental resilience.

This includes investments in green technology, sustainable industries, and green-certified properties, aligning with our vision for a greener future whilst maintaining strong returns for our stakeholders.

2) Energy Transition

Energy transition is a key focus within our innovative investment strategy, as one of our eight thematic investment areas, where we identify opportunities in projects that support and benefit from the global shift toward sustainability.

Through Dana Perintis, we adopt a structured approach to investing in transformative sectors with positive environmental and social impact, whilst actively engaging with investee companies to ensure climate integration, decarbonisation, and net-zero transition plans aligned with our Pledge 3 and Pledge 4 commitments.

Key Metric

- The ESG portfolio constitutes 7.8% of KWAP’s total investments, reflecting our commitment to sustainable investing.
- 14 of 22 properties are green certified, with additional four currently perusing for certification.
- Obtained Building Energy Intensity (BEI) Label for two buildings, endorsed by the Energy Commissioner under the Ministry of Energy Transition and Water Transformation.
- Obtained GreenRE Platinum Provisional Certifications under the Residential category for Fera Courtyard Terraces, Senna Semi-Detached Homes, Maris (formerly Plot D), and The Lume through the real estate development subsidiary, KWEST.
- We strengthened our renewable energy commitment with an investment of RM236.2 million.
- Under the 2024 ESG Watchlist, we engaged with high-emitting portfolio companies to assess their transition plans, including progress on low-carbon strategies, emission targets, and sustainability initiatives.
- Developed KWAP’s High-Level Investment Strategy for the Energy Transition Initiative, focusing on commercially viable opportunities in both transition and green assets, aligned with our investment verticals and national priorities.

PLEDGE 5

ENHANCE SUSTAINABILITY GOVERNANCE



Focus Area

1) Collective Actions and Forging Partnerships

We actively engage in collaborative engagement to foster shareholder activism and impactful investment strategies, through the Institutional for Investors Council (IIC) Malaysia.

This high-level engagement ensures sustainability considerations are integrated into strategic decision-making and corporate governance processes.

2) Active Ownership and Shareholder Activism

KWAP integrates ESG factors into investment decisions, focusing on long-term value creation through active ownership, due diligence, and engagement with investee companies to enhance sustainability and mitigate risks throughout the investment life cycle.

Key Metric

Active Stewardship via Institutional Investors Council (IIC)

- Participated in 35 IIC activities, including trainings, programmes, and engagements with investee companies, shareholders, and regulators.
- Active member of a Proxy Voting Working Group to develop a proxy voting mechanism for IIC members; a transparent platform designed to consolidate voting data and tabulate resolutions across Malaysian PLCs, enhancing coordination and transparency among members.
- Featured as a panellist at the IIC Corporate Governance Conference themed “Countdown to 2030: Investing Towards Sustainable Development in Malaysia.”

Policy Advocacy Through Collective Action

- Participated in key working groups:
 - i. Joint Committee on Climate Change (JC3) Subcommittee 5 – Bridging Data Gaps
 - ii. PRI Circular Economy Working Group
- Participated in four roundtable discussions to strengthen our capacity to drive sustainability change, with:
 - iii. Asia Investor Group on Climate Change (AIGCC); and
 - iv. Global Impact Investing Network (GIIN).
- Actively participated in nine speaking engagements, both locally and internationally, advancing the ESG agenda.

- Voting at Annual General Meetings/Extraordinary General Meetings (AGM/EGM):
 - i. Submitted a total of 906 companies' AGM/EGM resolutions for 2024, exercising voting rights per KWAP's Voting Guidelines.
 - ii. Published AGM/EGM voting decisions on KWAP's website since June 2024.

OUR SUSTAINABILITY STRATEGY (CONTINUED)



PLEDGE 5

ENHANCE SUSTAINABILITY GOVERNANCE

Focus Area

3) Sustainability Governance, Compliance and Ethics

We strengthened sustainability governance by equipping the Board and Investment Panel with robust ethical frameworks and oversight tools. The Board actively oversees initiatives, focusing on improved carbon disclosure. We also formed KWAP’s first cross-departmental Sustainability Working Group (SWG) to enhance organisation-wide alignment.

4) Sustainability related Guidelines

We have strengthened our sustainability framework by updating core guidelines to integrate ESG considerations into all investment decisions and operations.

Key Metric

- Continued implementing KWAP’s 2023–2025 Sustainability Roadmap, with a focus on strengthening future carbon emissions disclosures.
- The Board approved KWAP’s Sustainability Report 2023, Sustainability Risk Framework and Sustainability Risk Policy.
- Quarterly updates to Board on corporate ESG and ESG investment related initiatives.
- Established KWAP’s first SWG, which provides updates on key matters, including:
 - i. Science based Target (SBTi).
 - ii. Introduction on Global Real Estate Sustainability Benchmark (GRESB).
 - iii. Capital Market Malaysia (CM₂) on Simplified ESG Disclosure Guide (SEDG).
 - iv. ESG Guidelines for Investment.
 - v. KWAP’s exposure on Israel-Palestine conflict from the lens of ESG.
- Reviewed and consolidated all existing stand-alone investment-related ESG guidelines (i.e., KWAP ESG Guidelines for Investment, ESG for Fixed Income Investments, and ESG for Private Equity Investments) into a single unified KWAP ESG Guidelines for Investment.
- Enhanced our framework through:
 - i. Clear articulation of KWAP’s ESG priorities and material factors.
 - ii. Incorporation of ESG guidelines for Real Estate Investments.
 - iii. Introduction of ethical considerations in investment decision-making.
 - iv. Implementation of precautionary measures to safeguard KWAP’s institutional reputation.
- Conducted knowledge-sharing sessions with 107 employees across divisions, reinforcing ESG culture and integration in investment processes.
- Enhanced internal ESG due diligence for Private Markets investments to align with best practices, ensuring robust evaluation of ESG factors, later expanded the framework to include Private Credit investments.
- Enhanced KWAP ESG Guidelines for Investment to provide structured guidance on ESG integration across all investment processes and operational activities.

PLEDGE 5

ENHANCE SUSTAINABILITY GOVERNANCE



Focus Area

5) ESG Scoring Enhancement

We continuously refine our ESG assessment methodologies to integrate climate and sustainability metrics into investment decisions, focusing on sector-specific material topics and aligning with evolving reporting standards. By enhancing consistency, comparability, and forward-looking insights, we ensure our portfolio aligns with global sustainability standards whilst capturing emerging risks and opportunities.

Key Metric

- Revised the ESG scoring methodology to incorporate new parameters that enhance comparability, ensure forward-looking commitments, and address sector-specific nuances.
- Aligned assessment with industry development whilst maintaining flexibility for sector-specific considerations.
- Reviewed 118 stocks under KWAP Domestic Stock Universe.
- Incorporated ESG ratings into financial analysis, stock recommendations, and portfolio monitoring. We engage actively with investee companies to promote measurable improvements in their ESG performance and disclosures.

05








OUR VALUE CREATION CAPITALS

Financial Capital	53
Intellectual Capital	62
Manufactured Capital	65
Human Capital	69
Social and Relationship Capital	80
Natural Capital	97

FINANCIAL CAPITAL

5-YEAR PERFORMANCE HIGHLIGHTS

FINANCIAL PERFORMANCE ¹	2020	2021	2022	2023	2024
Fund Size (RM billion)	153.82	159.03	158.10	169.82	185.60
INCOME AND EXPENSES					
Gross Investment Income (RM billion)	6.81	6.33	7.01	6.75	7.75
Operating Expenditure (RM million)	277.13	329.59	336.15	364.03	454.54
Net Income (RM billion)	8.87	9.99	0.26	9.65	12.96
Total Comprehensive Income (RM billion)	8.40	7.28	(0.57)	12.03	18.01
FINANCIAL RATIOS					
Accounting Rate of Return (ARR) (%)	5.88	6.39	0.17	5.88	7.07
Operating Expenditure to Gross Income (%)	4.07	5.21	4.80	5.39	5.87
Operating Expenditure to Average Fund (%)	0.18	0.21	0.21	0.22	0.25
INVESTMENT RETURNS					
Annualised Time-Weighted Rate of Return (%)	6.74	5.94	1.12	8.22	12.02
Annualised Time-Weighted Rate of Return, over a 10-Year Rolling Period (%)	6.05	5.99	5.26	5.13	5.88
CONTRIBUTION AND WITHDRAWAL					
Pension Contribution (RM billion)	2.46	2.45	2.13	2.19	2.26
Federal Contribution (RM billion)	0.50	0.50	0.50	0.50	0.50
Withdrawal by the Federal Government (RM billion)	5.00	5.00	3.00	3.00	5.00
MANAGEMENT OF FUND					
Internally-Managed (%)	88.27	89.39	89.79	89.55	88.51
Externally-Managed (%)	11.73	10.61	10.21	10.45	11.49
Number of Contributing Employers	486	485	487	489	508
Number of Employees of the Contributing Employers	178,797	178,385	176,913	177,716	179,404
Number of KWAP Employees	620	617	684	723	753
Gross Income Per Employee (RM million)	10.98	10.26	10.25	9.34	10.29

Net Income RM12.96 billion (2023: RM9.65 billion)		Total Comprehensive Income RM18.01 billion (2023: RM12.03 billion)		Operating Expenditure RM0.45 billion (2023: RM0.36 billion)	
Total Assets RM186.52 billion (2023: RM170.23 billion)		Fund Size RM185.60 billion (2023: RM169.82 billion)		Accounting Rate of Return 7.07% (2023: 5.88%)	
				Operating Expenditure/Average Fund Size 0.25% (2023: 0.22%)	

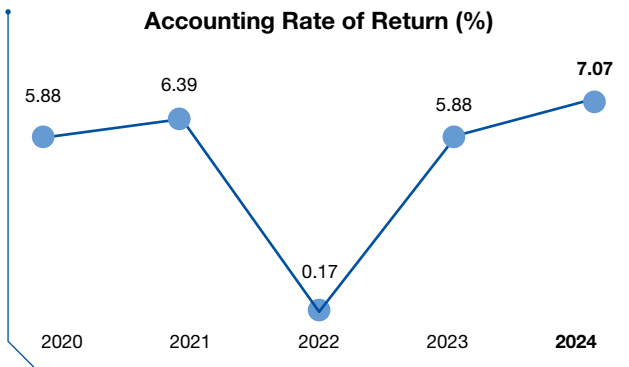
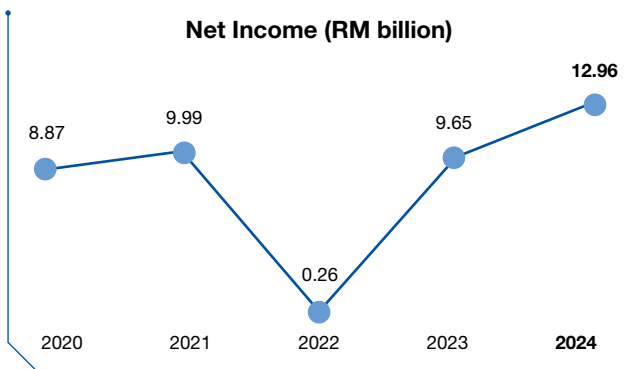
¹ Figures are based on KWAP-level performance.

FINANCIAL CAPITAL (CONTINUED)

AT A GLANCE

As at 31 December 2024, KWAP’s fund size increased to RM185.60 billion, reflecting a 9.3% growth from RM169.82 billion on 31 December 2023, driven by strong performance throughout the year.

For 2024, KWAP achieved its highest Net Income of RM12.96 billion, an increased from RM9.65 billion, and the highest Total Comprehensive Income of RM18.01 billion, compared to RM12.03 billion in 2023. The higher Net Income translated to an Accounting Rate of Return (ARR) of 7.07%, compared to 5.88% in 2023.



These improvements were primarily due to the robust performance of both the equity and fixed income portfolios, which resulted in the higher net unrealised gains for financial assets classified as Fair Value Through Profit Or Loss (FVTPL) and Fair Value Through Other Comprehensive Income (FVOCI) portfolio.

KWAP’s FVTPL portfolio recorded an unrealised gain of RM4.72 billion from the domestic market and RM2.58 billion from the international market, in line with the double-digit return of both markets’ year-on-year. KWAP’s FVOCI portfolio, on the other hand, recorded an unrealised gain of RM4.83 billion, a reflection of growth in the domestic market.

In accordance with the Retirement Fund Act 2007 (Act 662), RM5.0 billion was withdrawn from the Fund by the Federal Government during the year, whilst the remaining funds were reinvested for future value creation.

GROSS INVESTMENT INCOME

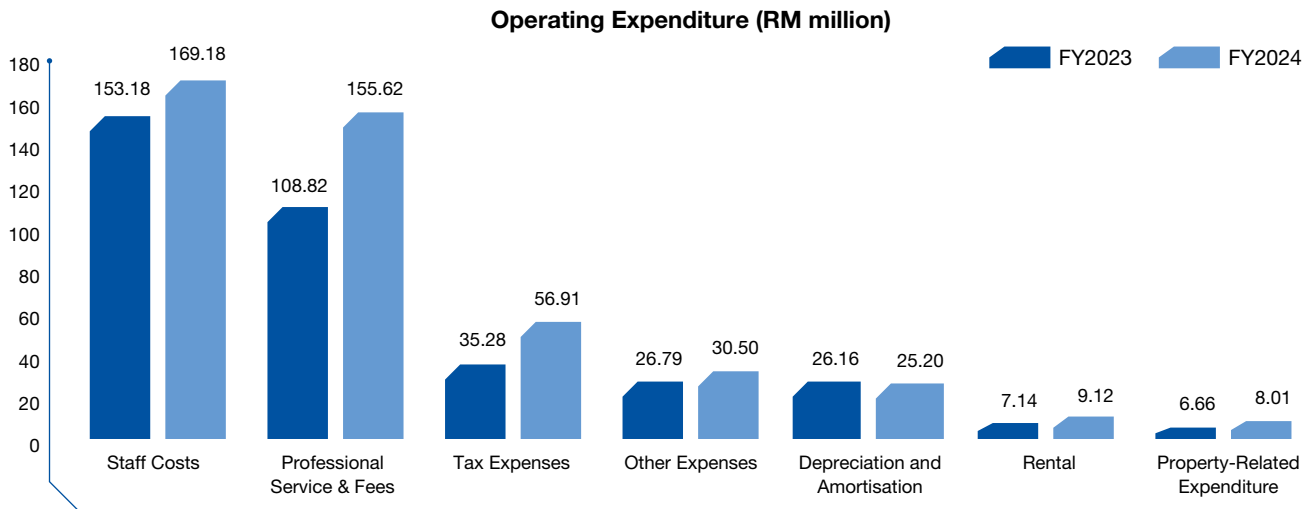
KWAP recorded a Gross Investment Income (GII) of RM7.75 billion, 14.8% higher than RM6.75 billion in 2023, reflecting the higher net gains from the divestment of international equity shares.

Equity investments contributed 51.3% of the GII, followed by fixed income investments of 35.0%, and private equity and real estate investments contributed the remaining 13.7%.

A total of RM5.79 billion, or 74.8% of the GII, resulted from investments in the domestic market, whilst the remaining RM1.95 billion, or 25.2% was from investments in the international market.

OPERATING EXPENDITURE

KWAP’s Operating Expenditure (OPEX) increased by 25.0% to RM0.45 billion (FY2023: RM0.36 billion), which translated to a budget utilisation of 91.0% against the approved budget of RM0.51 billion. The increase was primarily due to the higher Professional Services & Fees, Staff Costs, and Tax Expenses.



Staff Costs

KWAP's Staff Costs amounted to RM169.18 million, 10.4% higher than RM153.18 million in 2023, which reflected the higher headcount of 753 employees compared to 723 employees in 2023.

In 2024, KWAP continued its participation in the Malaysian Short-Term Employment Programme (MySTEP), which incurred RM11.03 million under Staff Costs during the year.

Also, included in Staff Costs were medical expenses of RM11.72 million (FY2023: RM10.30 million), whilst training and development expenses amounted to RM3.88 million (FY2023: RM3.30 million).

Professional Services & Fees

Professional Services & Fees amounted to RM155.62 million, a 43.0% increase from RM108.82 million in 2023. This increase was primarily due to the higher performance fees for external equity fund managers, which were in line with the returns recognised from their investments.

Tax Expenses

KWAP's Tax Expenses amounted to RM56.91 million, 61.3% higher than RM35.28 million in 2023, mainly due to the higher income generated from international investment.

FUND SIZE

The KWAP's Fund Size comprised the Federal Government Contribution of RM29.00 billion, the Statutory & Local Authorities Contribution of RM66.33 billion, and Reserves of RM115.77 billion. The accumulated contributions and reserves were partially offset by the accumulated withdrawal by the Federal Government of RM25.50 billion.

KWAP closed the year with a Fund Size of RM185.60 billion, a 9.3% increase from RM169.82 billion in 2023.

CASH & CASH EQUIVALENTS

Cash & Cash Equivalents amounted to RM6.89 billion, compared to RM5.32 billion in the previous financial year. Of the RM6.89 billion, RM5.41 billion were deposits and placements with licensed financial institutions.

FINANCIAL CAPITAL (CONTINUED)

INVESTMENT REVIEW

Economic Review

In 2024, the global economy faced a trifecta of challenges, namely, evolving inflation trends, political risks, and geopolitical turbulence. Post-pandemic global economies were navigating a generational inflation conundrum. Even after inflation seemed to have peaked, major central banks were reluctant to start cutting policy rates aggressively amid concerns of resurgent inflation.

As a result, most global economies started 2024 on a relatively tight monetary stance, with central banks maintaining higher interest rates to monitor inflation and economic conditions. Uncertainties prevailed as policymakers remained cautious, balancing the risks of potential economic slowdown with the need to control persistent inflationary pressures. This cautious approach led to a continued wait-and-see strategy in many regions, as central banks carefully assessed inflation data, employment trends, and overall economic growth.

The Federal Reserve maintained interest rates at relatively high levels after aggressive hikes in 2022 and 2023 to combat inflation. Although the Federal Reserve delivered a hyped 50 basis points rate cut in September, its voting members scaled back their rate cuts to make two 25 basis points rate cuts in November and December. Other major central banks, particularly the European Central Bank and the Bank of England were also cautious about easing too drastically. In contrast, the Bank of Japan surprisingly hiked interest rates for the first time since 2007 and ended its negative interest rate policy to contain inflationary pressures.

Therefore, the future of monetary policy will remain highly dependent on data, which adds an element of further speculation for 2025.

2024 was a year of elections with 64 countries with a combined population of 49% holding national elections. Interestingly, inflation played a major role in the outcome of the polls, and incumbent parties in most countries lost the elections.

The highlight was certainly the US presidential election. The incoming Trump administration would bring threats and opportunities going forward. The threat would be tariffs that could be followed by a retaliatory trade war. The opportunities would be in the form of tax cuts in the US and deregulations. The consequences of all these policies would

have an impact on the US dollar. A very strong dollar or a weak dollar has its own set of consequences for the US and the rest of the world.

Meanwhile, simmering geopolitical tensions added to more uncertainties, especially in the Middle East. If the US pursues policies that are isolationist and protectionists, that could naturally lead to slower global trade resulting in slower global growth.

Domestically, GDP grew 5.1% in 2024, picking up from 3.5% in 2023. This was driven by robust consumer spending, with unemployment rate having returned to pre-pandemic level and labour force participation rate at record high, stronger investment activities from the catalytic initiatives under the national master plans, as well as a recovery in exports amid the tech upcycle.

Meanwhile, headline and core inflation were subdued, both averaging at 1.8% in 2024, softer than the 2.5% and 3.0% recorded in 2023. This came amid muted impact of domestic policy adjustments including the diesel subsidy rationalisation and the absence of significant demand-pull inflation. As such, Bank Negara Malaysia (BNM) kept the Overnight Policy Rate (OPR) steady at 3.00% throughout the year in line with the strong GDP growth and contained inflation trend.

For 2025, Malaysia's GDP growth is expected to remain firm in view of resilient domestic demand coming from supportive income-boosting measures and the investment upcycle. This should partially mitigate external headwinds from geopolitical and trade tensions. Inflation is expected to be higher albeit still manageable as the adjustments to domestic policies including the RON95 fuel subsidy rationalisation will be done in a targeted manner.

In conjunction with the announcement of GEAR-uP initiatives, KWAP strategically invests in a mix of assets to foster the growth of the fund size. As at 31 December 2024, KWAP's asset allocation outlined an effective distribution encompassing 51.7% public equity, 32.4% fixed income, 5.2% real estate, 5.4% private equity, 2.2% infrastructure and the remaining 3.1% in money market. Aligned with the effort of the Ministry of Finance (MoF) through GEAR-uP to stimulate domestic investments, 74.6% of KWAP's portfolio focused on the local market. Whereas, the remaining 25.4% of KWAP's portfolio focused on international investment. This strategy not only supports national economic growth but also leverages our deep understanding of the Malaysian market.

As at 31 December 2024, KWAP's exposure to equity assets class stood at RM96 billion representing 51.7% of KWAP's total assets and retaining its position as our largest asset class. Within this allocation, domestic equity assets constitute the most of our overall equity investment at 71.0%, with the remaining 29.0% invested in international equity markets. Of the total equity exposure, 84.7% was managed internally with the balance outsourced to our external fund managers (EFMs).

During the year under review, our overall equity portfolio recorded TWRR of 21.9% surpassing the blended benchmark of 16.2%, outperformed the benchmark by 5.7%. Our internal domestic equity portfolio managed to deliver a TWRR of 23.0% against the benchmark of 17.0%, outperformance of 6.0% against the benchmark. The internal international equity portfolio achieved a TWRR of 17.6%, outperforming the benchmark return of 12.8% by 4.8%. These performance indicators underscore our investment strategy's emphasis on maintaining a well-diversified portfolio across various sectors and countries coupled with timely active rebalancing. The diversification strategy had effectively assisted us in navigating the volatile nature of equity investments and demonstrated our ability to manoeuvre our investment strategies in different market conditions.

Amidst a generally subdued domestic equity market, our domestic equity EFMs collectively achieved a TWRR of 24.6%, surpassing the FBM100 index benchmark by 7.6%. On the international front, our EFMs in aggregate recorded a TWRR of 14.2%, outperforming the benchmark by 1.4%. KWAP maintained regular quarterly meetings with all equity EFMs to assess their performance and compliance, alongside discussions on investment strategies and prospects. Additionally, throughout the year, visits were made to the premises of respective EFMs, whilst portfolios on the watchlist were subjected to more intensive monthly monitoring.

Fixed income represented 32.4% of KWAP's total fund size. This portfolio which consists of sub-asset classes such as Domestic Sovereign Bonds, Domestic Corporate Bonds and Loans as well as International Bonds served as the anchor of KWAP's investment performance that generated stable returns across the years. In 2024, the fixed income portfolio achieved a TWRR of 4.3% attributed to higher reinvestment yield and overall appreciation in the portfolio's market value throughout the year. Our strategy for this portfolio remained focused on maximising the potential of a diversified fixed income portfolio whilst upholding our commitment to sustainable investment practices.

Our real estate portfolio which represented 5.2% of KWAP's total fund size, comprised 22 properties within both domestic and international markets, four land sites and developments domestically as well as nine real estate funds. During the year, we expanded our portfolio by executing five transactions with approximately RM1.29 billion in terms of executed commitment.

Underscoring KWAP's all-encompassing commitment to ESG, a significant milestone was achieved with 11 properties attaining environmental certifications and energy efficiency accreditations. Notably, Integra Tower, Kuala Lumpur has garnered the Platinum Core and Shell from Leadership in Energy & Environmental Design (LEED) US, exemplifying our dedication to sustainable practices and resource conservation. This accomplishment solidifies KWAP's commitment to responsible investing as KWAP moves towards a more sustainable future.

KWAP's private equity portfolio represented 5.4% of its total fund size. The portfolio remained resilient throughout 2024 and has delivered strong returns through the careful selection of top-quartile fund managers. The portfolio achieved net Internal Rate of Return (IRR) of 13.0%.

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

KWAP remain optimistic about the growth in the infrastructure space. As a result, we had span out our infrastructure unit to be an independent department that will focus on managing our infrastructure portfolio as an asset class. This portfolio represented 2.2% of KWAP's total fund size. During the year, the top-quartile fund managers in which KWAP has committed to, have generated net IRR of 9.4%.

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

FINANCIAL CAPITAL (CONTINUED)

List of KWAP's Real Estate Investments

We have strategically invested in 22 properties across both domestic and international markets, along with four land sites and developments within the country.

No.	Property	Geography	Asset Segment	Acquisition Date	Tenure
DOMESTIC PROPERTIES					
1.	Integra Tower, Kuala Lumpur	Malaysia	Office	31 March 2015	Freehold
2.	Cap Square Tower, Kuala Lumpur	Malaysia	Office	15 December 2016	Freehold
3.	Mydin Mutiara Rini, Skudai, Johor	Malaysia	Retail	22 January 2019	Leasehold
4.	Lot 20010, Jalan Stonor, Kuala Lumpur	Malaysia	Land	22 December 2015	Leasehold
5.	Lot 392, Jalan Changkat Kia Peng, Kuala Lumpur	Malaysia	Land	30 October 2015	Freehold
6.	Andaman Island, Penang	Malaysia	Land	30 March 2017	Freehold
7.	Compass, Kota Seri Langat, Selangor	Malaysia	Land	18 September 2020	20% stake in Joint Venture
8.	Westlite Dormitory, Bukit Minyak, Penang	Malaysia	Worker Accommodation	4 December 2023	Freehold
9.	Westlite Dormitory, Tampoi, Johor	Malaysia	Worker Accommodation	23 February 2024	Freehold
10.	FEK II Wafer Fabrication Facility, Kulim II High-Tech Industrial Park, Kedah*	Malaysia	Industrial	15 December 2023	Leasehold
INTERNATIONAL PROPERTIES					
11.	747 Collins Street, Melbourne	Australia	Office	30 September 2013 and 8 February 2018**	Freehold
12.	133 Lenore Drive, Erskine Park, Sydney	Australia	Logistics	30 November 2014	Freehold
13.	38 - 46 Bernara Road, Prestons, Sydney	Australia	Logistics	30 July 2015	Freehold

Note:

* KWAP, through its wholly-owned subsidiary Harta Kulim Sdn Bhd, owns 33.33% of the property.

** KWAP acquired a 40% interest in 747 Collins Street on 30 September 2013, and the remaining 60% on 8 February 2018.

No.	Property	Geography	Asset Segment	Acquisition Date	Tenure
INTERNATIONAL PROPERTIES					
14.	145 Lenore Drive, Erskine Park, Sydney	Australia	Logistics	22 December 2015 and 14 April 2017	Freehold
15.	Amazon Coalville, Bardon	United Kingdom	Logistics	30 April 2021	Freehold
16.	10 Gresham Street, London	United Kingdom	Office	24 October 2012	Leasehold
17.	100 Cheapside, London	United Kingdom	Office	20 December 2019	Leasehold
18.	The Chimes, Uxbridge, London	United Kingdom	Retail	20 June 2014	Freehold
19.	The Mill House, Edinburgh	United Kingdom	Student Accommodation	3 August 2018	Freehold
20.	800 Bristol Road, Birmingham	United Kingdom	Student Accommodation	7 August 2018	Freehold
21.	Symons House, Leeds	United Kingdom	Student Accommodation	29 June 2020	Freehold
22.	Crown House, Sheffield	United Kingdom	Student Accommodation	29 June 2020	Freehold
23.	Vita Student, York	United Kingdom	Student Accommodation	17 October 2023 and 18 November 2024*	Freehold
24.	82 Albion Gate, London	United Kingdom	Residential	27 February 2015	Leasehold
25.	9 Sherwood Court, Seymour Place, London	United Kingdom	Residential	27 February 2015	Leasehold
26.	Zalando Distribution Warehouse, Erfurt	Germany	Logistics	5 May 2017	Freehold

Note:

* Converted to Freehold on 18 November 2024.

FINANCIAL CAPITAL (CONTINUED)

SUBSIDIARY REVIEW

As at 31 December 2024, KWEST had two ongoing projects with a total Gross Development Value (GDV) of RM22 billion – Andaman Island Phase 1 in Penang and Compass @ Kota Seri Langat in Selangor. These projects contributed GDVs of RM21 billion and RM1 billion, respectively.

Andaman Island Phase 1 is a joint venture between KWEST (20%) and Eastern & Oriental Berhad (80%), one of Malaysia’s premier property developers. The 253-acre integrated mixed-use development is poised to become a landmark destination in the northern region.

2024 marked a strong year for Andaman Island Phase 1, with several key achievements:

Key Achievements

- In January, Phase 1 and Phase 2 of Fera and Senna were launched, featuring 69 terraced and semi-detached residential units. All units were fully taken up, contributing a GDV of RM280 million.
- Arica, a 380-unit development with a GDV of RM415 million, was fully sold in 2024, within 12 months of its launch in March 2023.
- The Lume, launched in July 2024, comprised 261 serviced apartments and recorded a 42% sales rate by year-end, with an expected total GDV of RM635 million.



An aerial shot overlooking Andaman Island, Penang

Sustainability remains a cornerstone of Andaman Island’s development with all projects holding GreenRE Platinum Provisional Certification. In 2024, The Lume and the upcoming Maris (slated for launch in 2025) earned this certification in the residential category, reinforcing KWEST’s commitment to responsible development.

Meanwhile, Compass @ Kota Seri Langat, KWEST’s 220-acre industrial-focused township in Banting, Selangor is a strategic collaboration between Permodalan Nasional Berhad (60%), KWEST (20%), and AREA (20%). The project features a SME Precinct with 62 terrace, semi-detached, and detached factory units, along with industrial plots, and a Managed Industrial Park (MIP) catering to local and international businesses.

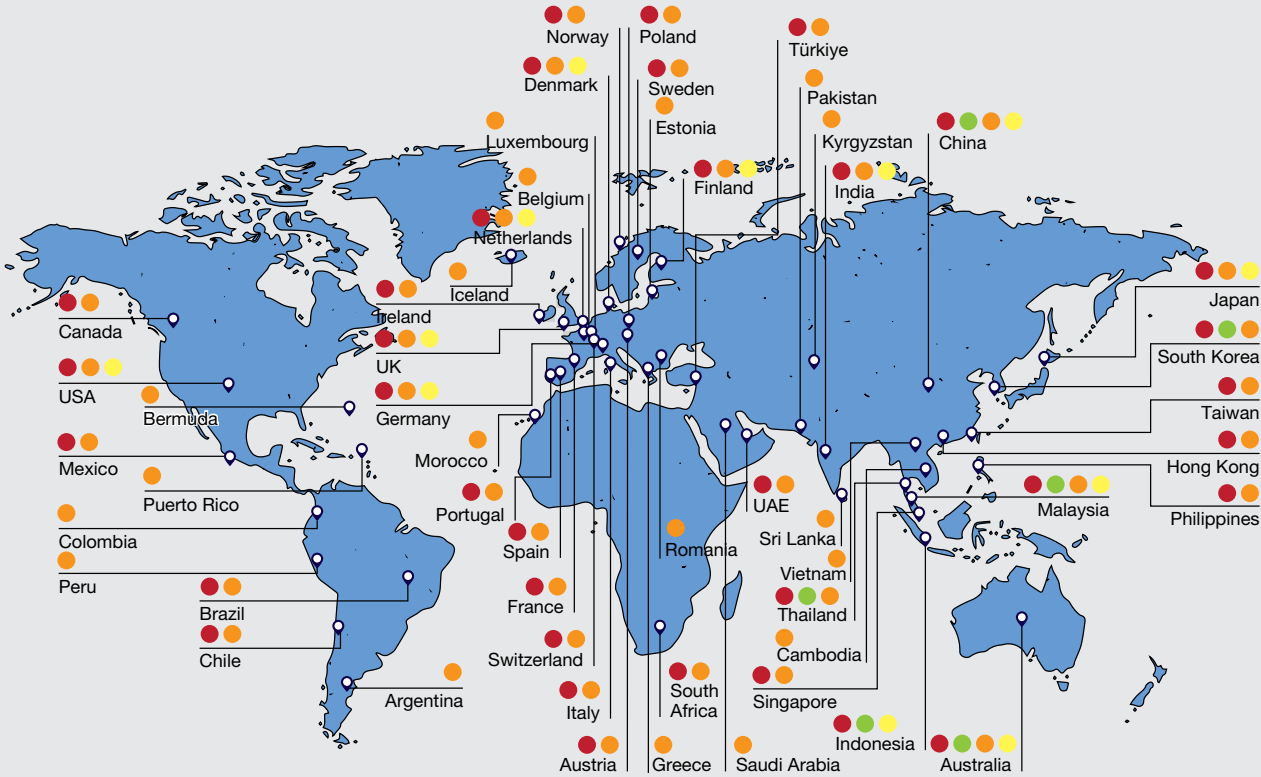
As at 31 December 2024, nearly half of the units in SME Precinct have been sold, with a high number of bookings yet to be finalised. Another major milestone for the development was the sale of 17 acres of land to a Japanese electronics company.

Beyond commercial developments, KWEST is advancing its social responsibility initiatives, most notably Projek Wakaf – Retirement-oriented Development in collaboration with KWAP. This project explores innovative and sustainable models for senior living models on *wakaf* land, addressing the needs of Malaysia’s aging population through innovative development.

Looking ahead to 2025, KWEST anticipates strong momentum with key launches at Andaman Island. These include Maris, a 516-unit serviced apartment development with a GDV of RM707 million, and a 1,080-unit serviced apartment development with a GDV of RM1.1 billion. Additionally, Phase 3 and Phase 4 of Fera and Senna will introduce 68 landed homes – including terraced and semi-detached units – contributing an estimated RM288 million in GDV.

On the other hand, infrastructure development within the MIP of Compass @ Kota Seri Langat is set to commence in 2025. KWEST also expects full sales uptake and the completed construction of industrial units in the SME Precinct.

OUR GEOGRAPHICAL FOOTPRINT



Legends For Asset Classes

- Equity
- Private Equity/Infrastructure
- Fixed Income
- Real Estate

INVESTMENT PRESENCE

53
Countries

INTELLECTUAL CAPITAL



DRIVING INNOVATION AND VALUE CREATION

Intellectual capital, often regarded as an organisation’s intangible assets, encompasses the collective knowledge, skills, processes, and relationships that drive its capacity for innovation and value creation. It represents the non-physical resources contributing to long-term success, distinct from financial or physical assets. For KWAP, intellectual capital manifests in its strategic expertise, proprietary knowledge, innovative digital solutions, and established relationships with stakeholders and partners.

KWAP’S INTELLECTUAL CAPITAL ADVANCEMENTS

As Malaysia progresses towards becoming an aged nation by 2048, the strategic development and application of intellectual capital become paramount for KWAP. KWAP’s intellectual capital is a fundamental pillar supporting its mission to ensure sustainable retirement. The success of its thought leadership initiatives, the impact of its innovative digital solutions like MyPesara, and the recognition

received for its ‘Dana Perintis’ programme underscore KWAP’s commitment to knowledge creation, application, and sharing. By strategically investing in and leveraging its intellectual assets, KWAP is well-positioned to continue driving impactful change, contributing to both national socio-economic growth and the long-term well-being of its stakeholders.

KEY INTELLECTUAL CAPITAL INITIATIVES IN 2024

KWAP as Government Trusted Partner in Sustainable Retirement

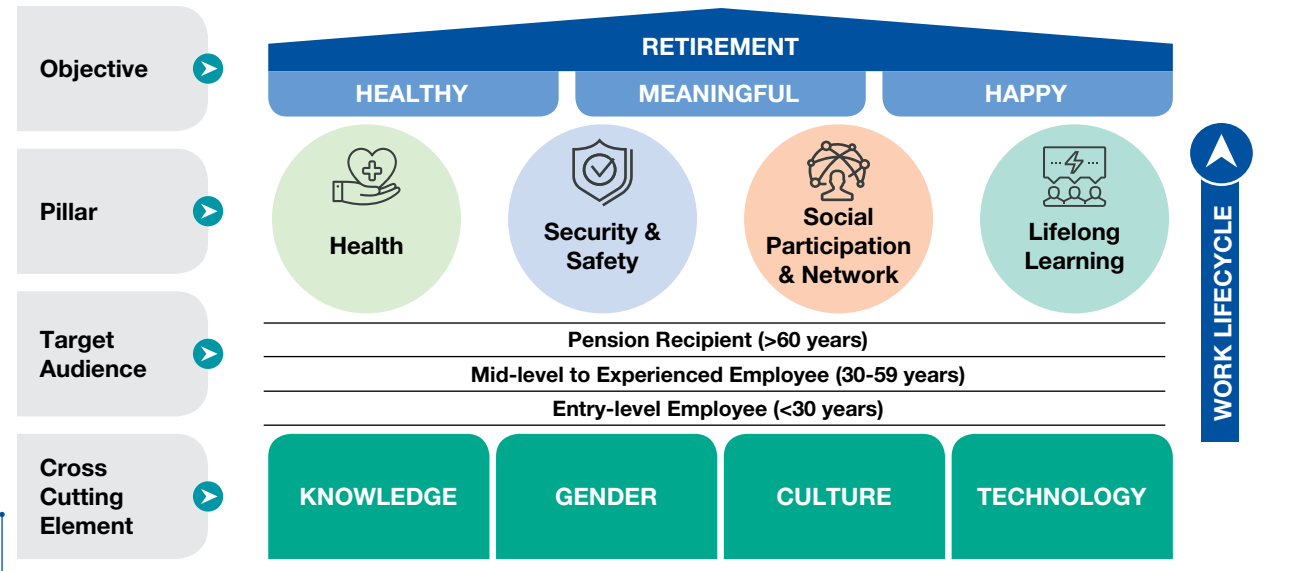
As envisaged in its Vision 2025, KWAP developed its Thought Leader Framework in 2023 to realise its aspiration of becoming a respected thought leader among peers in socioeconomic development – specifically on sustainable retirement and investing agenda. Under this Framework, KWAP is guided in initiating, operationalising and streamlining its thought leadership initiatives, with the aim of positioning itself as a knowledge champion within relevant industries, as well as an advisor and trusted partner to policymakers and key decision-makers.

Embracing its role as Your Retirement Companion, KWAP, in collaboration with the Malaysian Research Institute on Ageing (MyAgeing®), Universiti Putra Malaysia, launched the Retirement Strategic Agenda Report, which serves as a comprehensive reference for preparing a sustainable retirement for civil servants, pensioners, and derivative pension recipients. Spearheaded by KWAP in

2023, the research project was part of a memorandum of understanding (MoU) with MyAgeing® to promote research and knowledge exchange on pension-related matters. This project also marks second collaborative effort between KWAP and MyAgeing®.

As Malaysia is projected to become an aged nation by 2030, the report proposes the Career-Retirement Strategic Agenda (CRSA) Framework, which outlines four pillars, 12 strategies, and 78 proposed initiatives aimed at driving strategic reforms in the retirement system. The four pillars – Health, Security and Safety, Social Participation and Network, and Lifelong Learning - advocate for a comprehensive, future-focused approach that addresses existing service gaps whilst incorporating global best practices and insights from local stakeholders. Ultimately, the framework aims to shape a sustainable roadmap for the nation’s ageing population.

KWAP as Government Trusted Partner in Sustainable Retirement (continued)



Global Recognition in Social Security Innovation

KWAP’s innovative efforts received significant international acclaim in 2024. During the Regional Social Security Forum for Asia and the Pacific (RSSF), the flagship event of the International Social Security Association (ISSA), held in Riyadh, Saudi Arabia, from 3 to 5 December 2024, KWAP was honoured with the Certificate of Merit with Special Mention Award for ISSA Good Practices. This prestigious award recognised KWAP’s unwavering commitment to enhancing the retirement journey through the innovative and user-friendly features of its MyPesara application. The app offers a convenient, personalised, and seamless retirement experience by providing quick access to pension benefits, health and financial tips, senior rehiring opportunities, and other social wellness guides, demonstrating KWAP’s intellectual property in digital service design.



KWAP being presented a Merit certificate for ISSA Good Practices at the RSSF, Riyadh, Saudi Arabia

INTELLECTUAL CAPITAL (CONTINUED)

Global Recognition in Social Security Innovation (continued)

Further solidifying its standing on a regional level, KWAP received significant recognition at the 41st ASEAN Social Security Association (ASSA) Conference and Board Meeting, held in Manila, Philippines, from 25 to 27 November 2024. KWAP was proudly acknowledged in the Investment Governance category for its transformative ‘Dana Perintis’ programme. This groundbreaking programme was lauded for its innovative approach in revitalising Malaysia’s venture and start-up ecosystem by empowering early-stage businesses, driving innovation, and enhancing economic resilience.

This achievement reflects KWAP’s unwavering commitment to driving impactful initiatives that contribute to both economic growth and social security in Malaysia, leveraging its intellectual expertise in strategic investment and ecosystem development.

Moving forward, KWAP remains dedicated to fostering innovation, collaboration, and resilience as it navigates the evolving landscape of social security alongside its regional and global partners. The strategic priorities for 2025 will continue to

build upon the strong intellectual capital developed in the preceding year. This includes further advancing its thought leadership in sustainable retirement and investing, by continuing to produce insightful research and policy recommendations. Continued enhancement and promotion of the MyPesara application, driven by user feedback and technological advancements, will remain a key focus to deliver an even more seamless and comprehensive retirement experience. KWAP will also seek to expand the impact of its ‘Dana Perintis’ programme, applying lessons learned and leveraging its intellectual property in venture capital to further stimulate Malaysia’s innovation ecosystem. Furthermore, active participation in international social security forums and ongoing collaborations with academic institutions and industry bodies will be crucial for continuous knowledge exchange and the adoption of global best practices, ensuring KWAP remains at the forefront of social security innovation.



KWAP being presented an award under the Investment Governance category at the 41st ASSA Conference, Manila, Philippines

MANUFACTURED CAPITAL



DRIVING DIGITAL ADVANCEMENT AND OPERATIONAL EXCELLENCE

Manufactured capital, encompassing the physical and technological infrastructure of an organisation, is a critical enabler of value creation. For KWAP, the effective management and development of its manufactured capital is paramount to ensuring operational efficiency, safeguarding sensitive data, and delivering high-quality services to its beneficiaries. These elements of manufactured capital are fundamental to KWAP’s ability to manage and to grow its substantial retirement fund, to provide efficient services to pensioners, to ensure the security of its operations and data, and to foster innovation.

KWAP DIGITAL TRANSFORMATION STRATEGY 2023-2025

Digital Ambition
DRIVING TOWARDS DIGITAL EXCELLENCE

Mission
INCULCATING DIGITAL SAVVY CULTURE IN KWAP



The overall target for Digital Maturity based on TERAS 5’s study is 3 of 5

Digital Transformation Objectives

- 01 Support investment growth through digital systems
- 02 Enhance customer’s digital experience through digital interactions and AI-assisted knowledge
- 03 Improve customer’s trust through cyber resiliency
- 04 Deliver improved investment & retirement services data analytics capabilities
- 05 Improve employee productivity through the utilisation of AI tools
- 06 Support ESG efforts through reduction of environmental energy footprint and good digital governance

Digital Transformation Strategy Pillars

Digital transformation strategy pillars are foundation elements that aid in achieving digital transformation objectives



MANUFACTURED CAPITAL (CONTINUED)

KWAP’s manufactured capital can be broadly categorised into several key components:

IT Infrastructure



KWAP’s core systems and networks that drive investment management, including pension administration, cybersecurity, and data management functions.

Digital Platforms



KWAP’s digital channels for engagement with stakeholders, including the MyPesara mobile application for pensioners and KWAP’s official website for the public.

Physical Infrastructure



KWAP’s physical assets such as its Kuala Lumpur headquarters and, where relevant, data centres holding critical IT equipment.

Equipment



KWAP’s devices and tools that support employees in their daily tasks, covering laptops and communication systems.

KWAP’S MANUFACTURED CAPITAL ADVANCEMENTS


In 2024, KWAP has made significant strides in enhancing its manufactured capital through strategic digital transformation initiatives. KWAP’s Digital Transformation Roadmap, anchored by its Digital Transformation Strategy, has been instrumental in guiding its digital initiatives. This roadmap is built upon five key pillars: Digital Governance and Services, Cyber Resilience, Technology Platforms, Data Management, and Digital Business Systems. These pillars provide a structured framework for our journey towards digital excellence.

Efforts under these pillars, ranging from upgrading core IT systems to strengthening cybersecurity and fostering a digital culture, demonstrate KWAP’s commitment to operational excellence and long-term value creation for its stakeholders. The ongoing and future initiatives indicate a continued focus on leveraging technology to improve efficiency, security, and service delivery, positioning KWAP as a digitally advanced and resilient organisation in the Malaysian retirement fund landscape.




KEY DEVELOPMENTS AND ACHIEVEMENTS IN 2024


2024 was marked by several key projects and ongoing initiatives that are paving the way for a more digitally advanced organisation. The following achievements underscored a strong commitment to enhancing manufactured capital through a comprehensive digital transformation strategy:

 **Internal Efficiency & Infrastructure**

- Device or System Update**
 KWAP distributed new laptops under a leasing programme designed to support its Environmental, Social, and Governance (ESG) initiatives by minimising electronic waste. Additionally, Wi-Fi technology was upgraded to version 6, and internet lines for both Kuala Lumpur and Cyberjaya offices were upgraded, enhancing speed, connectivity, security, and productivity for KWAP employees.
- Cloud Governance**
 Cloud governance frameworks and policies were implemented, signifying a move towards leveraging cloud technologies for scalability and efficiency.
- Cybersecurity Enhancements**
 KWAP's enhanced the protection of its digital assets and stakeholder data by implementing advanced cybersecurity measures and simulated resilience tests against cyber threats, achieving a reduction in the phishing prone rate from 2.2% to 1.9%.
- Application Programming Interface (API) Management**
 KWAP onboarded API management for integrations, aimed at securing sensitive information whilst also enabling better control over accessing said data.

 **Customer and Stakeholder Experience**

- MyPesara mobile application Enhancements**
 Identified opportunities to improve the customer experience for pensioners through KWAP's digital platforms, including exploring the integration of Artificial Intelligence (AI) to enhance service delivery.
- Innovation Recognition Award**
 KWAP was recognised as a top 8 finalist for the Enterprise Innovation Award by the ASEAN Innovation Business Platform (AIBP) 2024 for its submission titled "Enhancing Digital Experience in Retirement Services". This recognition underscored KWAP's innovative approach to leveraging technology.

 **Strategic Investment and Asset Management**

- Fund Investment Management System**
 The commencement of this project, with project planning and team formation underway, represents a significant upgrade to KWAP's core investment capabilities.
- Property Investment Asset Management System**
 Progress continued on the Property Investment Asset Management System, with Phase 1 completed and Phase 2 in progress, indicating an ongoing effort to enhance management of KWAP's investment in property assets.

MANUFACTURED CAPITAL (CONTINUED)

Data and Intelligence

- Data Governance and Reporting**
 The establishment of a comprehensive data governance framework ensures robust data management and compliance, crucial for informed decision-making and regulatory adherence.
- AI Tools Onboarding**
 KWAP has onboarded users for Microsoft 365 Copilot and initiated proof-of-concept projects for selected AI platforms.

Moving forward, KWAP remains dedicated to driving efficiency, fostering innovation, and delivering value to its stakeholders through the ongoing development of its manufactured capital. The digital transformation is viewed as continuous journey, with a commitment to the ongoing improvement of digital infrastructure and capabilities. KWAP is confident in its ability to support nation-building by delivering sustainable benefits to its stakeholders.



Winners for the Digital Innovation Campaign 2024

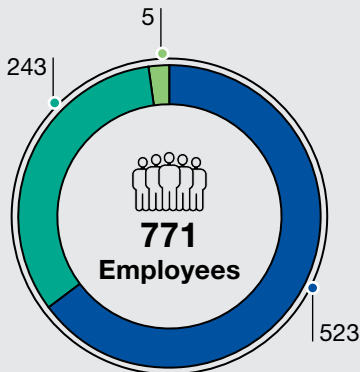
HUMAN CAPITAL



DRIVING VALUE AND SUPPORTING STAKEHOLDERS IN 2024

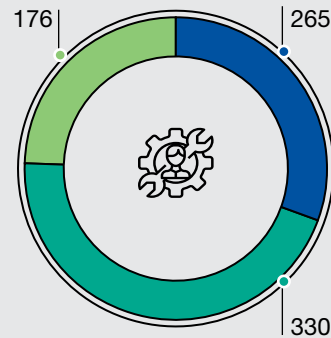
At KWAP, our people are recognised as our most valuable assets. Their tireless contributions are fundamental to propel the organisation to new heights, embodying the dedication and passion that underpin our success. As pivotal players in our entire value creation chain, their unwavering commitment and expertise serve as the cornerstones of our sustained growth and innovation.

Total Manpower by Location*



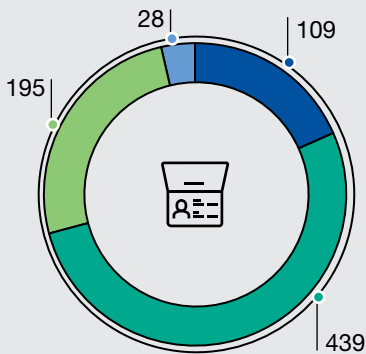
■ KWAP Main Office ■ KWAP Cyberjaya Office ■ KWAP PEUK

Average Years of Service



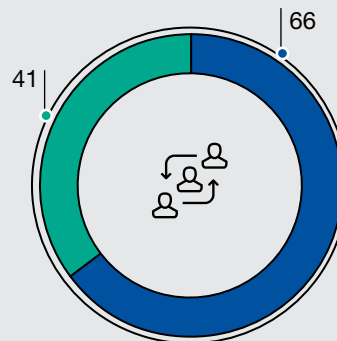
■ 1-3 years ■ 4-9 years ■ >10 years

Professional Qualification



■ Post Graduate/CFA Charter Holder ■ Diploma
■ Degree/Professional Qualification ■ Certificate

Recruitment & Turnover



■ Recruitment ■ Attrition

* Total Manpower for KWAP Group including KWEST and PEUK

HUMAN CAPITAL (CONTINUED)

OUR PEOPLE STRATEGY

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

A sustainable and aligned culture that produces an engaged and motivated workforce	A robust development and performance management that drives achievement of business goals
Enhanced digital HR experience that leverages on people data analytics	Produce an ESG-linked Employee Value Proposition for attraction and retention

We have outlined eight People strategies to achieve our target outcomes:

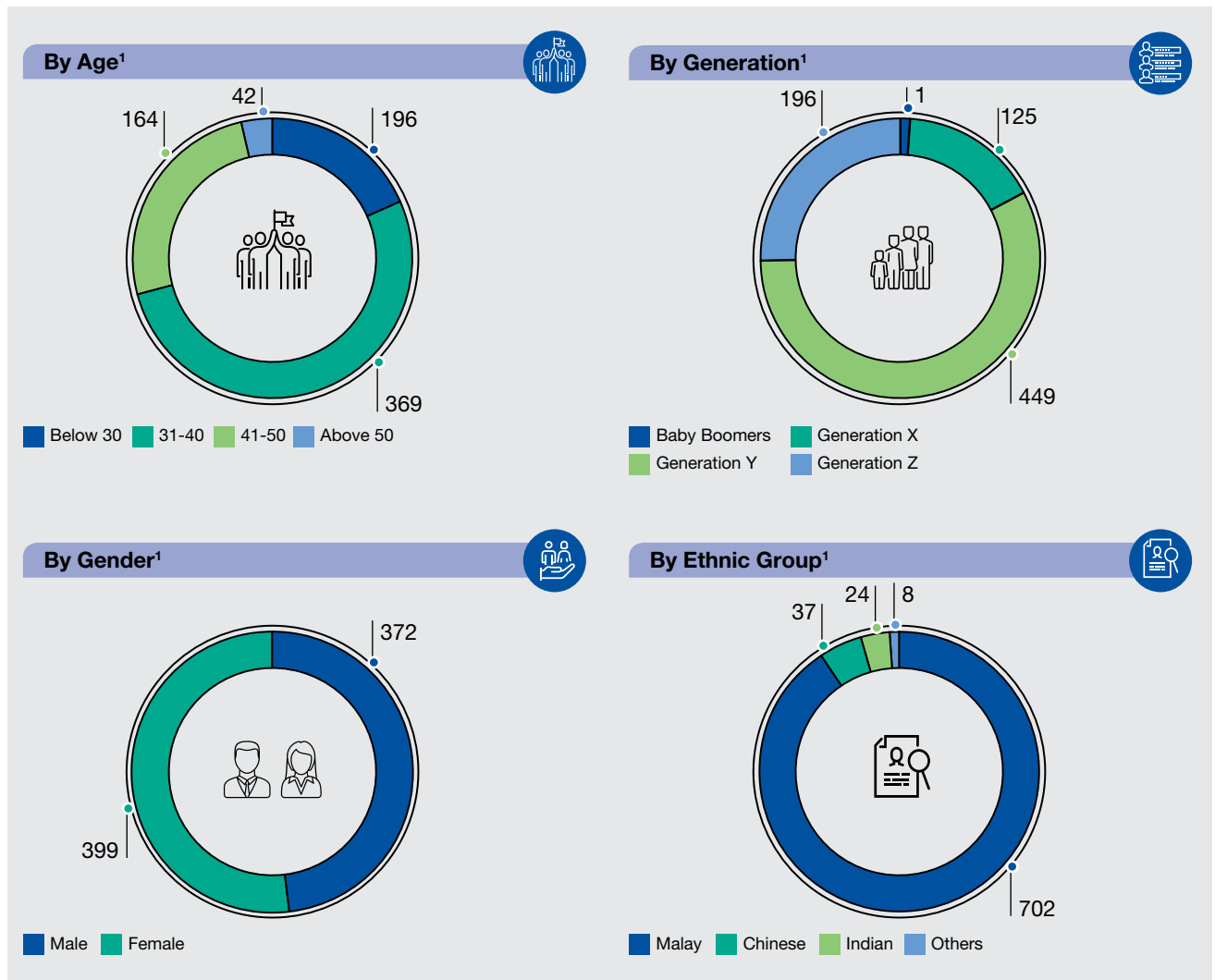


KWAP DNA <ul style="list-style-type: none"> • Has the capacity to grow • Heart at the right place • Represents the KWAP brand 	CULTURE PILLARS OF CHANGE <div style="display: flex; justify-content: space-around; align-items: center; margin-top: 10px;"> <div style="text-align: center;">  <p>Purpose</p> </div> <div style="text-align: center;">  <p>Trust</p> </div> <div style="text-align: center;">  <p>Camaraderie</p> </div> </div>
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DIVERSITY, EQUITY AND INCLUSION

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

Manpower Distribution

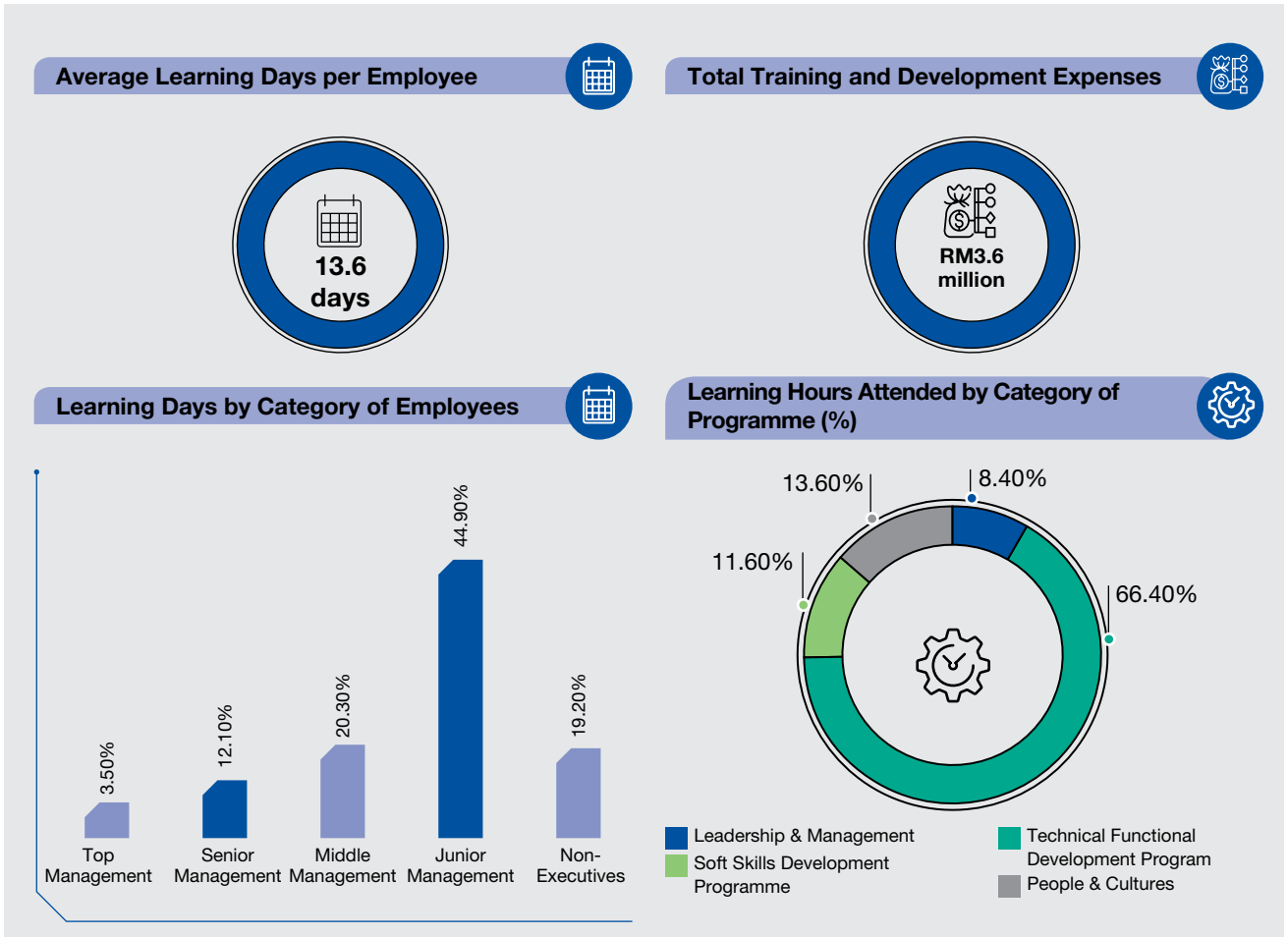


¹ Total Manpower for KWAP Group

HUMAN CAPITAL (CONTINUED)

INVESTING IN HUMAN CAPITAL

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



Education Assistance Scheme

KWAP believes in lifelong learning and aims to empower our workforce through high-quality training and education delivered via the Education Assistance Scheme (EAS) as part of our employee learning and development programme. EAS provides financial support to employees pursuing further studies to enhance their professional knowledge and skills. This scheme is designed to assist employees in upgrading their skills thereby enhancing their ability to create more value for the organisation and positively improving their career development.

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



In 2024, EAS has enhanced its offerings from only local-based programs pursued on part-time basis to overseas education, where employees can apply for pursuing their Master of Business Administration or short-term leadership course at world top business schools on full-time basis, while they are on their career break, another facility offered by KWAP. During the year, a total of eight EAS participants successfully completed their studies (six professional programs and two Master’s Degree). This includes one participant who successfully graduated from Master in Business Administration under the newly-introduced overseas education program. EAS also recorded 12 new enrollments in year 2024.

KEY DEVELOPMENTS AND ACHIEVEMENTS IN 2024

Throughout 2024, KWAP recorded several key milestones in its approach to human capital management, with emphasis placed on both stakeholder engagement and internal workforce development. These initiatives also supported the organisation’s ongoing digital transformation and alignment with national development goals.

In line with its digital transformation objectives, KWAP established a strategic collaboration with Universiti Malaysia Kelantan (UMK) in 2024. This partnership, formalised through a Memorandum of Understanding (MoU), is designed to promote the adoption of artificial intelligence (AI) whilst upgrading the digital capabilities of KWAP’s workforce. The initiative aligns with Malaysia’s MADANI framework, the National Artificial Intelligence Roadmap

2021–2025 (AI-RMAP), and KWAP’s internal AI Adoption Programme—each supporting enhanced productivity and improved service delivery.

Additionally, the launch of the Circular Economy Young Leaders for Change (CYCLE) initiative in 2024 marked a focused effort to engage younger employees in sustainability leadership. This programme aligns with KWAP’s ESG commitments and fosters a culture of environmental responsibility among future leaders within the organisation.

These initiatives reflect broader trends within Malaysia’s financial services sector, particularly the emphasis on nurturing future-ready talent with digital expertise and improving stakeholder service quality.

HUMAN CAPITAL (CONTINUED)

EMPLOYEE ENGAGEMENT AND PROMOTING EMPLOYER BRANDING

MySTEP Programme



Participants during the MySTEP training workshop session

In support of national initiatives aimed at addressing unemployment and enhancing workforce readiness, KWAP continued its implementation of the Malaysia Short-Term Employment Programme (MySTEP) in 2024. The programme's objective is to improve the employability and professional development of Malaysian citizens through short-term employment placements integrated with structured, hands-on training. This initiative aligns with KWAP's commitment to nation-building by nurturing a resilient and future-ready workforce. Participants were offered a supportive and enriching learning environment, complete with professional development opportunities, departmental rotations, and exposure to real-world responsibilities.

The Malaysia Career Fair 2024 (Graduan-UKEC)



Engaging with Malaysian students during the Graduan-UKEC fair

As part of its ongoing employer branding initiatives, KWAP participated in the Malaysian Career Fair 2024, held at the Royal Lancaster Hotel in London, United Kingdom, from 2 to 3 March 2024. Organised in collaboration with the United Kingdom and Eire Council for Malaysian Students (UKEC) and GRADUAN Malaysia, the event served as a strategic platform to engage Malaysian students from over 68 universities across the UK, representing a pool of more than 17,000 potential talents. Through this initiative, KWAP successfully identified and onboarded 11 high-potential young professionals, who are now contributing to our journey of driving innovation and sustainable growth across the organisation.

Career Engagement with UNIRAZAK



KWAP representatives with UNIRAZAK students during the Career Engagement event

On 5 September 2024, KWAP participated in a Career Engagement event hosted by UNIRAZAK at its main campus in Kuala Lumpur, as part of our ongoing commitment to talent development and industry-academia collaboration. During the event, representatives from KWAP's human resource department delivered a career talk focused on practical strategies for career growth, navigating professional opportunities, and setting clear career objectives. The session aimed to equip participants with valuable insights to support their transition into the workforce. Additionally, a dedicated Curriculum Vitae clinic was conducted, offering personalised feedback and guidance to enhance the quality and impact of participants' résumés, further supporting their employability in an increasingly competitive job market.

Culture Framework & Indices

Recognising its evolving workforce demographics whereby the majority comprises Generation Y and Generation Z, KWAP has been gradually adapting its culture to meet the needs of a multi-generational workforce. KWAP Culture Framework marked a pivotal step in this evolution, providing a more structured, strategic, and intentional approach to shaping the organisational culture. The Framework was established to set clear behavioural standards and workplace expectations, fostering a purpose-driven and progressive culture. It reaffirmed that culture is a collective responsibility — one that must be actively demonstrated through leadership, workplace practices, team dynamics, and individual actions. To guide this journey, three culture pillars and seven culture indices were introduced to measure how employees experience across the organisation. This marked a new chapter in KWAP's culture journey — turning momentum into a meaningful movement towards becoming a truly great place to work.

Culture Review Survey

The Culture Framework assessment was conducted to understand the current state of KWAP's workplace culture. The results indicated that the culture was generally healthy, with an overall culture score was 80%, which is within a healthy range compared against industry standards. The assessment also highlighted key strengths and areas for improvement. As a learning organisation, KWAP utilised these insights to plan a series of targeted interventions for 2025, aimed at strengthening positive behaviours and addressing gaps to further align the culture with the organisation's long-term aspirations.

Culture Socialisation



Participants enjoying a jovial performance during Phase 2 of the engagement initiative

To formally embed KWAP's three Culture Pillars of Change — Purpose, Trust, and Camaraderie — within the organisation, a two-part engagement initiative was launched to foster awareness and drive commitment at all levels. The first phase introduced PEKAverse, KWAP's first-ever Metaverse experience, where employees appeared as avatars, navigated the Culture Pillars, participated in sustainability-themed games, and completed interactive quizzes. The second phase, titled "Make the Pledge, Spark the Change", featured senior leadership delivering creative performances and personal pledges, underscoring the critical role of leadership in shaping organisational culture. This comprehensive initiative attracted 418 participants and yielded an outstanding 90.3% awareness rating.

HUMAN CAPITAL (CONTINUED)

KWAP Culturelympics 2024



Employees taking part in one of the interactive activities during KWAP Culturelympics

On 23 September 2024, KWAP successfully organised Culturelympics, a strategically designed event to enhance employee engagement with KWAP’s seven culture indices, anchored by the three Culture Pillars of Change: Purpose, Trust, and Camaraderie. Modelled after Olympic-style competitions, the event featured a series of thoughtfully curated interactive activities—ranging from the LEGO Corner, which encouraged employees to articulate their aspirations for KWAP’s future, to skill and teamwork challenges such as Guessnastics, Speed and Spotlight, Diversity Pong, and human foosball. The event attracted strong participation with 404 employees and achieved a notable 95.54% awareness score of the culture pillars.

Team Building



Participants during an activity in the KWAP's 2024 Team Building

Following a multi-year pause in physical team building events due to the pandemic, KWAP’s 2024 Team Building marked a significant and impactful return, closely aligned with the launch of the KWAP Culture Framework. Set against the culturally rich backdrop of Penang, the event successfully fostered renewed energy, engagement, and collaboration among participants. 35 teams demonstrated strong enthusiasm and unity throughout the activities, effectively reinforcing KWAP’s core culture pillars and strengthening the collective commitment that will drive the organisation forward.

HR Marketplace (Eid Souk, and Physical and Mental Wellness)



Employees participating in the HR Marketplace event

The HR Marketplace commenced the year with the successful Eid Souk in March 2024, offering employees a vibrant one-stop shop for Raya preparations featuring homegrown brands, festive clothing, food, beauty products, and convenient on-site Zakat and financial services. This was followed by the Physical and Mental Wellness event in May and June 2024, which provided health screenings, self-care treatments, and wellness activities, along with complimentary one-to-one consultations with licensed counsellors, reflecting our ongoing commitment to supporting employees’ physical and mental well-being.

Victory Team Mingling at Department (VITAMIN D)



KWAP staff during the VITAMIN D programme

The VITAMIN D initiative empowered each department within KWAP the freedom to create their own fun and memorable team activities—all designed to boost engagement and foster closer bonds among team members within each department.

Enhancement of Employee Assistance Programme (EAP)

In 2024, KWAP rebranded and enhanced its EAP by introducing PACT – Purposeful Assistance for Camaraderie and Trust, aligning with KWAP’s culture pillars. PACT reflects the organisation’s commitment to fostering a psychologically safe and emotionally supportive workplace. As part of the enhancement, KWAP partnered with Naluri, a leading digital health provider, to offer holistic mental health and well-being support. Employees are provided access to confidential counselling services, professional mental health resources, and wellness coaching through a user-friendly digital platform. The initiative was also socialised through engaging events and internal communications to ensure awareness and accessibility. PACT was successfully launched and socialised across KWAP, resulting in increased awareness and uptake of mental health support services.

Employer Branding and Recognition



KWAP representatives receiving its award at the HR Excellence Awards



KWAP receiving its award at The BrandLaureate Brand of the Year Awards

KWAP actively participates in and receives recognition from reputable industry award programmes as part of its ongoing employer branding efforts. These platforms strengthen KWAP’s position as an employer of choice by providing a strategic opportunity to showcase its progressive people practices and reaffirm its commitment to cultivating a resilient, purpose-driven workforce.

In 2024, KWAP was honoured by several prestigious award programmes, earning accolades in the following categories:

- **HR Excellence Awards by Human Resources Online:**
[Silver] Best HR Team (GLC)
- **Life at Work Awards by TalentCorp Malaysia:**
[1st Runner-Up] Talent Sustainability – Private Limited/SME/Public Sector
- **The BrandLaureate Brand of the Year Awards:** [Winner] HR-PDL Branding – Excellence in Human Resource & Talent Management
- **Malaysia’s 100 Leading Graduate Employers Awards:** [Silver] Government-Linked Investment Corporations Category

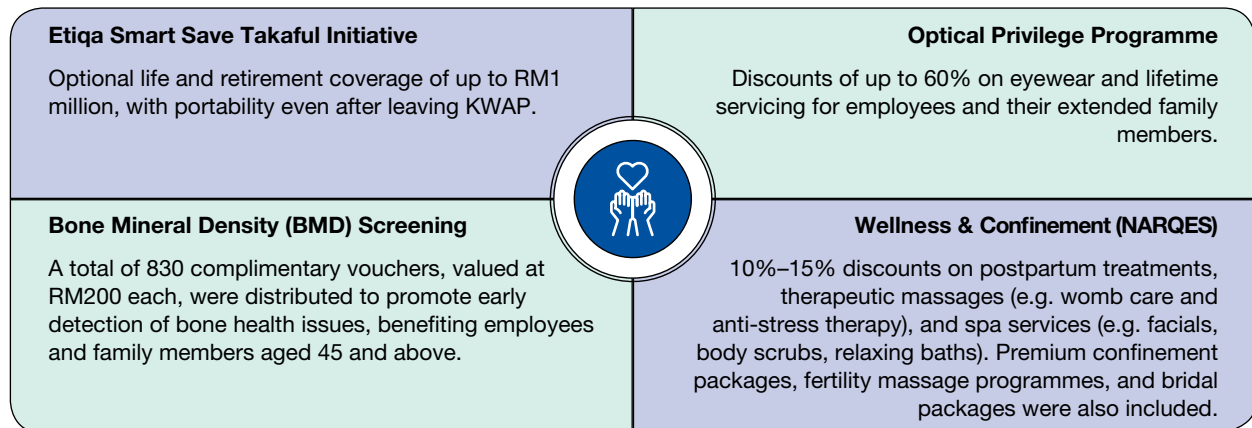
These recognitions underscore KWAP’s unwavering dedication to nurturing talent, advancing innovation in human capital practices, and delivering a purposeful and enriching employee experience.

HUMAN CAPITAL (CONTINUED)

The KWAP Health Privilege Programme

As part of KWAP’s continued commitment to employees well-being, the KWAP Health Privilege Programme was introduced to complement existing medical benefits by providing employees and their families access to a wider range of healthcare services at preferred corporate rates. With support from partnerships with various healthcare providers, this voluntary initiative offers several enhanced privileges for participants. These include affordable insurance coverage, discounted optical and dental care, orthopaedic services, health screenings, confinement packages and wellness treatments. Designed to be flexible and inclusive, the programme enables employees to manage their healthcare needs beyond standard entitlements.

Key highlights include:



Through this programme, KWAP continues to prioritise employees welfare by supporting comprehensive and accessible healthcare solutions.

The KWAP Young Talent (KYT) Programme

The KYT Programme is a flagship initiative by KWAP designed to cultivate future-ready leaders by fast-tracking the development of high-potential fresh graduates. This prestigious two-year programme is distinguished by its targeted, immersive approach that equips young professionals with the critical skills, mindset, and experience required to thrive in today’s dynamic workplace. More than just a graduate programme, it’s a transformative journey that shapes young professionals into catalysts of change and leadership within KWAP and beyond.

This programme reflects a decade of continuous improvement and adaptation to the evolving needs of the workforce and business environment. It is small, curated cohort size of about 20 annual participants ensures personalised attention, tailored development plans, and a high-quality learning experience. Ultimately, the KYT Programme is designed to develop agile, adaptable professionals who are prepared not just to meet today’s challenges but to lead tomorrow’s innovations. With over 175 graduates to date, it has proven itself as a powerful engine for sustainable talent development and nation-building.

Employee Development Programmes

KWAP is committed to cultivating strong competence from within by investing in structured development programmes for high-potential talent and senior leaders. These initiatives are anchored in the KWAP Leadership Competencies and DNA, equipping participants with the critical skills needed to lead effectively and drive organisational excellence.

▶ **World-class Executive Education**

Leadership development includes world-class executive education at top global institutions such as Oxford's Saïd Business School, Harvard Business School, London Business School, and INSEAD. Beyond formal education, KWAP blends experiential learning, targeted coaching, and mentorship to accelerate readiness for leadership roles. A total of 32 top talents have completed comprehensive succession programmes, which include monitored mentoring sessions that benefit both mentors and mentees.

▶ **Role Rotation among Heads of Departments (HODs)**

This initiative deepens leaders' cross-functional understanding, encourages innovation, and strengthens collaboration across departments. Three senior leaders have already completed rotations prior to retirement, contributing valuable insight and fostering a culture of empathy and adaptability among emerging leaders.

▶ **Internal Succession Planning**

Recognising Malaysia's shift towards an ageing population, KWAP has prioritised internal succession planning to ensure continuity in leadership and preserve institutional knowledge. By preparing future leaders from within, KWAP reinforces its commitment to long-term sustainability and excellence.

▶ **The ArticLeader Series**

An intensive four-month course consisting of group coaching in presentation and public speaking skills was conducted, primarily for middle management leaders from various departments. Additionally, 21 Vice Presidents completed their three-month courses, which included Group Coaching Presentation and Group Coaching Public Speaking. The final presentation was held in early February 2025 in the presence of their HODs and C-Suites.

▶ **Comprehensive English course**

A comprehensive three-month English course was designed for non-executives and executives, aiming to sharpen their English spoken and written skills. In total, 38 employees enrolled and sat for a placement test in September 2024 and were subsequently placed into two different classes. Seven classes, including one final assessment, were conducted from September to December 2024 for both KWAP KL and Cyberjaya offices. Post-training debrief sessions were held in January 2025 to discuss progress and identify areas for improvement.

▶ **The LeadersLift Program**

This programme offered approximately six to eight leadership courses in 2024 and 2025 respectively, targeting all middle managers. Seven in-house training sessions covering all four KWAP Leadership Competencies were conducted throughout 2024, with 200 Assistant Vice Presidents attending the trainings.

▶ **Dewan Bahasa dan Pustaka Series**

KWAP also collaborated with Dewan Bahasa dan Pustaka in carrying out four in-house training sessions. These trainings aim to enhance employees' proficiency in Bahasa Malaysia writing, ensuring consistency, professionalism, and confidence in delivering messages across various corporate documents, reports, and communication channels.

SOCIAL & RELATIONSHIP CAPITAL



STRENGTHENING CONNECTIONS TOWARDS SHARED SUCCESS

CONTRIBUTION MANAGEMENT

KWAP undertakes the management, administration, and collection of contributions from various sources, including the Federal Government, Government Share and employer contributions from statutory bodies, local authorities, and agencies, in adherence to relevant legislation. As at 31 December 2024, contributions were received from 508 employers (2023: 489), covering 179,404 pensionable employees (2023: 177,716). The total contributions collected during the year amounted to RM2.78 billion, representing a 2.58% increase from the RM2.71 billion collected in 2023. Outstanding arrears as at 31 December 2024 stood at RM14,446, compared to RM15,000 last year, representing less than 1% of the total employer contributions collected for the year.

A key element of this operational success is the cultivation of robust stakeholder relationships. Throughout the year, KWAP engaged with 383 employers, representing nearly 80% of its contributing stakeholders. These engagement efforts resulted in an average satisfaction rate of 96%, underscoring KWAP’s commitment to service excellence and the fostering of trust.

In addition to broader stakeholder engagement, KWAP’s proactive monitoring and administrative activities led to the recovery of RM1.57 million in contributions through focused engagement with 44 employers. These initiatives demonstrate a dedication to safeguarding pension contributions and ensuring the fund’s long-term sustainability.

The newly introduced *Sistem Saraan Perkhidmatan Awam* (SSPA) by the Government has been noted. Whilst acknowledging potential challenges, particularly regarding employer contribution calculations, KWAP recognises opportunities for technological advancements to enhance process efficiency. By prioritising innovation and maintaining strong stakeholder collaboration, continued operational effectiveness is targeted.

KWAP has been actively preparing stakeholders for future technological changes. Following the “*Merintis Evolusi Corak Kerja*” forum in 2023, this initiative continued with the

“Employer Outreach” in 2024. These efforts emphasised equipping contributing employers for the upcoming new contribution system and digitalisation.

In 2024, an increase in both contributing employers and pensionable employees was observed. Consequently, direct engagement with key stakeholders was intensified. Operational engagements occurred at all working levels, including visits to State Secretaries’ Offices and ministries, to improve understanding of contribution management. High-impact engagements with the Public Service Department (PSD) and the Ministry of Defence Malaysia (MINDEF) in the last quarter of 2024 addressed critical operational matters and secondment arrangements, ensuring regulatory compliance and alignment with best practices.

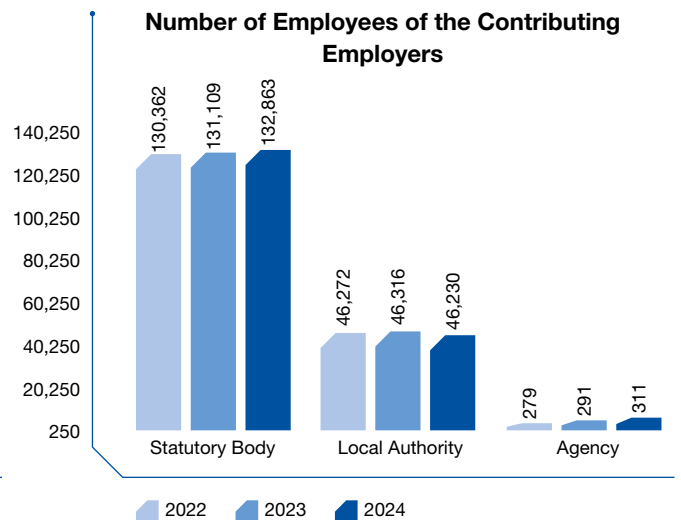
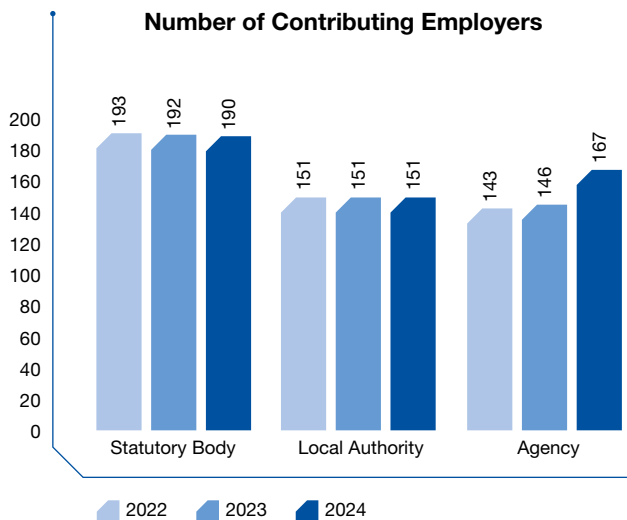
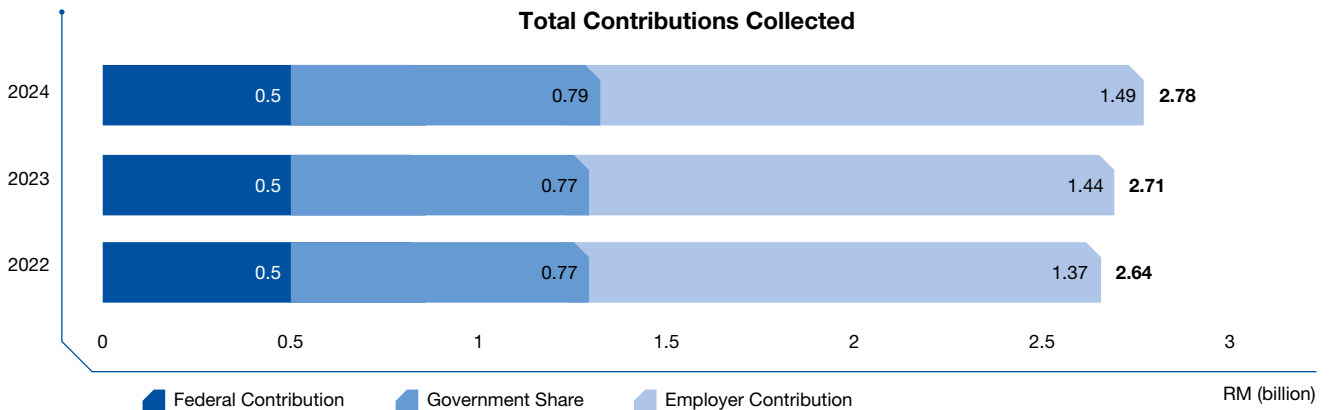
Continued priority was directed towards engagement with contributing employers, focusing on optimising contribution management processes from both perspectives. These initiatives underscore a commitment to building robust stakeholder relationships and achieving operational excellence.

To meet evolving stakeholder needs and technological advancements, strengthening the skill sets of resources, particularly in stakeholder interaction, was prioritised. Furthermore, strong partnerships were established to

monitor officer movements affecting contribution collection, and tracking systems for seconded officers were improved to reduce arrears and ensure operational efficiency.

Moving forward, KWAP remains dedicated to preparing its resources with a mindset of continuous growth and adaptability. By equipping employees with the necessary

skills and fostering a culture of innovation, KWAP ensures its readiness for technological advancements. In line with Malaysia's evolving pension ecosystem, KWAP is committed to supporting the government's agenda and reinforcing its role as a reliable partner in shaping a sustainable future for the nation's pension system.



SOCIAL & RELATIONSHIP CAPITAL (CONTINUED)

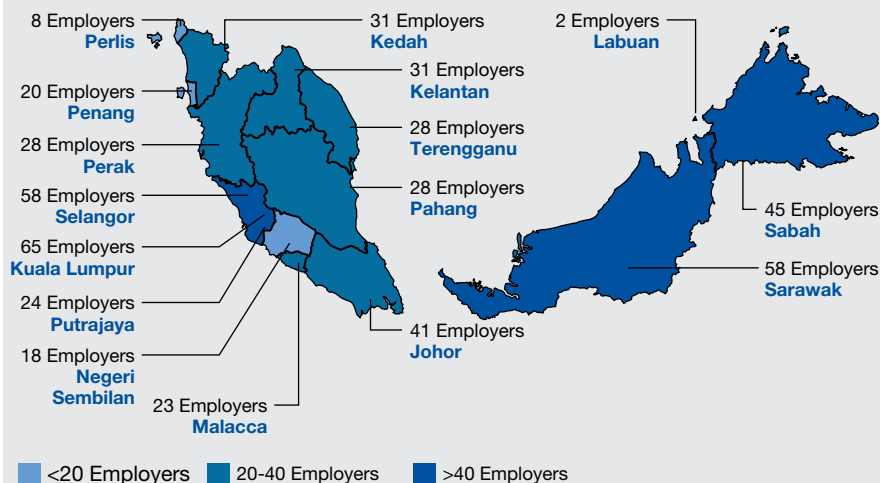
Top 10 Contributors as at 31 December 2024

No.	Contributors	RM (million)
1.	Universiti Teknologi Mara	186.72
2.	Majlis Amanah Rakyat	102.58
3.	Universiti Kebangsaan Malaysia	79.91
4.	Universiti Putra Malaysia	55.78
5.	Dewan Bandaraya Kuala Lumpur	47.08
6.	Universiti Teknologi Malaysia	45.49
7.	Universiti Malaya	43.77
8.	Hospital Universiti Sains Malaysia	40.71
9.	Universiti Sains Malaysia	35.51
10.	Pusat Perubatan Universiti Malaya	29.79

Top 10 Contributors By Category



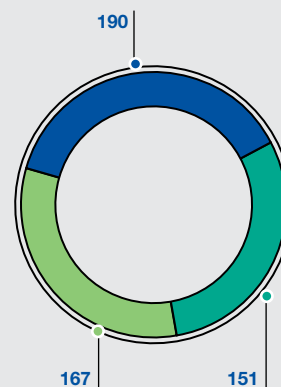
Breakdown of Employers



508
EMPLOYERS

As at 31 December 2024

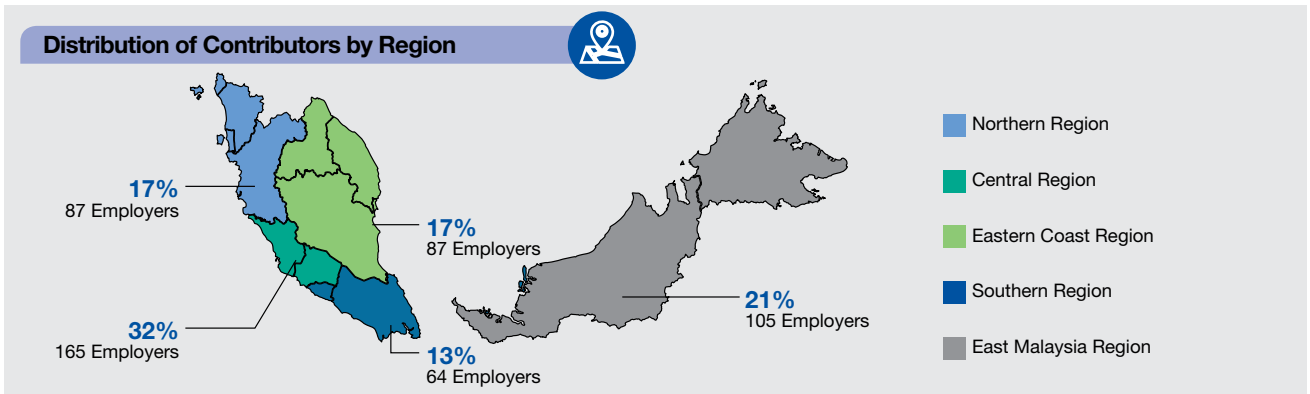
Breakdown of Contributing Employers and Pensionable Employees



- Statutory Body**
132,863 Pensionable Employees
- Local Authorities**
46,230 Pensionable Employees
- Agency**
311 Pensionable Employees

179,404
PENSIONABLE
EMPLOYEES

As at 31 December 2024



PENSION MANAGEMENT

As the government's designated agency for pension management, KWAP plays a vital role in ensuring the prompt and accurate distribution of retirement benefits to pensioners and their beneficiaries. This responsibility is governed by a Service Level Agreement (SLA) with the Government of Malaysia, establishing clear performance targets for pension disbursements, retirement benefits, and associated claims. The SLA mandates the processing of payments, including monthly pensions, gratuities, derivative benefits, and funeral assistance, within specific timeframes to secure the financial well-being of pensioners and their families.

KWAP continued to meet these service commitments, achieving an average weighted score of 99.77% in 2024, an improvement from 99.38% in 2023. This performance, exceeding the 95% minimum benchmark, reflects an ongoing dedication to operational efficiency and reliability in service delivery to pensioners.

Pension Adjustment via *Sistem Saraan Perkhidmatan Awam (SSPA)*

Following the announcement by the YAB Prime Minister on 16 August 2024, regarding the implementation of the *Sistem Saraan Perkhidmatan Awam (SSPA)*, which will replace the *Sistem Saraan Malaysia (SSM)*, government servants are set to receive a salary adjustment which will be distributed in two phases: in December 2024 and in January 2026.

Similarly, pensioners will receive a pension adjustment in line with the implementation of the SSPA.

KWAP successfully completed the Phase 1 pension adjustment under the SSPA for over 800,000 pension recipients. The payments were disbursed on 18 December 2024, in accordance with the implementation timeline.

The Phase 2 pension adjustment will be distributed in January 2026.

Implementation of the New Debt Management Module in Power Gen-2 (PG2) System

To further enhance service efficiency and address evolving stakeholder needs, various business process improvements were implemented throughout the year. A key initiative was the implementation of a new Debt Management Module within the PG2 System in March 2024. This upgrade automated and streamlined the debt management process, aiming to improve efficiency and accuracy in tracking and managing outstanding debts, previously a manual process. The system now allows direct generation of notification and reminder letters, enabling more effective monitoring of debt status. The successful launch of this module represents a significant step in improving operational efficiency and enhancing services for pensioners and recipients. Further system refinement and enhancement exploration are intended.

Information Update Exercise 2024 for Pensioners Residing in Australia, India, and Singapore

In June 2024, an information update exercise involving 480 pensioners residing in Australia, India, and Singapore was conducted. This initiative required pensioners to submit verification of their life status and relevant details to ensure record accuracy and prevent potential fraud or fund leakages. As at 31 December 2024, 438 out of 480 pensioners (91%) had responded, allowing successful verification and uninterrupted pension payments. This exercise significantly improved pension fund management by ensuring accurate disbursements and enhancing service delivery for pensioners living abroad.

SOCIAL & RELATIONSHIP CAPITAL (CONTINUED)

Enhancing Retirement Readiness Through Nationwide Pension Talks

In 2024, KWAP successfully conducted 43 pension-related briefing sessions across Malaysia, attended by 2,057 participants, including retirees, future retirees, and key stakeholders. These sessions aimed to provide essential knowledge and guidance on retirement processes, ensuring that attendees were well-prepared for their transition into the retirement phase.

The sessions also strengthened understanding of the Pension Act and its implications, equipping participants with the necessary information to navigate their post-retirement journey confidently. Through these engagements, KWAP reaffirmed its commitment to delivering accurate and timely information to stakeholders, addressing key concerns regarding retirement procedures.

By collaborating with various government agencies and pensioner groups, KWAP increased awareness of pension entitlements and best practices for retirement planning. These efforts not only empowered individuals with critical knowledge but also contributed to a more informed and prepared retiree community.

Moving forward, plans include expanding outreach initiatives, leveraging both in-person and digital platforms for broader accessibility. By maintaining strong partnerships with relevant agencies, further optimisation of pension education resources is aimed for, ultimately supporting a seamless transition for all retirees under its jurisdiction.



KWAP officer explaining the eligibility criteria for pension benefits during a talk session

Workshop on Preparation of Guidelines for Retirement Documentation Management and Query Examples 2024



The Director of Pension Department of PSD and the Head of Department of Pension Services Department, KWAP posing together with the participants after the event



Cover page of “Garis Panduan Dokumentasi Persaraan Berserta Contoh Kuir”

In collaboration with the PSD, KWAP organised “*Bengkel Penyediaan Garis Panduan Pengurusan Dokumentasi Persaraan dan Contoh-Contoh Kuir 2024*” on 5–6 February 2024.

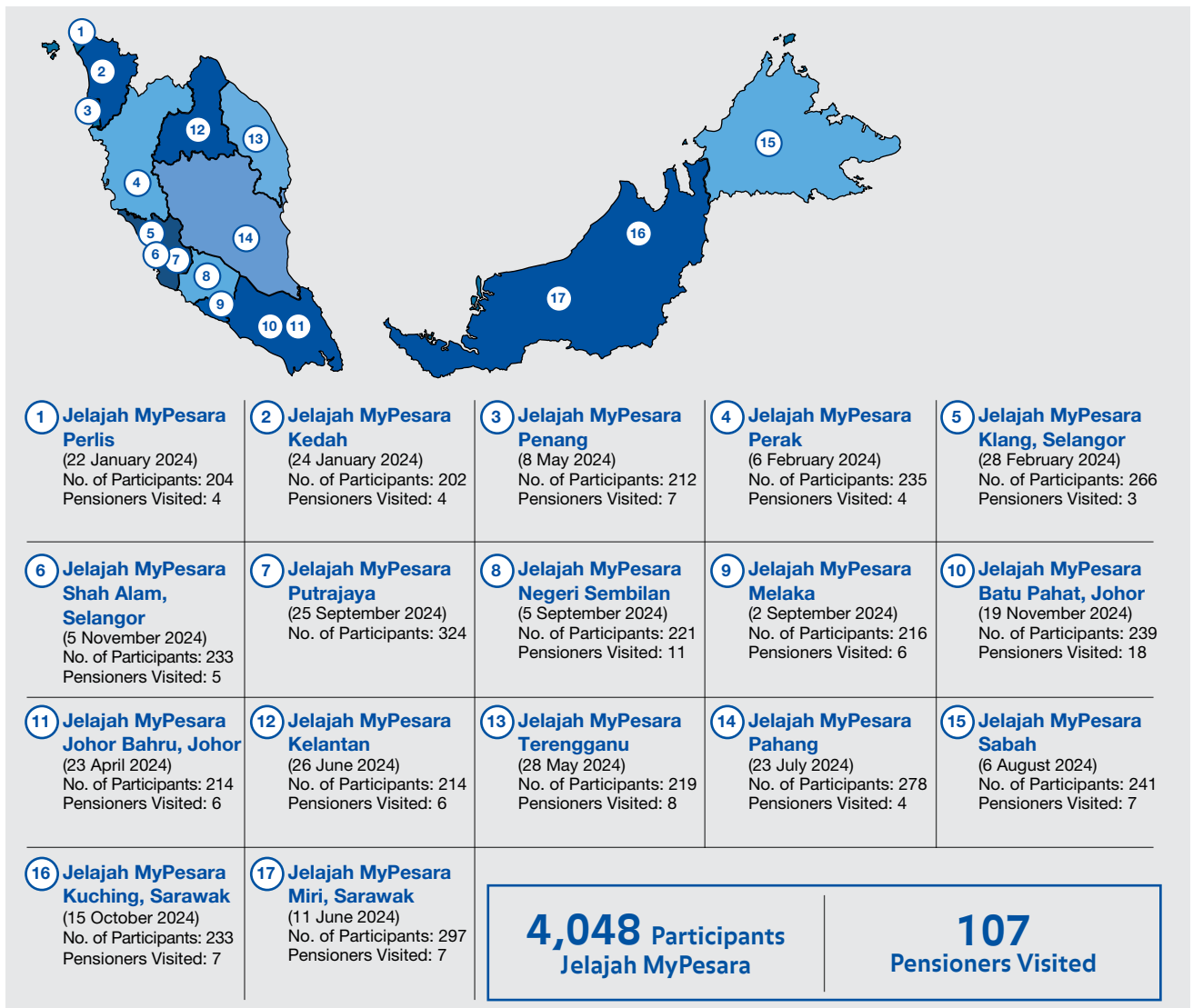
The objective of the workshop was to minimise documentation errors by educating agencies and beneficiaries on proper procedures when submitting documents, thus improving processing efficiency. Several processing officials from both KWAP and PSD attended the workshop.

On 23 December 2024, a guideline titled, “*Garis Panduan Dokumentasi Persaraan Berserta Contoh Kuir Bilangan 1 Tahun 2024*” was uploaded on the PSD portal, serving as a fundamental reference for managing departments and agencies in handling typical query cases. The 85-page document was the first-ever guideline outlining relevant Acts, circulars, and directives, accompanied by selective erroneous examples.

The Jelajah MyPesara Programme 2024

The Jelajah MyPesara Programme, an engagement initiative with stakeholders first introduced in 2023 in collaboration with the PSD, provides an information-sharing platform for pensioners, future pensioners, and pension recipients on retirement ecosystem-related issues. The programme also strengthens strategic partnerships with various government and community bodies.

In 2024, 17 Jelajah MyPesara series were conducted across 17 locations in Malaysia. Over 4,000 attendees focused on awareness and information sharing about scams, financial management, health, healthy lifestyles, estate and will planning, and hobby-related activities.



SOCIAL & RELATIONSHIP CAPITAL (CONTINUED)

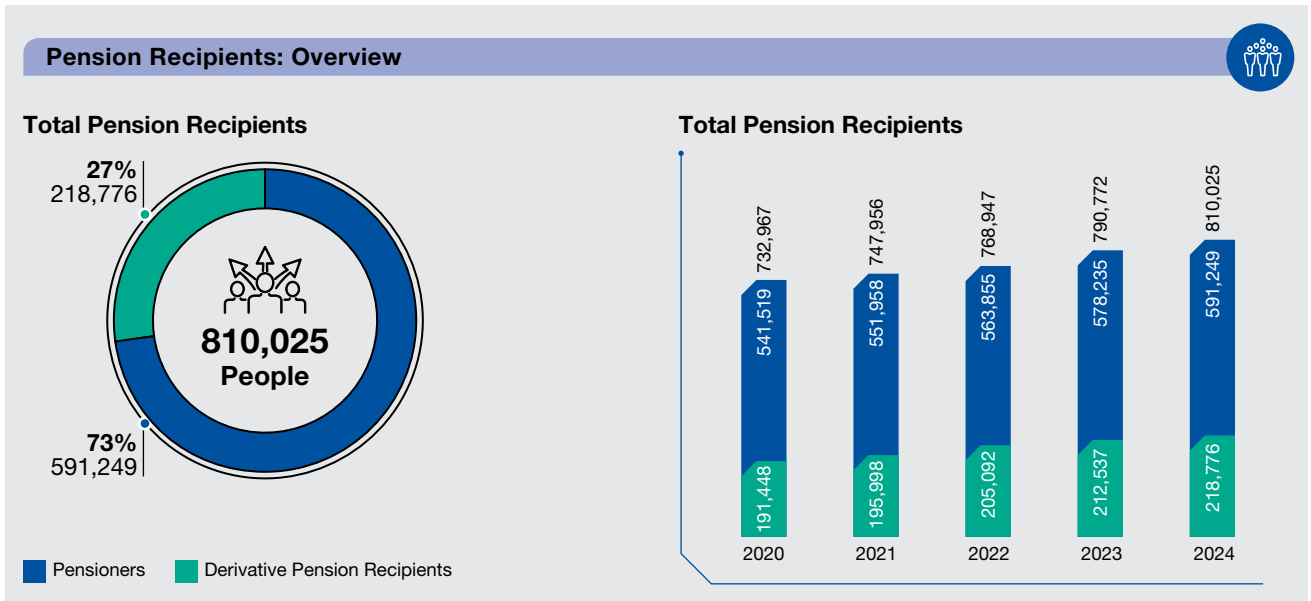
Strategic partners collaborating on the 2024 programme included AmanahRaya Berhad, Amanah Saham Nasional Berhad, Lembaga Pembiayaan Perumahan Sektor Awam, Lembaga Tabung Haji, Tabung Haji Travel, Agensi Kaunseling dan Pengurusan Kredit, Perbadanan Kemajuan Kraftangan Malaysia, and all state governments across Malaysia.

Beyond the one-day seminar, the programme featured the Ziarah MyPesara initiative. This identified pensioners receiving less than RM1,500 monthly pension, those with chronic illnesses or health-related retirements, or those with

children with disabilities. Assistance in the form of mobility aids, medical equipment, nutritional supplements, and food baskets was provided to 107 recipients nationwide, aiming to ease their burdens.

Additionally, the Kembara MyPesara Programme was introduced in 2024, focusing on providing pension-related services to pensioners and recipients in rural areas. Implemented initially in Perak, Sarawak, Pahang, and Johor, over 2,000 individuals benefited from services such as pension card replacement, advisory services, pension-related forms, and access to the MyPesara application.

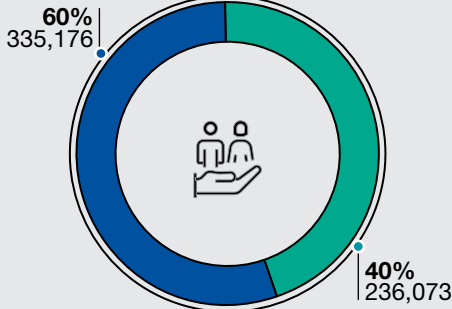
Pensioners' Demographics as at 31 December 2024



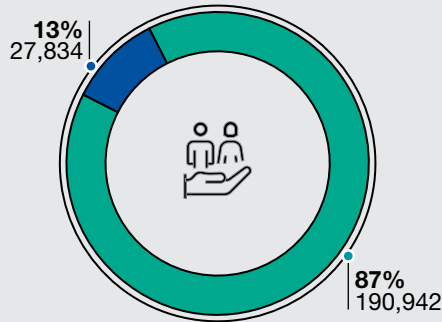
Pension Recipients: Gender



Pensioners

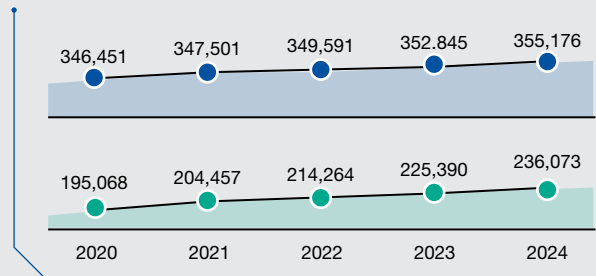


Derivative Pension Recipients

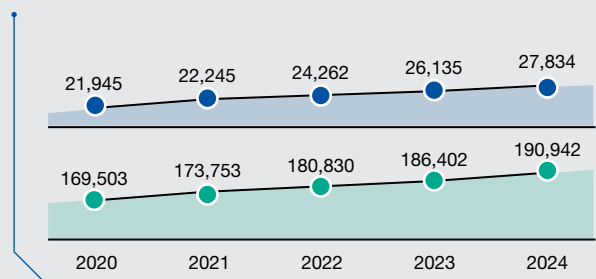


Male Female

Pensioners by Year



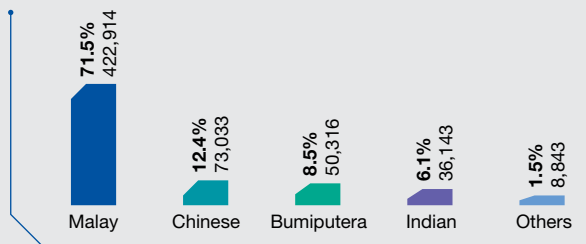
Derivative Pension Recipients



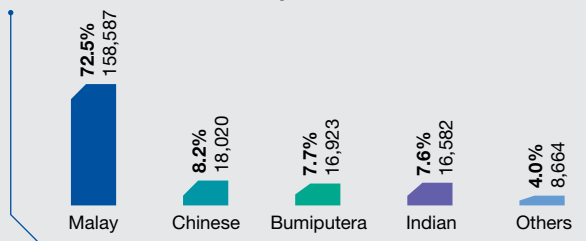
Pension Recipients: Race



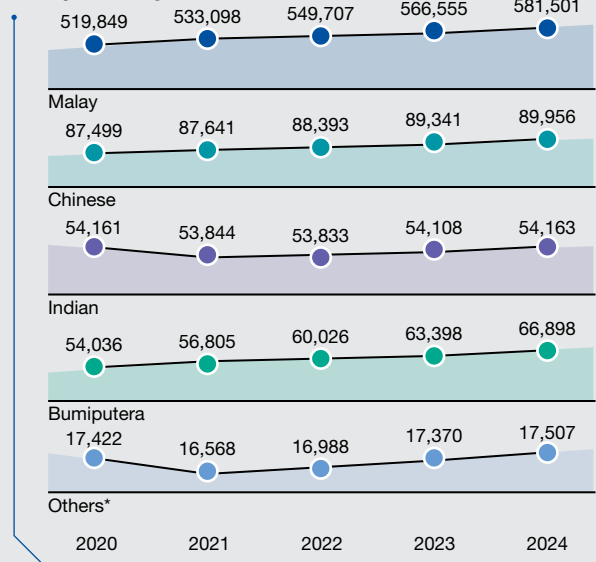
Pensioners



Derivative Pension Recipients



Recipients by Race



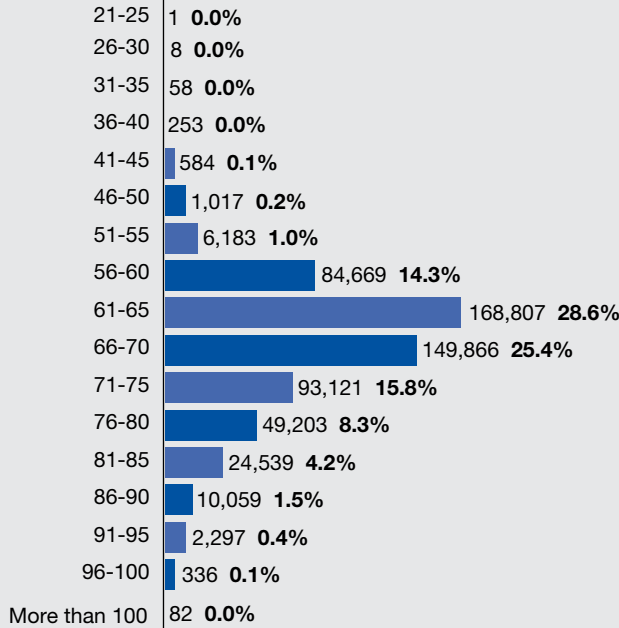
* Others refers to races other than Malay, Chinese, Bumiputera and Indian

SOCIAL & RELATIONSHIP CAPITAL (CONTINUED)

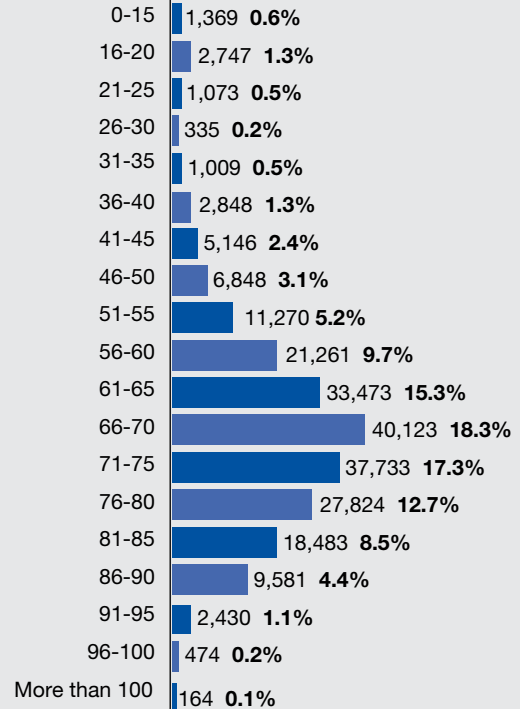
Pension Recipients: Age



Pensioners



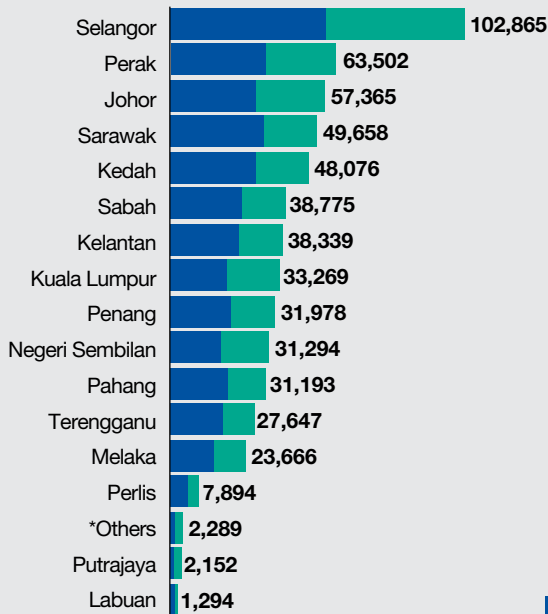
Derivative Pension Recipients



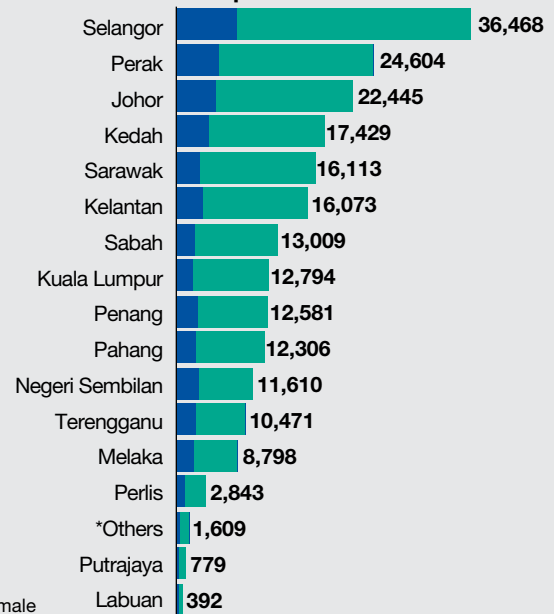
Pension Recipients: Location and Gender



Pensioners



Derivative Pension Recipients



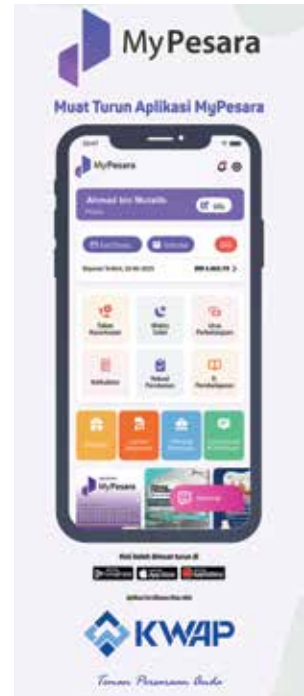
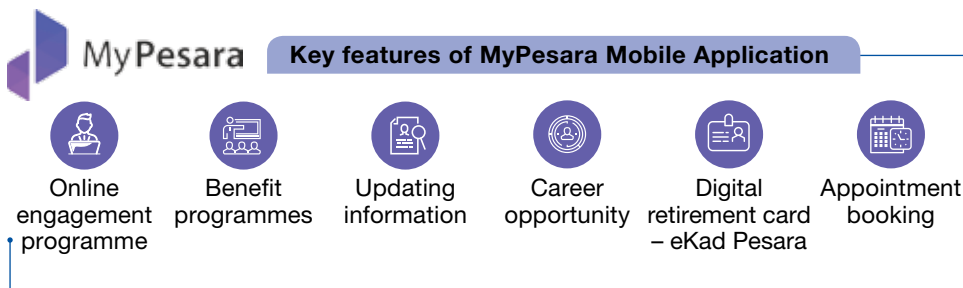
Male Female

MyPesara Mobile Application’s Evolution: A Journey of Continuous Enhancement

In 2024, the MyPesara Mobile Application continued to serve as a key platform for pension recipients to access their latest *Sistem Saraan Perkhidmatan Awam* (SSPA) pension details. The application provided comprehensive information, including the most recent last drawn salary, *Pemberian Khas kepada Pesara* (PKKP) amount, and other relevant updates.

With each new feature and enhancement, MyPesara remains committed to providing retirees with a digital tool that simplifies their post-retirement journey.

Strategic partnerships under the MyPesara initiative were first introduced in 2018. Since then, these collaborations have consistently delivered attractive and beneficial products and services at discounted rates, particularly for MyPesara users among the pensioner community. In addition, a rehiring partner initiative was introduced to support pensioners seeking to re-enter the workforce, offering tailored opportunities and guidance.



Enhanced Main Menu Interface for the MyPesara Mobile Application

DRIVING CHANGE THROUGH STAKEHOLDER-CENTRIC CSR INITIATIVES

Guided by the principle of being “Your Retirement Companion”, CSR initiatives drive empowering change fostering a sustainable, inclusive, and prosperous nation. These align with the Madani Framework’s four transformative pillars: Pension Ecosystem, Investment Ecosystem, Nation Building, and Sustainability. By promoting productive retirement, stakeholders are empowered to engage in society, enhancing their well-being and contributing to communities. The following 2024 initiatives pave the way for fulfilling and impactful retirement lives, aligning with broader sustainable development and national prosperity goals.

Kasih KWAP Ramadan Initiatives



Volunteers gathered at the village mosque to carry out the Ihya Ramadan activities

16 initiatives under Kasih KWAP benefited nearly 2,000 internal and external stakeholders with 86 employee participants. Notable initiatives included “A Step Nearer to the Creator – Tazkirah Ramadan” with renowned speakers and “Iqra Ramadan” with weekly Quranic sessions engaging nearly 300 participants. Dates were distributed to employees, board members, pensioners, and stakeholders. The Prihatin MyPesara initiative involved 50 volunteers connecting with 150 pensioners, sharing information, promoting events, and delivering Raya packages. A donation drive for Rumah Seri Kenangan Ulu Kinta raised over RM1,000, and a charity visit involved volunteers decorating dorms, sharing an iftar meal, and conducting a tazkirah. Ihya Ramadan events in

two villages involved volunteers cooking and distributing 1,200 portions of bubur lambuk, cleaning mosques and graveyards, visiting asnaf homes, and organising tazkirah followed by iftar gatherings.

SOCIAL & RELATIONSHIP CAPITAL (CONTINUED)

MyPesara Prihatin Distribution Package



Volunteers handing an essential care package to a pensioner

Originally launched during the COVID-19 pandemic as KWAP Prihatin, this CSR effort supported affected pensioners with essential items and healthcare supplies. Volunteers delivered care packages directly, providing assistance and facilitating direct engagement to share information and update records. In 2024, the initiative expanded to include celebrating pensioners aged 100 and above during national and festive celebrations. To date, nearly 2,000 pensioners have received these packages, expressing gratitude for these efforts.

KWAP Sejiwa

KWAP Sejiwa initiative is a special two-month programme running from August to September to commemorate Merdeka and Malaysia Day. This initiative was designed to foster patriotism and actively engage with both internal and external stakeholders. Overall, KWAP Sejiwa successfully engaged more than 350 pensioners and various stakeholders, celebrating Malaysia’s independence whilst reinforcing KWAP’s commitment to community engagement and social responsibility. A variety of activities were carried out to celebrate the occasion, including:



Labu Sayong Workshop

Participants explored traditional pottery-making, a craft that not only showcases the rich cultural heritage of Malaysia but also promotes environmental sustainability through the use of natural materials and traditional techniques. A total of 148 employees participated in this two-hour workshop, where they had the opportunity to express their creativity and engage in a relaxing, stress-relief activity.



MyPesara Bazaar

KWAP collaborated with Intermark Mall under Pavillion REIT as part of their Merdeka campaign, themed “Kuala Lumpur: A Journey Through Time - Arts & Literature.” A total of 14 pensioners had the opportunity in showcasing a diverse range of locally made products from 22 August until 5 September 2024 at the concourse area, supporting the pensioners whilst encouraging the public to recognise and appreciate Malaysian-made goods produced by them.



MyPesara Prihatin Merdeka & Malaysia Day Edition

A total of 61 volunteers were deployed to distribute the MyPesara Prihatin Merdeka & Malaysia Day packages to centenarian pensioners and those born in 1957. This thoughtful initiative aimed to address the needs and preferences of pensioners, making them feel valued and supported. By delivering these personalised gifts, the initiative brought joy and enhanced the well-being of the pensioners whilst reinforcing KWAP’s commitment to their welfare.

KWAP Sejiwa



KWAP employees gathering during the parade.

Sambutan Hari Kebangsaan and Hari Malaysia 2024 National Parade

A total of 25 KWAP employees proudly represented KWAP in the national parade, joining 125 representatives from other GLCs and GLICs under the 'GLCs/GLICs Contingent.' The parade featured over 17,000 participants, 59 contingents, 24 marching bands, and 439 military assets, and was graced by the presence of His Majesty Sultan Ibrahim, King of Malaysia, at Dataran Putrajaya on 31 August 2024. For this event, KWAP collaborated with the Faculty of Arts and Design, UiTM, to design parade attire that reflected KWAP's culture whilst incorporating elements of Malaysia's rich heritage.



One of the creative entries in this competition, centred around the patriotic unity of all Malaysians celebrated under the KL Cityscape and iconic twin towers.

Jiwa Merdeka Photo Caption Competition

KWAP launched its first-ever online photo caption competition through its social media platforms, inviting Malaysians to showcase their patriotic spirit through photography and storytelling under the theme 'Malaysia Madani, Jiwa Merdeka.' The month-long competition provided a platform for creativity and expression, resonating with individuals from diverse backgrounds. The initiative garnered an impressive response, with a wide array of creative entries submitted by the public, including inspiring contributions from pensioners. This competition not only celebrated Malaysia's rich heritage but also fostered a sense of unity and pride among participants.

Karnival Kampung Angkat Madani



KWAP's chairman and CEO participating in a traditional activity during the carnival

Officiated by Datuk Johan Mahmood Merican, Secretary General of the Treasury and Chairman of KWAP, the Karnival Kampung Angkat Madani, organised by the Ministry of Finance, is a transformative initiative aimed at uplifting local infrastructure and enhancing community well-being. Held at Sekolah Kebangsaan La, Mukim Hulu Besut, Terengganu, this large-scale effort unites 22 Government Departments and Agencies under the Ministry of Finance to create positive and lasting impact to 10 villages in Mukim Hulu Besut. With a strong emphasis on direct engagement and social impact, the programme reflects the government's commitment to fostering sustainable rural development and improving the quality of life for the residents.

As part of its commitment, KWAP deployed 27 dedicated volunteers to drive various CSR initiatives, directly benefiting pensioners, students, and villagers. These efforts included the distribution of MyPesara Prihatin packages to 50 pensioners in Hulu Besut, ensuring access to essential daily necessities. Under the KWAP Back to School programme, 150 students from Sekolah Kebangsaan Keruak, Sekolah Kebangsaan La and Sekolah Kebangsaan Panchor received essential school supplies to support their education. Additional activities, such as free haircuts for students and villagers, a gotong-royong activity within the school compound, and a MyPesara mobile information booth and services counter for pension-related matters, further amplified the Karnival's impact, benefiting over 5,000 students, villagers, pensioners, and future pensioners.

SOCIAL & RELATIONSHIP CAPITAL (CONTINUED)

GLC Demi Rakyat dan Negara (GDRN) Flood Relief Mission



Volunteers distributing essential care packages on boats during a flood relief mission

KWAP reaffirms its commitment to supporting the GLC Demi Rakyat dan Negara initiative in assisting victims affected by the floods along the East Coast, particularly in Kelantan and Terengganu.

As part of the MyPesara Prihatin Flood Relief Mission 2024, aid valued at RM350,000 was provided to nearly 2,000 flood victims, including pensioners and their families, school students, and local communities. This assistance focused on meeting essential daily needs such as food, clothing, personal care items, household appliances, and school supplies. 13 volunteers were mobilised to distribute care packages to Kampung Bakong Pak Itam in Pasir Mas, Taman Seri Bayu and Taman Sri Dalam Rhu in Tumpat, Kampung Gong Kapas, Kampung Pak Bongsu, Kampung Gong Redang, Kampung Beoh in the Telong district, and Kampung Pak Mali, Kampung Gong Tungai, and Kampung Bakong in the Gunong district, both located in Bachok.

This initiative aligns with the broader efforts of GDRN and its strategic partners, including the National Disaster Management Agency (NADMA), the Malaysian Civil Defense Force (APM), the Department of Social Welfare (JKM), the Tumpat and Bachok District Offices, the Pensioners' Association, village representatives, and non-governmental organisations (NGOs) dedicated to addressing natural disaster crises in the affected areas.

Cahaya Berembang One Million Tree Planting Programme



Volunteers in the midst of the mangrove tree planting activity along the Sungai Panjang River

Initiated in 2018 with 50 mangrove trees planted along the Sungai Panjang River with UKM, this initiative has steadily expanded, except during the pandemic. In 2024, a decade-long commitment (2024–2034) to plant one million mangrove trees was launched, reflecting a dedication to sustainability and biodiversity preservation, particularly enhancing the firefly ecosystem and fostering socio-economy and community development.

The programme began with the planting of 1,000 mangrove trees along the Sungai Panjang River, supported by the Sabak Bernam District Council, 23 KWAP volunteers, and local community members, including pensioners. Since its inception, over 2,000 trees have been planted, contributing to environmental conservation and promoting awareness of sustainable practices.



Volunteers gathered with the local authorities and villagers

In addition to environmental efforts, volunteers visited local pensioners to distribute care packages, share information about KWAP's functions, and highlight future pensioner-related events and participated in firefly-watching activities. This initiative exemplifies a holistic approach to sustainability, combining ecological restoration with community engagement. Looking ahead, KWAP aims to expand this programme to other potential firefly conservation areas in other states reinforcing its commitment to long-term environmental and social sustainability.

Corporate Events



CEO Mandate to External Fund Managers

In 2024, KWAP's CEO set clear directives for external fund managers to align their efforts with the organisation's long-term investment objectives through annual engagement with KWAP's external fund managers. Delivered in a hybrid format to nearly 100 managers, the mandate reinforced KWAP's strategic priorities and commitment to excellence.

A key focus of the mandate was sustainability, highlighting the integration of environmental, social, and governance (ESG) principles into investment strategies. This aligns with KWAP's vision of responsible investing and creating meaningful impact. Stringent performance standards were also introduced, requiring fund managers to deliver consistent, high-quality results whilst navigating evolving market dynamics.

By setting these expectations, KWAP demonstrated its commitment to fostering sustainable growth and strengthening its reputation as a progressive and responsible institutional investor.



Official Visit by Uganda National Social Security Fund

On 23 March 2024, KWAP welcomed the National Social Security Fund (NSSF) of Uganda for a benchmarking pension fund visit. The delegates joined the session as part of their tour in Malaysia. The visit aimed to gain insights into pension system transformation, investment growth, and customer satisfaction, shaping NSSF's strategic vision for 2035.

The session provided insightful discussions on corporate strategy, pension services, and operational efficiencies, providing a platform for sharing knowledge. This visit not only strengthened mutual understanding between KWAP and NSSF but also set the foundation for future collaboration in advancing global pension systems.



Official Visit by Kenya Pension Association

On April 19, 2024, Finnet Trust Service Limited, a leading pension and financial services consultant in Kenya, together with Moi Teaching & Referral Hospital (MTRH), visited KWAP's Cyberjaya office for a benchmarking session. The visit aimed to gain insights into KWAP's administrative structures, pension disbursement, healthcare provisions for retirees, and affordable housing projects to support MTRH's transformation plan for 2024–2028.

The session included engaging discussions and a site visit to KWAP's customer service counters, highlighting medical claims and data integration initiatives. The visit provided valuable knowledge exchange and reinforced opportunities for future collaboration in enhancing pension and social security systems.

SOCIAL & RELATIONSHIP CAPITAL (CONTINUED)

Corporate Events



The launch of Dana Pemacu at Global Forum on Islamic Economics and Finance (GFIEF)

KWAP was honored to participate in the prestigious Global Forum on Islamic Economics and Finance (GFIEF), graced by YAB Dato’ Seri Anwar Ibrahim, Prime Minister of Malaysia, and featuring the launch of Dana Pemacu officiated by YB Senator Datuk Seri Amir Hamzah Azizan, Minister of Finance II as one of the forum highlights. Dana Pemacu is a Malaysia-focused private equity investment strategy, targeting key economic sectors including food security, education, the silver economy and healthcare, energy transition, digital economy, financial inclusion, and other impact-related critical themes under the Ekonomi MADANI framework.

KWAP invested US\$640 million (RM3 billion) in Shariah-compliant investments, making up 50% of the total Dana Pemacu capital commitment of US\$1.28 billion (RM6 billion). As a leading pension fund, KWAP engaged in knowledge-sharing sessions, highlighting our sustainable investment strategies and commitment to ethical finance. With Dana Pemacu as its investment strategy, KWAP emphasised its commitment to achieving optimal returns to support the Government in managing pension liabilities sustainably.



MoU Signing Ceremony between KWAP & UMK

In June 2024, KWAP took a significant step toward advancing Artificial Intelligence (AI) adoption by signing a Memorandum of Understanding (MoU) with Universiti Malaysia Kelantan (UMK). This strategic collaboration focuses on key areas such as Research Grants, the AI Governance Framework and Ethics, and the development of localised language models, reinforcing Malaysia’s position in AI innovation.

Other than research, it also emphasises Advisory Exchanges, Student Attachments, and the establishment of KWAP’s Gen-AI Lab, fostering a strong ecosystem of knowledge-sharing and technological advancement between KWAP and UMK. One of the key advancements include the deployment of Robotic Process Automation (RPA) to streamline workflows, biometric integration to enhance security and accessibility, and the expansion of the Semakan Pesara portal, providing retirees with seamless access to essential services.

Corporate Events



Official Visit by Minister of Finance II to KWAP

On 21 November, YB Senator Datuk Seri Amir Hamzah Azizan, Minister of Finance II, made his inaugural visit to KWAP's office at Integra Tower, Kuala Lumpur. The visit aimed to meet and engage with employees whilst gaining insights into KWAP's operations and investment activities.

YB Senator Datuk Seri was warmly welcomed by KWAP's Chief Executive Officer, Datuk Hajah Nik Amlizan Mohamed, along with the senior management and employees.

As part of the visit, YB Senator Datuk Seri toured various departments, providing employees with the chance to interact directly with him and share knowledge on KWAP's ongoing initiatives and key contributions.



Karnival & Riadah MyPesara 2024

On 29 and 30 November 2024, the Karnival MyPesara 2024 made its debut in Johor Bahru, the state with the third-highest number of pensioners. As one of KWAP's flagship events, the Karnival aimed to strengthen KWAP's reputation, foster a deeper connection with pensioners and stakeholders, and streamline key initiatives aligned with communication focus areas such as investment, operational excellence, and pensioner engagement.

The MyPesara Bazaar provided 54 pensioners with the opportunity to showcase their products and services, enhancing their brand visibility and reaching a broader audience. At the same time, it encouraged them to remain active and productive during retirement whilst generating additional income to support their retirement livelihoods. The Karnival also saw a total of 48 corporate organisations and government agencies participating as exhibitors, offering products and services tailored to senior citizens in areas such as health, entrepreneurship, finance, hobbies, recreation, social engagement, and sustainability.

YB Senator Datuk Seri Amir Hamzah Azizan, Minister of Finance II, officiated the event on behalf of the Prime Minister, underscoring its importance. The two-day Karnival featured a wide range of interactive indoor and outdoor activities, including batik painting, traditional games, a colouring contest, mural painting, a petting zoo, spiritual and motivational talks, lucky draws, and entertainment by guest personalities.

Adding a unique touch to the Johor Edition, we introduced Riadah MyPesara as a special sub-activity, achieving a significant milestone for KWAP by earning a Malaysia Book of Records title for the highest number of pensioners participating in a batik colouring activity. A total of 810 pensioners took part, completing the activity in less than four hours. This accomplishment highlights the growing interest among pensioners to engage in post-retirement activities that promote an active lifestyle whilst enhancing their mental well-being and overall health.

The event attracted an impressive turnout of over 20,000 visitors, highlighting its success in connecting with the community especially the pensioners and creating a positive post-retirement impact. This overwhelming participation reaffirmed KWAP's commitment to empowering and supporting pensioners through impactful and engaging initiatives, in line with its tagline, Your Retirement Companion.

SOCIAL & RELATIONSHIP CAPITAL (CONTINUED)

Corporate Events



Anugerah MyPesara 2024

KWAP proudly hosted Anugerah MyPesara 2024 on 11 December 2024 in Putrajaya, continuing its tradition of celebrating and recognising pensioners for their invaluable contributions to society and the nation. This annual event serves as a platform to honor individuals who have made remarkable impacts through their dedication and achievements in various fields.

The grand prize was awarded to Encik Mazlan bin Hashim for his exceptional efforts in promoting

traditional martial arts and cultural heritage through documentaries and publications. His work has gained international recognition, including participation in the Kampung Melayu Festival in Roermond, the Netherlands. He also won the Social & Community Engagement category. Other notable winners included Encik Mohamed Soder bin Rahmad under the Education Category, recognised for using social media platforms like YouTube and TikTok to share knowledge and motivational content, alongside conducting webinars and lectures. For Entrepreneurship Category, Dr. Mohmad bin Mustafa received the award, celebrated for creating job opportunities through his goat-meat restaurant business and agrotourism ventures, whilst providing training for students and aspiring entrepreneurs.

As the grand prize winner, Encik Mazlan received RM50,000, a trophy, and a certificate. Category winners were each awarded RM10,000, whilst consolation prize recipients took home RM3,000 each, along with trophies and certificates.

With nearly 200 submissions, Anugerah MyPesara 2024 not only celebrated these outstanding pensioners but also inspired the community, reinforcing the idea that retirement is not the end, but the beginning of a new chapter filled with opportunities for growth, impact, and giving back to society.

NATURAL CAPITAL




COMMITTED TO A SUSTAINABLE FUTURE


Natural capital refers to the environmental resources and ecosystems that provide essential services to an organisation and society. For KWAP, this encompasses its commitment to combating climate change, reducing its carbon footprint, and investing responsibly to achieve sustainable returns. Addressing both current and future climate risk is an integral part of KWAP's operating model as a responsible long-term investor.

KWAP'S NATURAL CAPITAL ADVANCEMENTS

KWAP employs a multifaceted approach to address environmental challenges and integrate sustainability into its operations and investment portfolio.


▶  Transitioning to Net Zero

KWAP is committed to achieving net zero emissions and has established targets to reduce carbon emissions across its investment portfolio. In 2023, KWAP undertook a comprehensive assessment of its emissions, comprising Enterprise Emissions and Financed Emissions, to establish a baseline for future measurement and management. KWAP's holistic approach to net zero includes setting short and long term strategies for emission reduction through stewardship, investing in climate solutions, and aligning its portfolio to support a net zero global economy.

▶  Managing Greenhouse Gas (GHG) Emissions

To effectively manage its emissions profile, KWAP established 2022 as its GHG emissions baseline year. This provides a foundation for setting reduction targets, tracking decarbonisation progress, and evaluating the effectiveness of climate initiatives across KWAP and its investment portfolios. In 2024, KWAP refined its financed emissions calculation methodology, resulting in a revision of the 2022 baseline from 6.3 million tCO₂e to 9.02 million tCO₂e. This update reflected efforts to improve data quality, methodological accuracy, and reporting transparency.

In 2024, KWAP improved its Enterprise Scope 2 company-level offices emission by transitioning 84% of Integra Tower office's energy consumption to renewable sources under TNB's Green Electricity Tariff (GET) that covers all five office floors.

▶  Investing in Transition Assets

KWAP's commitment to environmental sustainability is demonstrated through its investments in the sustainable and renewable energy generation sector through Vantage Solar UK Limited (VSUK).

In 2017, KWAP, in collaboration with Tenaga Nasional Berhad, invested in VSUK which operates 24 solar photovoltaic (PV) sites with a total capacity of 365 MW across the United Kingdom. In 2024, VSUK generated 322 GWh from its large-scale solar PV power generating projects. This output was equivalent to the energy needed to power approximately 111,000 households annually. Whilst this marked a slight decrease of 6.5% year-on-year due to lower solar irradiation, it underscored KWAP's commitment to combating climate change.

06

LEADERSHIP & GOVERNANCE

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PROFILE OF THE BOARD



DATUK JOHAN MAHMOOD MERICAN

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

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

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

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

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

Encik Adnan Zaylani was reappointed as KWAP Board Member on 1 March 2024. He is currently the Deputy Governor of Bank Negara Malaysia (BNM) since September 2023.

Throughout his 30-year career with BNM, he has been involved in diverse areas of central banking ranging from investments and financial markets, foreign exchange policy, Islamic finance and financial sector development. He is currently the Chairman of the Financial Markets Committee, a member of the Board Executive Committee of the International Islamic Liquidity Management Corporation, and the Board of Directors of International Centre for Education in Islamic Finance.

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



ENCIK ADNAN ZAYLANI BIN MOHAMAD ZAHID

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

PROFILE OF THE BOARD (CONTINUED)

Datuk Ramzi was appointed as KWAP Board Member on 8 April 2024.

Datuk Ramzi has nearly 30 years of experience in the civil service. He has served in the Administration Section, Economic Planning Unit (EPU), Prime Minister’s Department of Malaysia, Ministry of Education Malaysia, and Ministry of Finance Malaysia.

Among the positions he has held in the Ministry of Finance were Senior Assistant Director, Chief Assistant Director, Head of Section, and Deputy Director of Budget. He was appointed as the Deputy Secretary General of the Treasury (Management) at the Ministry of Finance on 23 January 2024.

Datuk Ramzi holds a Diploma in Public Administration (1996) from INTAN, a Bachelor’s degree in Administration Management (1992) from Universiti Utara Malaysia, and a Master of Arts (2005) from Hiroshima University, Japan.



DATUK RAMZI BIN MANSOR

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



DATUK HAJAH NIK AMLIZAN MOHAMED

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

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

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

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

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

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

Datuk Mohd Shahrin was appointed as KWAP Board Member on 8 April 2024.

He has served in the Civil Service for approximately 30 years, with his first appointment as Assistant Secretary (PSU) at the Education Service Commission (SPP) on January 15, 1996. In December 1997, he was placed in the Service and Human Resources Management Division of Prime Minister's Department, as Assistant Secretary. In 2004, he was assigned to a special task force to establish the Department of Awqaf, Zakat and Hajj until the department successfully commenced operations.

In December 2005, upon the completion of his Master's degree, Datuk Mohd Shahrin was assigned to the Service Division of the Public Service Department as Chief Assistant Director (KPSU), managing career development and promotions for Support Group II. In March 2008, he was assigned to the Human Resource Management Division, Ministry of Education Malaysia, as Chief Assistant Secretary (KPSU). He was then appointed as the Deputy Director in the Public Sector Transformation Division, Malaysian Administrative Modernisation and Management Planning Unit (MAMPU), Prime Minister's Department.

Subsequently, he held the position of Division Secretary in the Administration Division, Ministry of Energy, Green Technology, and Water (KeTTHA), before being appointed as the Director of the Entrepreneurship Development Division at the Ministry of Entrepreneur Development (MEDAC). Since December 2018, he has held the position of Senior Deputy Director, leading the Policy and Consultation Branch in the Service Division, Public Service Department. On 1 December 2023, he was appointed as Director of the Pension Division, of Public Service Department.

Datuk Mohd Shahrin holds a Master's degree in Human Resource Management (MSc) from the University of Surrey, United Kingdom, obtained in 2005. He also holds a Bachelor's degree in Arabic from the International Islamic University Malaysia in 1994, and a Diploma in Public Administration in 1997.



DATUK MOHD SHAHRIM BIN HUSSIN

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

PROFILE OF THE BOARD (CONTINUED)



DATUK NOR YATI BINTI AHMAD

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

Datuk Nor Yati Ahmad was appointed as KWAP Board Member on 6 November 2023. She is currently the Accountant General of Malaysia, effective 18 September 2023. Prior to that, she was the Deputy Accountant General (Corporate) and had served in various departments at both the state and federal levels over the past 30 years of service.

She is a member of the Malaysian Institute of Accountants (MIA) and a Fellow of the Certified Practising Accountants Australia (FCPA Australia). She is also a member of several professional bodies, including the International Public Sector Accounting Standards Board, the Malaysian Accounting Standards Board (MASB) and the Malaysian Institute of Certified Public Accountant (MICPA).

Throughout her career, she has been extensively involved in various task-based groups, particularly in the field of accounting, including the development of accounting standards. She currently chairs the Government Accounting Standard Advisory Committee. She is also the Chair of the Public Sector Accounting Committee of Malaysian Institute of Accountant and the Chairman of Islamic Accounting Standards Advisory Committee.

In addition, she has been appointed as a board member of several statutory bodies and Government-Linked Companies (GLCs) in Malaysia. Most recently, she was appointed as an Adjunct Professor at Universiti Teknologi MARA (UiTM), Malaysia.

She holds a Masters of Accountancy and Finance from the University of Adelaide, Australia, and a Bachelor’s Degree in Accounting from Universiti Putra Malaysia (UPM), Malaysia.

Dato’ Azmi was reappointed as KWAP Board Member on 1 March 2024.

He currently sits on the board of several private limited companies, including Transnational Insurance Brokers Sdn Bhd, Bayo Pay Sdn Bhd and ECS Solution Sdn Bhd.

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

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



DATO’ AZMI BIN ABDULLAH

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



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

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

YM Raja Datin Paduka Teh Maimunah was reappointed as KWAP Board Member on 1 March 2024.

YM Raja Datin Paduka Teh Maimunah has over 30 years of financial services experience covering Investment, Wholesale, Islamic and Digital Banking. She is at present the Chief Executive Officer of AEON Bank, Malaysia's first Islamic digital bank. Prior to her current appointment, she was the Managing Director of Wholesale Banking of the AmBank Group and Chief Executive Officer of AmInvestment Bank and before that, the Managing Director and Chief Executive Officer of Hong Leong Islamic Bank Berhad and COO of Digital Innovation and Transaction Banking at Hong Leong Banking Group. Prior to that, she held the positions of Global Head of Islamic Markets at Bursa Malaysia, Chief Corporate Officer and Head of International Business at Kuwait Finance House Malaysia, Senior Director of Bank Alkhair Bahrain and Head of Investment Banking at RHB Investment Bank.

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

She is at present a Public Interest Director and Independent Non-Executive Director of the Board of Bursa Malaysia Berhad. She also sits on the Regulatory and Conflicts Committee and Listing Committee of Bursa Malaysia Berhad.

She holds an LLB (Hons) from the University of East London, United Kingdom and was awarded an Honorary Doctorate of Law from the same university. YM Raja Datin Paduka Teh Maimunah is a Fellow Chartered Banker (Asian Institute of Chartered Bankers) and a Chartered Professional in Islamic Finance (Chartered Institute of Islamic Finance Professionals).

PROFILE OF THE BOARD (CONTINUED)

Dato' Maznah was appointed as KWAP Board Member on 1 March 2023.

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

She is a Director in Malayan Flour Mill Berhad, Innature Berhad, Opus Asset Management Sdn Bhd and Pavilion REIT Management Sdn Bhd. Prior to her current appointment, she held directorships in a diverse range of organisations, including Boustead Heavy Industries Corporation Berhad, Lembaga Tabung Angkatan Tentera, FELCRA, United Overseas Bank Berhad, and the DRB-HICOM Berhad Group of Companies, comprises the automotive, services, financial services, and property and infrastructure. She was also the former Chairman of Awanbiru Technology Berhad and a member of the Board of Governance of University Malaysia of Computer Science & Engineering (UNIMY).

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

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

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



DATO' MAZNAH BINTI ABDUL JALIL

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



ENCIK ABDUL RAHMAN BIN MOHD NORDIN

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

Encik Abdul Rahman was reappointed as KWAP Board Member on 1 March 2024.

At present, he is the Secretary-General of Congress of Unions of Employees in the Public and Civil Services (CUEPACS), having served in the position since 2019. He is also the President of KESUKMA (Kesatuan Kakitangan Am Universiti Kebangsaan Malaysia) of Universiti Kebangsaan Malaysia (UKM), Malaysia.

RESIGNED/RETIRED BOARD MEMBERS

NO.	NAME OF BOARD MEMBER	DATE OF RESIGNATION/RETIREMENT
1	Datuk Dr. Shahrazat binti Haji Ahmad	1 April 2024
2	Tan Sri Ahmad Terrirudin bin Mohd Salleh	12 November 2024

PROFILE OF THE INVESTMENT PANEL MEMBERS



**DATO' MOHAMAD NASIR
BIN AB LATIF**

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

Dato' Mohamad Nasir was appointed as the Chairman of Investment Panel of KWAP on 1 March 2021.

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

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

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

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

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

Encik Mohammad Reezal began his career in 1999 as an Accountant in Kedah State Government. Later in 2000, he joined MOF as the Assistant Secretary in the Economic Analysis and International Division. He was the Head of Strategy, Fiscal Policy Office under the Fiscal and Economics Division, MOF. He has been serving the MOF for more than 20 years and has held numerous positions with responsibilities mainly related to fiscal policy formulation and macroeconomic management as well as monitoring Federal Government statutory bodies' financial performance and governance. Throughout his career, Encik Mohammad Reezal also served the Ministry of International Trade and Industry as the Senior Principal Assistant Director in the Multilateral Trade Policy and Negotiations Division with main responsibility related to monitoring compliance to multilateral trade agreements and international trade negotiations.



**ENCIK MOHAMMAD REEZAL
BIN AHMAD**

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

Encik Mohammad Reezal currently sits as Non-Independent Non-Executive Director of Perbadanan Kemajuan Pertanian Selangor, Forest Research Institute Malaysia and Malaysian Qualifications Agency.

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



**DATO' NOORAZMAN
BIN ABD AZIZ**

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

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

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

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

Dato' Noorazman started his career as an investment analyst at Perbadanan Nasional Berhad (PERNAS) in 1982. He left three years later for an illustrious 25-year career with Citigroup in areas of corporate banking, investments, treasury and financial markets. It was during this period that he was seconded to Ministry of Finance Malaysia (MOF) where he served as the Director-General of Labuan Offshore Financial Services Authority (LOFSA) and Kuala Lumpur Stock Exchange Berhad's Chief Operating Officer. After the secondment, he re-joined Citibank Berhad as the Managing Director, Head of Corporate and Investment Bank. In 2005, he was appointed as Managing Director/Chief Executive Officer of Bank Islam Malaysia Berhad and later became the Managing Director/Chief Executive Officer of BIMB Holdings Berhad. He left in 2007 to co-found and became the Managing Director of Fajr Capital Ltd, a Syariah-based private equity firm based in Dubai and thereafter joined Khazanah Nasional Berhad (Khazanah) as its Executive Director, Investments until he retired in June 2019.

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

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

PROFILE OF THE INVESTMENT PANEL MEMBERS (CONTINUED)

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

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

In 2000, he was appointed as Executive Vice President/Group Head, Risk Management and from 2005 to 2009, as Executive Director/Chief Operating Officer, Maybank Investment Bank (formerly known as Aseambankers Malaysia Berhad) in charge of finance, IT, operational and regulatory compliance and risk management. He later joined Implico GmbH, Germany and Malaysia from 2010 to 2014 as Private Equity Investor/Director. In 2011, he joined Sumitomo Mitsui Banking Corporation Berhad, Malaysia as Independent Director and Chairman of Risk Management Committee and was later appointed as Deputy Chief Executive Officer of the same bank from 2015 to 2020.

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

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



**ENCIK ANTHONY
LIM CHOON ENG**

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



**PUAN ZAIDA KHALIDA
BINTI SHAARI**

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

Puan Zaida Khalida was appointed as an Investment Panel Member of KWAP on 1 March 2024.

Puan Zaida began her career in 1991 in legal practice with Messrs. Zain & Co. In 1997, she joined Permodalan Nasional Berhad (PNB) as legal advisor to the corporate finance group and was subsequently appointed as the Senior Compliance Officer & Head of Legal Department. She was also appointed as the Company Secretary of PNB. She joined Khazanah Nasional Berhad (Khazanah) in January 2007 as Senior Vice President of Investments and was appointed as Director of Investments in April 2009. During her stint in Khazanah, she oversaw the real estate and education investments of Khazanah. She served Khazanah as Executive Director of Investments until January 2019. She was appointed as the Chief Executive Officer of Yayasan AMIR, a non-profit organisation that focuses on improving accessibility to quality education in public schools, from 1 June 2020 until 30 June 2022. On 1 July 2022, she was appointed as Advisor for Yayasan AMIR. She is also an Advisor to Mereka, an alternative education entity that aims to skill the youth on the necessary digital and other skills for the future.

Puan Zaida is currently a Board of Director of UEM Sunrise Berhad, MNRB Holdings Berhad, Cement Industries of Malaysia Berhad, Pelaburan Hartanah Nasional Berhad, and AEON Co. (M) Berhad.

She obtained LL.B (Hons) from University of Warwick, United Kingdom in 1989 and was admitted as a Barrister-at-Law at Gray's Inn, United Kingdom in 1990 and the Malaysian Bar in 1991. In 2009, she obtained a Master of Business Administration from University of Strathclyde, United Kingdom.

YM Tunku Afwida was appointed as an Investment Panel Member of KWAP on 15 July 2024.

YM Tunku Afwida has held senior roles in investment banks. She was the Chief Executive Officer and Executive Director of Kenanga Investment Bank Berhad from 2006 to 2008. Prior to that, from 2003 to 2006, she was Chief Executive Officer and Executive Director of MIMB Investment Bank Berhad (now known as Hong Leong Investment Bank Berhad) and from 1995 to 2003, she was Executive Director/Chief Investment Officer of Commerce Asset Fund Managers Sdn Bhd. She was also the Senior Independent Director of Telekom Malaysia Berhad before her retirement in May 2024 and was a Director and shareholder of Asia Equity Research Sdn Bhd from 2015 to 2022.

She is currently the Chairman of Affin Hwang Investment Berhad and a Board member of ENRA Group Berhad, SAM Engineering, Equipment (M) Berhad and DXN Holdings Berhad.

She holds a Bachelor of Science (Honours) degree in Economics and Accountancy from City University London, United Kingdom, qualified as a Chartered Accountant from the Institute of Chartered Accountants in England and Wales and is a member of the Malaysian Institute of Accountants.



**YM TUNKU AFWIDA
BINTI TUNKU ABDUL MALEK**

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

PROFILE OF THE INVESTMENT PANEL MEMBERS (CONTINUED)



DATUK HAJAH NIK AMLIZAN MOHAMED

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

Datuk Hajah Nik Amlizan Mohamed was appointed as the Chief Executive Officer of KWAP since 2 November 2020. Her full profile is available on page 100.

RESIGNED/RETIRED INVESTMENT PANEL MEMBERS

NO.	NAME OF INVESTMENT PANEL MEMBERS	DATE OF RESIGNATION/RETIREMENT
1	Encik Mohamed Nazri bin Omar	29 February 2024
2	Dato' Mohamed Ross bin Mohd Din	1 June 2024

PROFILE OF THE SENIOR MANAGEMENT



DATUK HAJAH NIK AMLIZAN MOHAMED

Chief Executive Officer

Datuk Hajah Nik Amlizan Mohamed was appointed as the Chief Executive Officer of KWAP since 2 November 2020. Her full profile is available on page 100.

ENCIK HAZMAN HILMI BIN SALLAHUDDIN

Chief Investment Officer

Encik Hazman Hilmi was appointed as the Chief Investment Officer of KWAP on 3 January 2022. He was previously the Managing Director of Damansara Assets Sdn Bhd (DASB) – a wholly owned real estate subsidiary of Johor Corporation (JCorp) and the Chief Executive Officer of AMAL by Malaysia Airlines – a wholly owned subsidiary of the Malaysian Aviation Group.

Prior to that, Encik Hazman Hilmi was with Khazanah Nasional Berhad where he served in various roles across the organisation over 12 years, including as the Senior Vice President of Khazanah Europe Investment Limited based in London, and Vice President of Khazanah Turkey Regional Office based in Istanbul.

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

ENCIK NAZAIFUL AFFENDI BIN ZAINAL ABIDIN

Chief Strategy and Services Officer

Encik Nazaiful Affendi was appointed as Chief Strategy and Services Officer of KWAP on 1 November 2024.

Encik Nazaiful Affendi, who has over 25 years of experience in investment strategy and research encompassing various markets and asset classes, was previously the Head of Portfolio Strategy and Research Department and has played an integral role in KWAP for the past 16 years.

Prior to joining KWAP, he honed his analytical expertise in various research roles at several organisations, including the Securities Commission, Kumpulan Guthrie Berhad, and Alliance Merchant Bank, amongst others.

He holds a Master of Business Administration (MBA) in Finance and a Bachelor's Degree in Business Administration majoring in Finance and Economics from the International Islamic University, Malaysia.

PROFILE OF THE SENIOR MANAGEMENT (CONTINUED)



PUAN ZARINA BINTI HALIM

Chief Retirement Services Officer

Puan Zarina was appointed as the Chief Retirement Services Officer of KWAP on 2 January 2024.

She was previously the Chief Corporate Officer at the REIT Management Company for Bursa Malaysia listed Hektar REIT. Prior to that, she held various roles at companies within the UEM Group.

Presently, Puan Zarina is a member of several institutions, including, the Institute of Corporate Directors Malaysia (ICDM), the Global Reporting Initiative (GRI) and the Institute of Certified Sustainability Practitioners (ICSP).

During her tenure with Hektar REIT, she held the Securities Commission Malaysia (SC) Capital Markets & Services Representative's License (CMSRL) and is currently a registered Property Manager, governed by The Board of Valuers, Appraisers, Estate Agents, & Property Managers (BOVEAP), Malaysia.

Furthermore, she is a Certified Sustainability Professional with GRI and a Certified Sustainability Reporting Specialist under the ICSP.

In 1993, Puan Zarina obtained her Bachelor's Degree (Honours) in Accounting and Finance from the University of Manchester, United Kingdom. She then pursued her legal studies and acquired a Bachelor's Degree (Honours) in Law from the University of London, United Kingdom in 2011.

ENCIK MAZ MIRZA BIN MOHD AMINURASHID

Chief Digital Officer

Encik Maz Mirza was appointed as the Chief Digital Officer of KWAP on 3 October 2022. With over 25 years of experience in the Information Technology and Cybersecurity sectors, he has held key leadership roles including Head of IT at Mass Rapid Transit Corporation (MRT Corp) and Puspakom, as well as various senior positions within the Sime Darby Group.

Encik Maz Mirza continues to lead KWAP's digital transformation with a forward-looking focus on innovation, sustainability, and strategic partnerships. As Chief Digital Officer, he has steered the Digital Division to align with KWAP's evolving priorities, ensuring that digital initiatives deliver measurable value to the organisation.

Encik Maz Mirza has played a pivotal role in shaping digital leadership by actively engaging in strategic dialogues and contributing to influential thought leadership platforms that drive innovation and transformation across the digital landscape. His contributions have helped position KWAP as a forward-thinking institution committed to responsible innovation, digital transformation, and ESG-aligned growth. By engaging with key stakeholders across the public and private sectors, he continues to champion collaborative approaches that drive sustainable digital progress.

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



**ENCIK AZLAN
BIN HUSSIN**

Head, Equity Department

Encik Azlan has more than 27 years of experience in portfolio management. Prior to this, he was the Chief Executive Officer of MIDF Amanah Asset Management Berhad where he managed to grow the asset under management to RM4 billion from an initial size of RM300 million.

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

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

He graduated with BA (Hons) in Accounting and Finance from Southbank University, London. He is a certified accountant and obtained his ACCA from Emile Woolf College, London, United Kingdom.

**ENCIK MOHAMED KHABIR
REEZA BIN MUSTAFFA**

Head, Fixed Income Department

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

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

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

**ENCIK SAIFULBAHRI
BIN HASSAN**

Head, Private Equity Department

Encik Saifulbahri has more than 20 years of experience in Private Equity and Venture Capital. Encik Saifulbahri spent over 20 years in private equity and venture capital investing in various stages of enterprise development and its funding needs. He is also active in the development of the domestic and international private investing ecosystem from engaging stakeholders to building linkages with international ecosystems.

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

PROFILE OF THE SENIOR MANAGEMENT (CONTINUED)



**ENCIK AHMAD SHAKIR
BIN MOHD ASRI**

Head, Real Estate Department

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

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

**ENCIK PREMRAJ
JANARDANAN**

Head, Infrastructure Department

Encik Premraj brings a wealth of knowledge and expertise to the table with over 20 years of extensive experience spanning investment management, real asset development, engineering, and management consulting.

Prior to joining KWAP, he began his career in management consulting at McKinsey & Co. and The Boston Consulting Group. He then became the Head of Integrated Township Development, Batam at Sinarmasland which is Indonesia’s largest real estate developer, and subsequently managed KWAP’s domestic and international real estate portfolio.

He holds a Bachelor of Science in Electrical Science and Engineering and a Bachelor of Science in Management Science (Finance) from the Massachusetts Institute of Technology (MIT), United States.

**ENCIK KHAIRUL AZWA
BIN KAMALUL BAHRIN**

Head, Risk Management and Compliance Department

Encik Khairul Azwa has over 30 years of experience in the financial sector, of which 25 years was in risk management, governance and compliance. He started his career in Bank Treasury, at Bank Commerce (M) Berhad trading financial products before moving on to various roles in risk management, including derivative risk management, asset liability management and treasury control functions. His last position before KWAP was as Head of Asset Liability and Market Risk in OCBC Bank Malaysia.

He has a LLB (Hons) from the University of Liverpool and an MBA from the University of Wales, United Kingdom. Professionally, he is a Certified Financial Risk Manager (FRM), accredited by the Global Association of Risk Professionals (GARP). He was admitted in 2023 as a Chartered member of the Chartered Institutes of Islamic Finance Professional which carries the designation of Chartered Professional in Islamic Finance (CPIF). In 2024, he completed the PRI Academy’s Applied Responsible Investment and Responsible Investment in Practice to enhance his ESG credentials.



**ENCIK MOHD FAIZAL
BIN MOHD YUSOF**

Head, Corporate Strategy Department

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

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

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

**ENCIK SYED ALI HAIDAR
BIN SYED SHAHABUDDIN**

Head, Group Legal Services Department

Encik Syed Ali Haidar has over 29 years of experience in various roles ranging from legal practice, commercial sector, banking industry, and for the last 10 years in the retirement fund industry. He began his training and career in legal practice in 1996, firstly with Messrs Albar Zulkifly and Yap, and thereafter Messrs Lee Choon Wan & Co before setting up a legal firm partnership under the name and style of Messrs Shahabuddin Hon & Aziz where he practised in, amongst others, corporate and commercial law, corporate advisory, corporate banking, capital markets and securities litigation. He subsequently ventured into the commercial sector and served as an Executive Vice President Corporate Services in a private limited company specialising in parking facility management and digital solutions.

Prior to joining KWAP in April 2015, he served with KAF Investment Bank Berhad for 12 years as its Head of Legal & Corporate Affairs and a Board member of KAF Research Sdn Bhd (an investment research company within KAF Group) from 2005 until early 2015.

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

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

**PUAN SITI ILMIAH
BINTI RAMLI**

Head, Human Resource Department

Puan Siti Ilmiah has over 30 years of experience as a human resource and legal practitioner. She served as an Associate Consultant and legal counsel at the Malaysian Employers Federation (MEF) where she specialised in employment matters and provided consultancy and advisory services to members of MEF as well as represented employers at Industrial Court. She then joined the insurance and banking industry and served in OCBC Bank Malaysia, Malaysia National Insurance, Maybank Berhad as well as Etiqa Insurance and Takaful.

She graduated with LL.B (Hons) from University of London, United Kingdom and holds a Certificate of Legal Practice, Legal from the Legal Profession Qualifying Board, Malaysia.

PROFILE OF THE SENIOR MANAGEMENT (CONTINUED)



ENCIK HAMKUSHAIRI BIN JAHARI

Head, Internal Audit Department

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

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

ENCIK MOHD NASIR BIN AB. HADI

Head, Integrity and Governance Office

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

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

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

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

ENCIK MUHAMAD HAFIZ BIN ABAS

Head, Pension Services Department

Encik Muhamad Hafiz has over 25 years of experience in the area of internal audit, risk management and operations management. Prior to joining KWAP, he was the Head of Risk Management at RHB Insurance Berhad and internal auditor at Public Bank Berhad.

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



**PUAN FAROZA
BINTI MOHAMED SOHOR**

Head, Contribution Department

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

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

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

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

**PUAN NAJIHAH
BINTI MOHAMAD NORWI**

Head, Accounts and
Finance Department

Puan Najihah has over 25 years of experience as a corporate accountant in sectors such as insurance, IT, utilities and infrastructure. Prior to KWAP, she was a corporate accountant at MMC Berhad as well as the project accountant at its subsidiary companies.

She is a professional accountant, a member of CPA Australia and Malaysian Institute of Accountants (MIA). She holds a Bachelor of Business majoring in Accounting & Finance from Monash University, Australia.

**ENCIK MD HAYRANI
BIN MIRESO**

Head, Corporate Treasury
Department

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

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

PROFILE OF THE SENIOR MANAGEMENT (CONTINUED)



ENCIK ABDUL RAZAK BIN JABAR

Head, Digital Strategy and Services Department

Encik Abdul Razak has more than 25 years of experience in the Information Technology industry. Prior to joining KWAP, he was a senior consultant at a local and a multinational corporation implementing software and systems in the financial services industry.

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

PUAN NOR FARIDAH BINTI AMIN

Head, Strategic Communications Department

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

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

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

PUAN NORISWATI BINTI SALLEH

Head, Investment Operations Department

Puan Noriswati has an extensive career spanning more than 15 years within prominent foreign banks in Malaysia, focusing on back office operations, client onboarding, and client services. Her key role included spearheading the establishment of Client Services at Deutsche Bank (Malaysia) Bhd in 1998.

She brings valuable insights from her tenure at the British High Commission in Malaysia, where she was involved in managing Scholarships and Public Diplomacy, collaborating closely with The British Council.

Before joining KWAP in 2015, she served at the Bank of New York Mellon, Kuala Lumpur Representative Office, specialising in pension funds and Government-Linked Investment Companies (GLICs).

She holds a Master's in Business Administration (MBA) from the University of East London and a Diploma in Economics from the University of London, United Kingdom.

STATEMENT ON CORPORATE GOVERNANCE

COMPOSITION OF THE BOARD

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

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

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

A brief profile of each Board member is presented on pages 99 to 105 of this Integrated Annual Report.

The following are the appointments, resignations, and retirements of the Board Members for 2024:

- (i) Datuk Dr. Shahrazat binti Haji Ahmad has resigned on 1 April 2024. The Minister of Finance had subsequently appointed Datuk Ramzi bin Mansor, as the representative from the Ministry of Finance on 8 April 2024;
- (ii) Datuk Mohd Shahrin bin Hussin had been appointed as a new Board member to represent the Government of Malaysia on 8 April 2024, to fill the vacant seat which left by Dato' Mohd Shaiful bin Ibrahim, who resigned on 15 December 2023; and

- (iii) There was another vacant Board seat under Section 6(4)(e) of the Act, due to the retirement of Tan Sri Ahmad Terrirudin bin Mohd Salleh, effective from 12 November 2024.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

As per KWAP Act and as part of good governance and best practices recommended by the Malaysian Code of Corporate Governance (MCCG) issued by the Securities Commission Malaysia, the roles of the Chairman and the Chief Executive Officer of KWAP are distinct and separated.

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

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

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

RESPONSIBILITIES AND ACCOUNTABILITIES OF THE BOARD

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

STATEMENT ON CORPORATE GOVERNANCE (CONTINUED)

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

COMPONENTS OF AN EFFECTIVE BOARD

Structuring a high-performing Board

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

Ensuring effective Board operations and interactions

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

Fulfilling the Board's fundamental roles and responsibilities

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

Board Meetings

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

During the financial year 2024, nine Board meetings and one Special Board Meeting were held. The proceedings of all meetings of the Board including all issues raised, enquiries made and responses thereto, were also presented and recorded in the minutes of the respective Board and its Committees' meetings. Where necessary, decisions have been taken by way of circular resolutions. Decisions via circularisation require simple majority approval, which will be reported during the following Board meeting for notification.

The attendance of the Board Members for 2024 is set out below:

No.	Name	Attendance
1.	Datuk Johan Mahmood Merican Chairman	10/10
2.	Datuk Dr. Shahrazat binti Haji Ahmad (*Resigned on 1 April 2024)	*0/3
3.	Tan Sri Ahmad Terrirudin bin Mohd Salleh (*Retired on 12 November 2024)	*3/8
4.	Datuk Nor Yati binti Ahmad	8/10
5.	Datuk Ramzi bin Mansor (*Appointed on 8 April 2024)	*5/7
6.	Datuk Mohd Shahrin bin Hussin (*Appointed on 8 April 2024)	*5/7
7.	Encik Adnan Zaylani bin Mohamad Zahid	7/10

No.	Name	Attendance
8.	Dato' Azmi bin Abdullah	10/10
9.	YM Raja Datin Paduka Teh Maimunah binti Raja Abdul Aziz	7/10
10.	Dato' Maznah binti Abdul Jalil	10/10
11.	Encik Abdul Rahman bin Haji Mohd Nordin	10/10
12.	Datuk Hajah Nik Amlizan Mohamed	9/10

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

THE INVESTMENT PANEL

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

Composition of the Investment Panel

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

- (i) a Chairman who shall be the Chairman of the Board or such other person as may be appointed by the Minister of Finance (Section 7(2)(a) of KWAP Act);
- (ii) a representative from the Ministry of Finance (Section 7(2)(c) of KWAP Act);

- (iii) the Chief Executive Officer of KWAP, who shall be the Secretary of the Investment Panel (Section 7(2)(d) of KWAP Act); and
- (iv) Four other persons from the public or private sector with experience and expertise in business, investment, banking and finance (Section 7(2)(e) of KWAP Act).

A brief profile of each Investment Panel member is presented on pages 106 to 110 of this Annual Report.

Primary Duties and Responsibilities of the Investment Panel

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

Investment Panel Meetings

During the financial year 2024, 11 Investment Panel and nine Special Investment Panel meetings were held. A summary of attendance of the Investment Panel Members is set out below:

No.	Name	Attendance
1.	Dato' Mohamad Nasir bin Ab Latif Chairman	20/20
2.	Encik Mohammad Reezal bin Ahmad	20/20
3.	Dato' Noorazman bin Abd Aziz	17/20
4.	Encik Mohammed Nazri bin Omar (*Resigned on 29 February 2024)	*3/4
5.	Dato' Mohamed Ross bin Mohd Din (*Resigned on 1 June 2024)	*5/9
6.	Encik Anthony Lim Choon Eng	17/20
7.	Datuk Hajah Nik Amlizan Mohamed	19/20

STATEMENT ON CORPORATE GOVERNANCE (CONTINUED)

No.	Name	Attendance
8.	Puan Zaida Khalida binti Shaari <i>(*Appointed on 1 March 2024)</i>	*15/15
9.	YM Tunku Afwida binti Tunku Dato' A. Malek <i>(*Appointed on 15 July 2024)</i>	*8/9

APPOINTMENT AND REMUNERATION OF BOARD AND INVESTMENT PANEL MEMBERS

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

In 2024, the Board and the Investment Panel members received a total remuneration of RM974,605 and RM581,000 respectively.

BOARD COMMITTEES

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

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

Details of activities of the Board Committees during the financial year 2024 are outlined below:

BOARD AUDIT COMMITTEE

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

Membership

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

1. Dato' Azmi bin Abdullah – Chairman
2. Dato' Maznah binti Abdul Jalil – Member
3. Tan Sri Ahmad Terrirudin bin Mohd Salleh – Member
(Retired on 12 November 2024)
4. Datuk Dr. Shahrazat binti Haji Ahmad – Member
(Resigned on 1 April 2024)
5. Datuk Nor Yati binti Ahmad – Member
6. Datuk Mohd Shahrim Hussin – Member
(Appointed on 8 April 2024)

Four BAC meetings and three Special BAC meetings were held throughout year 2024.

Duties and Responsibilities of the BAC

The following are the duties and responsibilities of the BAC:

- (i) Financial Statements
 - (a) To review and recommend to the Board the financial statements of KWAP Group and/or KWAP, as the case may be, for recommendation to the Board for approval, focusing particularly on:
 - (i) changes in or implementation of major accounting policy changes;

- (ii) significant matters highlighted including financial reporting issues, significant judgments made by management, significant and unusual events or transactions, and how these matters are addressed; and
 - (iii) compliance with accounting standards and other legal requirements.
- (b) To review and recommend to the Board any changes to the Financial Policies (FP) and/or Financial Guidelines (FG) and Tax Policies and Guidelines.
- (ii) Internal Audit
- a) To review and approve the Internal Audit Plan, including reviewing internal audit resources necessary to achieve the plan;
 - b) To review Internal Audit Department's (IAD) performance against the Internal Audit Plan and approve any subsequent material changes to the Internal Audit Plan;
 - c) To evaluate internal control system through review of the internal audit reports performed on KWAP Group/KWAP, as the case may be, and ensure that the Management is taking necessary corrective actions in a timely manner to address control weaknesses, non-compliance with laws, regulatory requirements, policies and other issues identified by IAD;
 - d) To note significant differences, if any between the Head of IAD and the rest of the Management, irrespective of whether these have been resolved, in order to identify any impact, the differences may have on the audit process or findings;
 - e) To review and recommend the appointment, transfer, renewal and removal of the Head of IAD to Board Nomination and Remuneration Committee (BNRC) before the Board's final approval;
 - f) To review and approve the proposed IAD Scorecard for annual performance evaluation;
 - g) To review and approve the annual performance evaluation of the Head of IAD;
 - h) To review and approve the Internal Audit Charter annually to ensure that IAD has the necessary authority to carry out its work;
 - i) To ensure that IAD has appropriate standing in KWAP and has the necessary authority, resources and competency to carry out its work;
 - j) To ensure that IAD has a quality assurance and improvement programs and that the results of these periodic assessments are addressed and presented to the BAC;
 - k) To approve on the appointment of an independent external quality assurance reviewer to conduct an external quality assurance review every five years and the results of the review are addressed and presented to the BAC; and
 - l) To review and approve any key changes to audit methodology and processes.
- (iii) External Audit
- a) To discuss and review with the external auditor before the audit commences, on the nature and scope of the audit;
 - b) To monitor and assess the independence of the external auditor, including the approval of non-audit services by the external auditor;
 - c) To review the assistance given by the Management to the external auditor;
 - d) To maintain regular, timely, open and honest communication with the external auditor, and requiring the external auditor to report to the BAC on significant matters;
 - e) To evaluate internal controls system through review of external auditor's report and to ensure that the Management has taken the necessary corrective actions in a timely manner to address the external audit findings and recommendations; and
 - f) To monitor and assess the effectiveness of the external auditor, including meeting with the external auditor at least annually without the presence of the Management to discuss any key concerns and obtain feedback.

STATEMENT ON CORPORATE GOVERNANCE (CONTINUED)

(iv) Other Responsibilities

- To consider major findings of internal audit investigations and management’s response;
- To direct and provide oversight on any audit investigations to be carried out by the internal auditor or any independent party and review the outcomes of investigations;
- To review and update the Board on all related party transactions that may arise within KWAP;
- To review any third-party opinions on the design and effectiveness of KWAP’s internal control systems; and
- To consider other issues as defined by the Board.

BAC Meeting Attendance:

No.	Name	Attendance
1.	Dato’ Azmi bin Abdullah - Chairman	7/7
2.	Dato’ Maznah binti Abdul Jalil	7/7
3.	Tan Sri Ahmad Terrirudin bin Mohd Salleh <i>(*Retired on 12 November 2024)</i>	*3/6
4.	Datuk Dr. Shahrazat binti Haji Ahmad – Member <i>(*Resigned on 1 April 2024)</i>	*1/2
5.	Datuk Nor Yati binti Ahmad	3/7
6.	Datuk Mohd Shahrin bin Hussin <i>(*Appointed on 8 April 2024)</i>	*4/4

BOARD INTEGRITY COMMITTEE

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

Membership

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

- YM Raja Datin Paduka Teh Maimunah binti Raja Abdul Aziz – Member
(Resigned on 27 May 2024)
- Tan Sri Ahmad Terrirudin bin Mohd Salleh – Member
(Reassigned from a Member to Chairman on 27 May 2024 and retired on 12 November 2024)
- Dato’ Azmi bin Abdullah – Member
(Appointed on 27 May 2024)
- Encik Abdul Rahman bin Mohd Nordin – Member
(Resigned on 27 May 2024)
- Datuk Nor Yati binti Ahmad – Member
- Datuk Mohd Shahrin bin Hussin – Member
(Appointed on 8 April 2024)

Four BIC meetings were held throughout the year 2024.

Duties and Responsibilities of the BIC

The following are the duties and responsibilities of the BIC:

- Review and approve frameworks, strategies, plans, policies, procedures and other matters related to integrity, anti-corruption and governance functions and, where applicable, recommend to the Board for approval;
- Monitor the overall issues of bribery, corruption and unethical conducts within the organisation;
- Ensure establishment of adequate measures for corruption prevention, integrity and good governance in KWAP;
- Oversee the implementation of integrity, anti-corruption and governance functions in KWAP for achievement of their intended objectives;
- Review and approve the proposed Integrity and Governance Office’s (IGO) Scorecard for annual performance evaluation;

- f) Review and recommend the appointment, transfer, renewal and removal of the Head of IGO for BNRC's and the Board's final approval;
- g) Review and approve the annual performance evaluation of the Head of IGO; and
- h) Consider other issues as defined by the Board.

BIC Meeting Attendance:

No.	Name	Attendance
1.	YM Raja Datin Paduka Teh Maimunah binti Raja Abdul Aziz <i>(*Resigned on 27 May 2024)</i>	*2/2
2.	Tan Sri Ahmad Terrirudin bin Mohd Salleh <i>(*Reassigned from a Member to Chairman on 27 May 2024 and retired on 12 November 2024)</i>	*3/3
3.	Dato' Azmi bin Abdullah <i>(*Appointed as Member on 27 May 2024)</i>	*2/2
4.	Encik Abdul Rahman bin Mohd Nordin <i>(*Resigned on 27 May 2024)</i>	*2/2
5.	Datuk Nor Yati binti Ahmad	3/4
6.	Datuk Mohd Shahrin bin Hussin <i>(*Appointed on 27 May 2024)</i>	*2/2

BOARD RISK AND COMPLIANCE COMMITTEE

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

Membership

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

1. Dato' Maznah binti Abdul Jalil – Chairman
2. Dato' Azmi bin Abdullah – Member
3. Encik Adnan Zaylani bin Mohd Zahid – Member
4. YM Raja Datin Paduka Teh Maimunah binti Raja Abd Aziz – Member
5. Datuk Dr. Shahrazat binti Haji Ahmad – Member
(Resigned on 1 April 2024)
6. Datuk Nor Yati binti Ahmad – Member
(Appointed on 27 May 2024)

Six BRCC meetings were held throughout the year 2024.

Duties and Responsibilities of the BRCC

The following are the duties and responsibilities of the BRCC:

- a) Determine risk appetite and recommend to Board for approval;
- b) Review risk management and compliance frameworks and policies and recommend to the Board for approval;
- c) Review risk management and compliance guidelines;
- d) Approve risk limits, and escalate to the Board, as and when necessary;
- e) Ensure an effective risk management and compliance process by recommending controls for risks inherent in products, activities, processes and systems;
- f) Approve Business Continuity Management (BCM) Policies;
- g) Ensure adequate infrastructure, resources and systems are in place to identify, measure, monitor and control risks for effective risk management within KWAP and/or KWAP Group, where relevant;

STATEMENT ON CORPORATE GOVERNANCE (CONTINUED)

- h) Report to Board any suspected frauds or irregularities, any non-compliance to the internal controls or suspected infringement of laws, rules and regulations which come to its attention and are of sufficient importance to warrant the attention of the Board;
- i) Review KWAP’s risk exposures and mitigating controls;
- j) Review, assess and where relevant, approve proposals in relation to KWAP’s compliance to any applicable laws, regulatory etc. which may include compliance to data privacy laws; and
- k) Consider other issues as defined by the Board.

BRCC Meeting Attendance:

No.	Name	Attendance
1.	Dato’ Maznah binti Abdul Jalil - Chairman	6/6
2.	Dato’ Azmi bin Abdullah	6/6
3.	Encik Adnan Zaylani bin Mohamad Zahid	3/6
4.	YM Raja Datin Paduka Teh Maimunah binti Raja Abd Aziz	3/6
5.	Datuk Dr. Shahrazat binti Haji Ahmad <i>(*Resigned on 1 April 2024)</i>	*1/1
6.	Datuk Nor Yati binti Ahmad <i>(*Appointed on 27 May 2024)</i>	*2/4

BOARD NOMINATION AND REMUNERATION COMMITTEE (BNRC)

As a committee of the Board, the BNRC is generally responsible to review, assess and where relevant, advise, recommend and/or notify the Board in relation to the matters as set out in the Terms of Reference of BNRC. BNRC is accountable to the Board for its performance.

Membership

Currently, the BNRC comprises five Board members i.e. a Chairman and the following four other members who have been appointed by the Board:

1. Datuk Dr. Shahrazat binti Haji Ahmad – Chairman
(Resigned on 1 April 2024)
2. Datuk Ramzi bin Mansor – Chairman
(Appointed on 27 May 2024)
3. Dato’ Azmi bin Abdullah – Member
4. Encik Adnan Zaylani bin Mohamad Zahid – Member
5. Encik Abdul Rahman bin Mohd Nordin – Member
6. Dato’ Maznah binti Abdul Jalil - Member

Three BNRC meetings and three Special BNRC meetings were held throughout the year 2024.

Duties and Responsibilities of the BNRC

The following are among the duties and responsibilities of the BNRC:

Primary Responsibilities

- a) to review the relevant policy and/or framework in determining the appointment and remuneration of the officers, and servants, of the Retirement Fund (Incorporated) and recommend to the Board the performance related remuneration of KWAP’s employees. In this regard, BNRC may obtain independent professional advice and any other information necessary in determining the policy and/or framework;
- b) to review and recommend to the Board on KWAP’s policy on executive remuneration, including determining specific remuneration packages and terms of employment (including pension rights, if any) and determining performance incentive arrangements for certain senior executives;

- c) To review and recommend on the policies and practice to the Board in respect of recruitment, retention and removal of the employees of the following categories:
 - i) KWAP's Group CEO or KWAP's CEO, as the case may be;
 - ii) CEO of KWAP's subsidiaries; and
 - iii) Senior Management of KWAP and/or KWAP subsidiaries, as the case may be.
 as well as the length of service related to thereof;
- d) To review and recommend to the Board on the objectives, goals and the assessment of performance of the employees of the following categories:
 - i) KWAP's Group CEO or KWAP's CEO, as the case may be;
 - ii) CEO of KWAP's subsidiaries; and
 - iii) Senior Management of KWAP and/or KWAP subsidiaries, as the case may be, who are on contractual employment terms.
- e) To review and recommend to the Board on the level and make-up of the remuneration of the employees of the following categories:
 - i) KWAP's Group CEO or KWAP's CEO, as the case may be;
 - ii) CEO of KWAP's subsidiaries; and
 - iii) Senior Management of KWAP and/or KWAP Group, as the case may be, so as to ensure that KWAP attracts and retains the right talents of appropriate calibre, experience and quality needed to run KWAP successfully. The level and make-up of the remuneration should be structured so as to link rewards with corporate and individual performance; and
 - iv) To review and recommend to the Board the remuneration of directors of KWAP's subsidiaries.

Human Resource

- a) To review and recommend to the Board on the minimum requirements on the skills, experience, qualifications and other core competencies of KWAP's employees;
- b) To review and recommend to the Board on the terms and conditions of employment and service of KWAP's employees;
- c) To review and recommend to the Board on code of conduct and discipline of KWAP's employees;
- d) To review and recommend to the Board on the mechanisms for the formal assessment on the effectiveness of KWAP's employees;
- e) To review and recommend to the Board on the appointment, renewal of contract, upgrading and promotion, termination or removal of the following categories:
 - i) KWAP's Group CEO or KWAP's CEO, as the case may be;
 - ii) CEO of KWAP's subsidiaries; and
 - iii) Senior Management of KWAP and/or KWAP subsidiaries, as the case may be.
- f) To review and recommend to the Board on the succession planning and talent management of the employees of the following categories:
 - i) KWAP's Group CEO or KWAP's CEO, as the case may be;
 - ii) CEO of KWAP's subsidiaries; and
 - iii) Senior Management of KWAP and/or KWAP subsidiaries, as the case may be.
- g) To review and recommend to the Board any proposals in relation to remuneration, entitlements, benefits, including service contracts and compensation payment as well as terms of employment of the employees of the following categories:
 - i) KWAP's Group CEO or KWAP's CEO, as the case may be;
 - ii) CEO of KWAP's subsidiaries; and
 - iii) Senior Management of KWAP and/or KWAP subsidiaries, as the case may be.

STATEMENT ON CORPORATE GOVERNANCE (CONTINUED)

- h) To review and recommend to the Board on compensation commitments/severance payments of the employees of KWAP, in the event of early termination of the employment/service contracts; and
- i) To review and recommend to the Board on the nomination and appointment for any positions that reports to KWAP’s Group CEO or KWAP’s CEO, as the case may be.

Other Functions

- a) To review and recommend to the Board any performance related pay schemes for KWAP;
- b) To review and recommend to the Board on the policy and scope of service agreements of the executive, termination payments and compensation;
- c) To oversee any major changes in employee of KWAP;
- d) To review and recommend to the Board the framework, or broad policy and proposal of remuneration package such as allowances, benefits, gratuity honorarium, and compensation for members of the Investment Panel and Board. The policy or framework in connection thereto shall be documented and any changes thereto should be subject to the approval of the Board and ultimately the Minister of Finance; and
- e) To consider other issues as defined by the Board.

BNRC Meeting Attendance:

No.	Name	Attendance
1.	Datuk Dr. Shahrazat binti Haji Ahmad – Chairman <i>(*Resigned on 1 April 2024)</i>	*2/3
2.	Datuk Ramzi bin Mansor – Chairman <i>(*Appointed on 27 May 2024)</i>	*3/3
3.	Dato’ Azmi bin Abdullah	6/6
4.	Dato’ Maznah binti Abdul Jalil	3/6
5.	Encik Adnan Zaylani bin Mohamad Zahid	5/6
6.	Encik Abdul Rahman bin Mohd Nordin	6/6

BOARD PROCUREMENT COMMITTEE

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

Membership

Currently, the BPC comprises five Board members, i.e. a Chairman and four other Board members who were appointed by the Board:

1. YM Raja Datin Paduka Teh Maimunah binti Raja Abd Aziz – Chairman
2. Dato’ Maznah binti Abdul Jalil – Member
3. Tan Sri Ahmad Terrirudin bin Mohd Salleh – Member
(Retired on 12 November 2024)
4. Encik Adnan Zaylani bin Mohd Zahid – Member
5. Encik Abdul Rahman bin Mohd Nordin – Member
6. Datuk Ramzi bin Mansor – Member
(Appointed on 27 May 2024)

Three BPC meetings and five Special BPC meetings were held throughout the year 2024.

Duties and Responsibilities of the BPC:

The following are among the duties and responsibilities of the BPC:

- a) To review the tenderer’s registration with the MOF and Contractor Services Centre, tender invitation advertisement, tender specification, tender documents (if necessary), tender schedule prepared by the Tender Opening Committee, technical and financial evaluation reports etc.;
- b) To ensure that the procurement process complies with all applicable procurement ethics, policies, framework guidelines and/or procedures established within KWAP and/or KWAP Group, where relevant;
- c) To review the tenderer’s technical and financial capabilities. During the tender evaluation, the technical proposal would be opened and evaluated first followed by the financial proposal;

- d) To consider and recommend awards which are beneficial to KWAP, taking into consideration factors such as pricing, utilisation of products/goods and/or services, delivery or completion period, maintenance cost as well as other relevant factors;
- e) To decide on the re-tender process or to recommend any other procurement methods, if the BPC found that the procurement procedures are not in accordance with the regulations or suspected that there were irregularities in the tender process;
- f) To consider and approve the tender provided that the recommendation has been duly made by Procurement Committee by at least a simple majority and is within the approved limit of the BPC;
- g) To consider and approve any quotations acknowledged by the Procurement Committee that exceeds the quotations limit; and
- h) To consider other procurement issues as defined by the Board.

BPC Meeting Attendance:

No.	Name	Attendance
1.	YM Raja Datin Paduka Teh Maimunah binti Raja Abd Aziz	8/8
2.	Tan Sri Ahmad Terrirudin bin Mohd Salleh (*Retired on 12 November 2024)	*3/4
3.	Dato' Maznah binti Abdul Jalil	8/8
4.	Encik Adnan Zaylani bin Mohd Zahid	6/8
5.	Encik Abdul Rahman bin Mohd Nordin	8/8
6.	Datuk Ramzi bin Mansor (*Appointed on 27 May 2024)	*3/4

BOARD DISCIPLINARY COMMITTEE

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

Membership

There were no members appointed by the Board as there were no BDC meetings held throughout the year 2024.

Composition of the BDC Membership

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

STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

OVERVIEW

In line with KWAP’s expanded role in both investment and non-investment activities over the last 18 years, KWAP’s risk profile has evolved, as the organisation grew both in size and complexity. Recognising the ever-changing business environment presents in multiple forms of threats and opportunities throughout these years, to meet KWAP’s mission and vision as well as achieve its Strategic Objectives, KWAP has invested in building risk management capacity and capabilities. KWAP is committed to moving forward, managing threats, and seizing opportunities for value creation all the whilst protecting KWAP.

RISK GOVERNANCE AND OVERSIGHT

KWAP adopts the Three Lines of Defence model to ensure effective governance and oversight. Overview of each line of defence are as follows:

1. First Line of Defence:
 - Business Units: Managers and staff who directly handle risks in their areas. Controls are implemented and issues are fixed.
2. Second Line of Defence:
 - Risk Management and Compliance: Provides support and oversight to the first line. Policies are created, regulations are ensured to be followed, and guidance on risk matters is offered.
3. Third Line of Defence:
 - Internal Audit: Offers independent assurance on governance, risk management, and controls. The first and second lines are evaluated, and findings are reported to senior management and the board.

The Board assumes ultimate responsibility for risk management and internal control within the organisation. As part of its leadership role, the Board sets a tone from the top by promoting a risk-aware culture throughout all levels of KWAP and ensuring that adequate internal controls and robust risk management practices are in place to manage key risks effectively. Moreover, the Board promotes risk awareness, and ethical business conduct, ensuring that risk considerations are embedded into strategic decision-making process and day-to-day

operations. The commitment to risk management and sound internal controls aims to manage and mitigate risks within acceptable risk tolerance levels whilst in compliance with the statutory mandate, objectives and the established policies and procedures of KWAP as articulated in KWAP’s Risk Appetite Statement (RAS).

The Board is supported by the Board Risk and Compliance Committee (BRCC) which consists of members of the Board, and the Risk and Compliance Committee (RCC), which consists of the senior management of KWAP. The BRCC is the key governance body responsible for overseeing KWAP’s risk management and compliance practices and provides strategic guidance to ensure that risk management practices align with the company’s business objectives, regulatory requirements, and stakeholder expectations. Additionally, the RCC serves as the management level committee that supports the implementation of risk and compliance practices across the organisation. The RCC functions as an advisory body, ensuring that risk management activities are effectively executed at an administrative level.

RISK MANAGEMENT FRAMEWORK AND POLICY

The risk management approach is primarily through the adoption of Enterprise Risk Management (ERM) as a core strategy across the enterprise. This approach is designed to identify potential events that may adversely affect the entity and manage risks within its risk appetite, thus providing reasonable assurance regarding the probability of achieving KWAP strategic objectives.

The RAS defines KWAP’s overarching attitude toward investment and non-investment activities, thereby it guides KWAP strategy and decision-making process. RAS also sets out KWAP’s capability and capacity to take risk in the context of investment objectives and risk tolerance. The RAS is complemented by a robust governance structure and is further enhanced by a series of frameworks, policies, guidelines, and standard operating procedures.

The Sustainability Risk Framework and Policy are key documents guiding KWAP’s Sustainability Roadmap. By adhering to these, KWAP demonstrates its commitment to national and internal sustainability goals through proactive risk management.

PEOPLE AND PROCESSES IN RISK MANAGEMENT AND COMPLIANCE

Risk Management and Compliance Department (RMCD) in KWAP is mainly responsible for facilitating and monitoring the implementation of effective risk management and provides independent oversight of the risk management activities in KWAP. RMCD comprises of four sections i.e., Enterprise Risk; Business Continuity Management (BCM), Operational and Fraud Risk; Investment Risk; and Compliance. RMCD reports directly to KWAP Board through BRCC, which holds the mandate for overseeing risk management and compliance within KWAP and its subsidiaries.

RMCD remains very prudent in risk management of our investment and non-investment activities, guided by the tone from the top and KWAP's RAS Policy. The RAS Policy is complemented by a robust governance structure with independent lines of reporting between risk-taking units and control units.

RMCD invests in its people, create clear policies, and maintain strong, risk-aware operations with significant investment in control and automation systems. The department's robust governance structure ensures clear reporting lines between departments to prevent conflict of interest and maintain the independence and integrity of each function within KWAP.

KWAP extensively leverages on technology to handle multiple portfolio analytics and scenario analyses to cater to KWAP's investment portfolio risk management needs. For this purpose, we subscribe to investment risk systems with integration to the investment management systems and market data providers for risk analytics purposes, of which key risk measures are generated and used for management reporting and insights. Additionally, KWAP has invested in an Enterprise Risk Management (ERM) and Business Continuity Management (BCM) system to automate key functions, ensuring a more seamless, efficient, and expedited risk management process.

ACTIVITIES CONDUCTED IN 2024

Enhanced Enterprise Risk Management Processes

Following the integration of ISO 31000:2018 Risk Management - Guidelines in 2023, RMCD strategically realigned KWAP's Corporate Policy with the Risk Management Policy and embedded it into KWAP's Balanced Scorecard (BSC). Building on this, several initiatives were introduced in 2024 to further enhance enterprise-wide risk monitoring and assessment, including Risk Capacity, Key Risk Indicators (KRI), and the Risk Matrix. These efforts align with RMCD's commitment to continuously nurture and uphold KWAP's risk culture.

Continuous Risk Management and Compliance Awareness Initiatives

Enhancing risk awareness and keeping the organisation and employees updated on developments and best practices has been a constant focus at KWAP. Various activities have been conducted to promote risk management awareness and sound risk management practices within KWAP. These activities include:

- Following the approval of revisions to the risk matrix, parameters, risk appetite statement, key risk indicators, and risk treatment plan in FY2023, RMCD effectively communicated these enhancements to all KWAP employees, ensuring a clear understanding and implementation across the organisation.
- RMCD launched a series of Risk Management modules on KWAP's Learning Management System (LMS) to instil a risk-aware culture among employees. Over 90% of employees completed the course within one month, significantly boosting risk management knowledge and practices.

STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL (CONTINUED)

Continuous Risk Management and Compliance Awareness Initiatives

- RMCD, in collaboration with the Internal Audit Department and the Integrity and Governance Office, organised Risk & Governance Week 2024. The event, themed “Embracing Risk and Compliance Culture” featured five engaging talks, sharing sessions, and interactive activities like treasure hunts, crossword puzzles, quizzes, and documentary screenings. The event received a 97% positive response from participants, highlighting its success in promoting risk and compliance awareness.
- RMCD implemented key initiatives to ensure compliance with the ‘*Garis Panduan Mengenai Pengurusan Dan Tatakelola Badan Berkanun Persekutuan*’ issued by the Prime Minister’s Office. The guidelines, launched on 9 August 2024, provide a framework for management and governance in Federal Statutory Bodies. KWAP achieved full compliance with these requirements, demonstrating its commitment to robust governance practices and its support for government initiatives on good governance and integrity.
- RMCD organised the following talks, each themed to align with the objectives of respective sections:
 - i. **Effective Implementation of ISO 31000:2018 Risk Management:** Enhanced KWAP employees’ understanding of the new risk framework and its integration within overall business operations, ensuring a cohesive approach to risk management.
 - ii. **Compliance Liaison Officer Briefing:** Strengthened officers’ understanding of their roles and responsibilities, ensuring adherence to compliance requirements across all departments and providing essential insights into compliance activities.
 - iii. **Foreign Exchange Policy Talk:** Led by Bank Negara Malaysia personnel, this session improved employees’ understanding of the Foreign Exchange Policy, ensuring compliance within the Investment Division, Corporate Treasury Department (CTD), and RMCD.
 - iv. **New Technology Risk and Compliance with the Cybersecurity Act 2024:** Conducted awareness and education initiatives among KWAP employees on the newly enforced Cybersecurity Act 2024 (Act 506), introduced by the National Cybersecurity Agency Malaysia (NACSA), fostering a culture of cybersecurity compliance.

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

RMCD conducted visits to KWAP’s properties and external fund managers offices (both public and private markets) to ensure an independent risk assessment and risk oversight. In 2024, RMCD also visited private equity fund managers, and on both current as well as potential properties acquisition, to better understand the market and specific assets. These engagement visits with the asset manager, investment advisors and internal fund managers were to ensure effective investment management, risk and compliance matters and to ensure implementation of relevant risks identification, controls and mitigations are in place.

Enhancement and Refinement for Private Markets Investment Risk Management

In 2024, RMCD undertook a comprehensive revamp of our Risk Assessment Questionnaires (RAQs) for Private Markets asset classes, optimising efficiency whilst maintaining the thoroughness. These enhanced RAQs are tailored to capture the nuances of each asset class, thereby strengthening pre-investment due diligence processes. Whilst the RAQs have long been integral to RMCD operations, this upgrade further refines the due diligence effectiveness by identifying, assessing and incorporating the lessons learned. Moving forward, RMCD is committed to the continuous improvement of both the RAQs and internal risk management processes, ensuring the ongoing protection of stakeholders’ interests.

ENTERPRISE RISK MANAGEMENT (ERM)

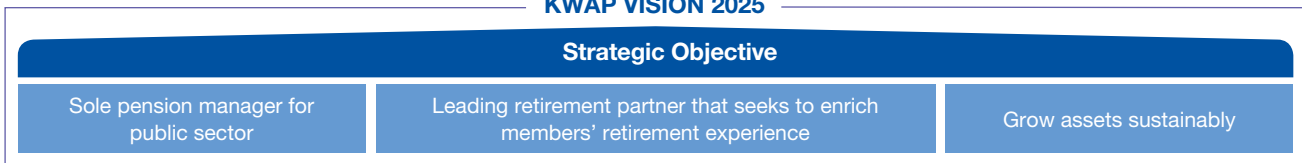
The fundamental principles for managing risk in KWAP are anchored on the ERM principles and key components described in both the ERM Framework and ERM Policy to support a sound and holistic risk management within KWAP.

KWAP follows the ISO 31000:2018 Risk Management to guide its risk management practices. The organisation has successfully updated and streamlined its ERM framework to align with ISO standards. The revised framework

details the principles, key components, and processes for effective risk management, and has been socialised to all employees. This aligns with RMCD's long-term goal of fostering a healthy risk culture within the organisation.

Guided by the ISO 31000:2018 Risk Management standards and components, ERM ensures integration of risk management across the organisation, streamlining the KWAP strategic objective and target outcome to respective risk categories i.e., Strategic Risk, Financial Risk, Operational Risk, and Compliance Risk.

KWAP VISION 2025



To support and enhance the ERM framework and policy, KWAP employs two key approaches to manage enterprise risk. These approaches ensure comprehensive risk management via:

- Corporate Risk Profile (CRP)
- Departmental Risk Profile (DRiP)

Corporate Risk Profile (CRP)

At enterprise wide, risk is assessed and managed via the CRP monitoring and reporting. CRP has been used as a platform with a consistent approach in identifying, assessing, managing, and reporting transversal risks relevant to KWAP in its pursuit to achieve its strategic objectives and target outcomes. The CRP reporting highlights potential threats and risk areas, which requires urgent attention and treatment. In the CRP, risks are identified through various methods, including interviews, departmental audits, ad hoc notifications, and meetings. The Risk Owners are required to provide monthly update to RMCD on the progress and action plan of each risk identified, for the purpose of reporting to RCC, BRCC and KWAP Board.

Departmental Risk Profile (DRiP)

At KWAP, departmental risk management is conducted annually through the DRiP assessment. This process involves participation from all departments and functions, represented by Risk Liaison Officers (RLOs). During the assessment, RLOs review their department's key activities and processes to identify potential risks, evaluate the effectiveness of existing controls, and suggest improvements or additional controls if needed. RMCD uses DRiP as a proactive risk management approach, enabling the organisation to identify and address potential issues in detail before they become significant problems.

This methodical approach helps manage risks across all activities, leading to better-informed strategic decisions, successful change implementation, and increased operational efficiency.

STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL (CONTINUED)

MARKET RISK MANAGEMENT

Market risk is the risk of unexpected loss resulting from adverse changes in the value of financial assets arising from movements in interest rate, equity price and foreign exchange.

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

Market Risk Controls

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

Value-at-Risk Limit

To manage the potential losses that could occur as a result of movements in market rates and prices over a specified time horizon within a given confidence level.

Modified Duration Limit

To manage the sensitivity or change in value of a security or portfolio in response to a change in interest rates. It also follows the notion that interest rates and bond prices move in opposite directions. It is a sensitivity analysis used to determine the effects of a 1% change in interest rates will have on the price of a bond.

Stress Testing Exercise

To assess the investment portfolio’s vulnerabilities to historical stressed market events as well as ‘what-if’ scenarios.

Hedging and Derivative Products

A variety of derivative contracts are used to manage market risk exposures on KWAP’s investments, especially on currency and interest rate movements. Derivative instruments used to manage those exposures are Cross Currency Swaps (CCS), Interest Rate Swaps (IRS) and Foreign Exchange Forward contracts (FX Forward). KWAP mainly uses FX Forwards to hedge and mitigates currency volatility on KWAP’s overseas investments.

CREDIT RISK MANAGEMENT

Credit risk is defined as the probability of losing principal or income from failure of obligors, counterparties, or issuer of securities to meet contractual obligations in accordance with agreed terms.

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

STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL (CONTINUED)

being primarily structural rather than transactional. Beyond exposure to property price movements, maintaining stable rental income through effective lease management and cost control remains a key priority.

Property Development

Property development presents distinct risks compared to direct real estate investments, encompassing development costs, regulatory approvals, market demand fluctuations, and project execution challenges. A prudent risk management approach involves comprehensive pre-investment due diligence, ongoing cost and timeline oversight, and strategic market positioning to mitigate cyclical downturns and ensure sustainable project outcomes.

Pre-Investment Due Diligence

A robust pre-investment due diligence process is a cornerstone of KWAP's private markets risk management framework. This process is designed to ensure that prospective investments align with KWAP's investment mandates and strategic asset allocation (SAA) objectives whilst mitigating key risks associated with private market investments.

A key tool in KWAP's due diligence process for private market investments is the Risk Assessment Questionnaires (RAQs), which are tailored for each asset class. These questionnaires provide a structured and systematic approach to evaluating potential investment managers, partners, and investee companies. The assessment focuses on their governance frameworks, risk management controls, and adherence to industry best practices, ensuring that investments are backed by strong oversight and risk mitigation mechanisms.

Post-Investment Risk Management

Given the illiquid and long-term nature of private markets, post-investment risk management is crucial to maintaining portfolio resilience and optimising returns. KWAP adopts a proactive approach to risk monitoring and mitigation, enabling early identification of potential issues and timely implementation of corrective measures.

By integrating these comprehensive risk management measures, KWAP strengthens the resilience of its private market investments, ensuring long-term sustainability and value creation whilst safeguarding stakeholders' interests.

OPERATIONAL RISK MANAGEMENT (ORM)

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

Operational Risk Event (ORE) Reporting

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

In 2024, there were no significant risk events that impacted KWAP's operations, as majority of the OREs were promptly rectified. Proactive measures that were taken to address the reported OREs are among others as follows:

- The team facilitated discussions between parties to mitigate the risk and avoid recurrence of incident;
- Root cause analysis and validation on the key process on the risk events to enhance risk controls and to ensure clearly defined roles and responsibilities of parties involved;
- The team presented the OREs reported at Senior Leadership Committee (SLC), RCC and BRCC meetings to ensure all issues were properly addressed; and

- The team tracked and monitored outstanding OREs with respective parties to ensure mitigation actions are in place to minimise reoccurrence of the incident.

Fraud Risk Management Programme

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

Pursuant to the establishment of Integrity and Governance Office (IGO) in 2019, Corruption Risk Management (CRM) has been embedded into the risk management framework. RMCD and IGO have been collaboratively pursuing the fraud and corruption risk assessment exercise and conducted workshops for all departments, functions, and subsidiaries in KWAP on annual basis. The two departments continue to instil awareness on fraud and corruption risk during training programmes and challenge sessions with all departments, functions, and subsidiaries in KWAP.

BUSINESS CONTINUITY MANAGEMENT

BCM continues to be a key focus in KWAP. Crisis management, contingency planning, and scenario development, ensures timely continuity and recovery of critical business operations following disruptive events. KWAP has automated some of its BCM activities and implemented a structured, sustainable approach to business continuity management.

In 2024, in line with its strategic objectives and target outcomes, KWAP successfully conducted a series of activities designed not only to validate the continuity of critical operations but, also to identify potential gaps and areas for improvement. The outcomes of these activities follow a structured review workflow and presented to the RCC and BRCC in accordance with KWAP's BCM Policy.

The following BCM activities were conducted in 2024:

- The annual review of the enterprise-wide Risk Assessment (RA) and departmental Business Impact Analysis (BIA) to align with current operational requirements and resilience strategies.
- Training and awareness for KWAP employees pertaining to BCM principles, lifecycle management and strategies response planning to enhance organisational preparedness.
- Planned and surprised BCM and Disaster Recovery (DR) Exercises involving critical systems and business functions on a live and non-live basis to assess the effectiveness of recovery of critical business processes in the event of crisis/major operational disruption.
- Call Tree Exercises for entities in KWAP to test and validate the communication protocols.
- Review of the Data Loss Tolerance of critical business processes to determine the maximum acceptable data loss.
- Review third-party dependencies that are assisting our internal Digital team in maintaining our systems that are hosting KWAP' critical business processes.

SUSTAINABILITY RISK MANAGEMENT

Sustainability risk is defined as the potential negative impacts on the profitability of the organisation, arising from adverse sustainability impacts and climate change. In recent years, sustainability and ESG (Environmental, Social, and Governance) concerns have come to the forefront of global, national, and organisational priorities. In support of the national sustainability agenda, KWAP has designed the KWAP Sustainability Roadmap.

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

STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL (CONTINUED)

The Sustainability Risk Framework and Policy are crucial elements for integrating sustainability risk into our ISO 31000:2018 Risk Management process, as it allows for a systematic approach to identify, assess, and respond to sustainability risks in investment and business operations to ensure our sustainability objectives are met. In brief, the Framework and Policy address ESG and Climate-related risks, its regulatory contexts, sustainability risk principles as well as responsibilities and risk management oversights.

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

In summary, RMCD provides the guardrails for KWAP as an organisation to operate, innovate and strive to meet its strategic objectives whilst maintaining a strong commitment to sustainability.

COMPLIANCE

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

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

The main objective of compliance is to preserve KWAP's reputation so that our competitive standing and reputation are not only maintained, but also enhanced. To achieve this objective, the Compliance Section's goal is to

effectively measure and manage the compliance risk of the organisation to meet the expectations of all stakeholders. Providing the foundation to this aspiration is the latest revision of the Compliance Framework, from which the building blocks of the compliance functions are shaped. Compliance is a core pillar of the three lines of defense model alluded to earlier.

Scope of Compliance

b) Regulatory Compliance

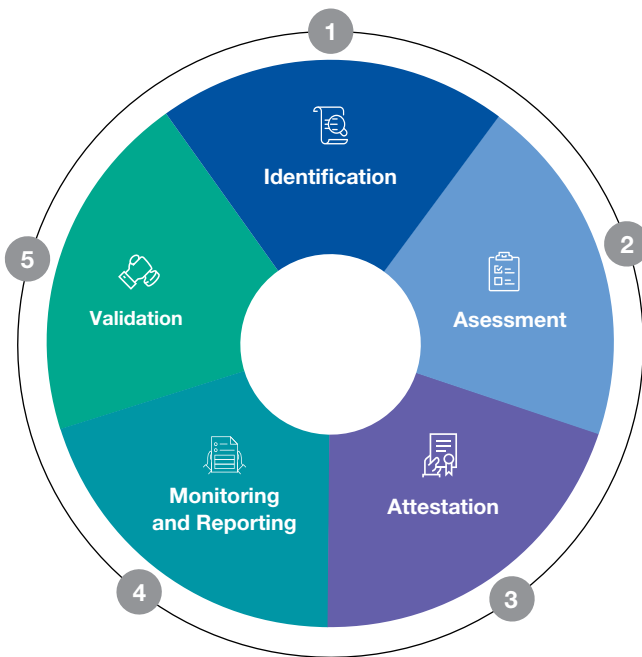
This covers the external regulations and guidelines which KWAP is bound to comply with such as the relevant Acts of Parliament, Minister of Finance's Decrees, regulations issued by Bank Negara Malaysia, Securities Commission, Bursa Malaysia, and other regulatory bodies. The regulatory requirements will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

b) Internal Compliance

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

Compliance Process

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



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

Value of Compliance

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

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

Chinese Wall Policy

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

STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL (CONTINUED)

Automated Self-Compliance Checklist

KWAP has implemented an automated self-compliance checklist where all the attestation processes are performed via a compliance system. The compliance system covers both regulatory and internal requirements. The self-compliance checklist will be filled in by the respective department's compliance liaison officers and approved by their Head of Department or Function via the system. The attestation exercise is performed on a biannual basis for all the investment-related departments or functions and annually for other departments or functions including KWAP's subsidiaries.

Compliance Review Exercise

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

Risk and Compliance Visits to EFMs

KWAP has implemented visits to respective EFMS since 2017, initiated visits to international EFMs in 2023 and embarked into the third cycle of visits to domestic EFMs in 2024. The objective of the visit is to ensure that the EFMs' activities and practices comply with the approved Investment Mandates and to ensure their internal risk controls are in place. Furthermore, the visit to international EFMs offered KWAP opportunities to learn about the best practices or new developments adopted on risk and compliance controls.

Regulatory Compliance Depository

The Compliance team has established a Regulatory Compliance Depository for KWAP and its subsidiaries. It was published on the KWAP Intranet Portal in September 2022 and updated regularly upon when there are changes in regulatory or new regulations. It is an online depository which allows users to search the regulatory requirements that are applicable to all departments in KWAP and KWAP subsidiaries. The depository covers all regulatory requirements, which include but are not limited to Acts of Parliament, Minister of Finance's Decrees, Pekeliling Perkhidmatan and regulatory requirements issued by regulatory bodies.

Know Your Counterparty (KYC) Screening

The Compliance team performs KYC screening and checking for KWAP's counterparties using a third-party screening platform. This screening exercise is to identify financial crime (i.e. Anti-Money Laundering/Counter Financing of Terrorism (AML/CFT)), regulatory risk and reputational risk for counterparties that may put KWAP in a bad light. This is a step taken by RMCD-Compliance to ensure the team captures any Red Flags as KYC screening checks the real identity or background of the counterparties, detect potential financial fraud, political exposure, or corruption, and prevents KWAP from being used for criminal activities like money laundering or terrorist financing. In 2024, Compliance team subscribed to another KYC platform to enhance the KYC capabilities in determining Ultimate Beneficial Ownership of particular entity or investments.



Principles on Good Governance (PGG)

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


RMCD-Compliance had spearheaded the initiative to identify relevant departments in KWAP to fulfill the PGG requirements. We then developed the programme to address any identified gaps and ensure compliance with the deadline of 15 April 2025, as set by the PGG. In Q2 2024, KWAP had fully complied with the PGG requirements.


KEY RISK AND OPPORTUNITIES FOR YEAR 2025

KWAP acknowledges the presence of numerous risks that may impact the global economy and financial markets in 2025 and beyond. It is, nevertheless a challenging and intricate task to accurately predict the risk outlook and trajectory for a specific year. Despite the inherent challenges posed by the uncertain geopolitical outlook on the global economy, several potential risks that may impact KWAP in 2025 and beyond include:

Risk	Description	Key Actions
 <p>Economic factors and uncertainties</p>	<p>The global economy remains under pressure due to persistent inflation, volatile interest rates, supply chain disruptions, and evolving trade policies, especially between major powers like the US and China. Simultaneously, emerging technologies, including Artificial Intelligence (AI), blockchain, biotechnology, and renewable energy, are reshaping economic dynamics and influencing global market trends.</p>	<ul style="list-style-type: none"> • Conduct internal periodic assessments for risks due to economic or geopolitical factors and their potential impact on investments. • Engage periodically with external fund managers and other government-linked companies to stay updated on economic forecasts and industry outlook. • Establish key economic indicators to monitor initial signs of economic uncertainties. • Continuously monitor market developments and outlook.
 <p>Geopolitical risks</p>	<p>Geopolitical risks remain elevated amid rising tensions between major powers like the US, China, and Russia, with long-term implications expected beyond 2024. Upcoming elections in key economies may trigger short-term market volatility, whilst regional conflicts and natural disasters add further uncertainty to global economic stability.</p>	<ul style="list-style-type: none"> • Continuously enhance investment processes, including integrating ESG into all investments. • Committed to refrain from investing in companies related to weapons manufacturing and other sensitive industries where possible. • Adopt a balanced approach to dynamically assess and respond to potential impacts on investments.

STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL (CONTINUED)

Risk	Description	Key Actions
 <p>Cybersecurity risks</p>	<p>As digital reliance deepens, cybersecurity risks are intensifying. Evolving technologies, including AI, are being exploited by malicious actors to amplify threats like phishing, ransomware, and insider attacks. These growing cyber threats could lead to significant financial losses, disruptions, and reduced productivity.</p>	<p>KWAP has undertaken several initiatives to manage cybersecurity risk effectively, namely:</p> <ul style="list-style-type: none"> Cyber Security Framework & Phishing Reduction: KWAP has implemented a comprehensive Cyber Security Framework and Programme to manage cyber risks and strengthen security controls. This includes regular security awareness programs for employees. As a result, KWAP’s phishing risk rate has steadily declined from 7.8% in 2022 to 2.2% in 2023, and further to 1.9% in 2024 – well below the industry average of 4.6%. Ransomware Simulations & Network Response Tools: KWAP conducted simulations on ransomware attacks to test its readiness in responding to threats. Additionally, KWAP has deployed network detection and response tools to rapidly respond to cyber-attacks. Cyber Security Baseline Self-Assessment: KWAP has also conducted a Cyber Security Baseline Self-Assessment mandated by the National Cyber Security Agency of Malaysia (NACSA) under the Cyber Security Act 2024. This assessment includes evaluating various elements such as supplier relationship security, capacity management, software and application security, and testing and simulation. <p>These initiatives reflect KWAP’s commitment to maintaining a robust cybersecurity posture and ensuring the protection of its digital assets and information.</p>

Risk	Description	Key Actions
 <p>Sustainability risks</p>	<p>ESG risks encompass environmental, social, or governance events or conditions that may, if they occur, materially impact an organisation's profitability due to adverse sustainability effects. Climate-related risks, a subset of ESG risks, specifically refer to the potential negative consequences of climate change, including threats to lives, livelihoods, health, infrastructure, and socio-economic assets.</p>	<ul style="list-style-type: none"> • Establish the Sustainability Risk Framework and Sustainability Risk Policy as governing documents for the KWAP Sustainability Roadmap. • Define measurable Key Performance Indicators (KPIs) to track performance and sustainability goals. • Publish sustainability reports with progress towards set sustainability targets.

Keeping the aforementioned factors in mind, KWAP will continue to prioritise risk mitigation and resilience-building in 2025. This will be achieved through sustained investments in risk infrastructure, advanced technology, cybersecurity, sustainability initiatives, and comprehensive contingency planning. By fostering robust collaboration and communication within KWAP, we aim to ensure maximum agility and responsiveness to evolving market conditions.

KWAP anticipates a continued digital transformation both internally and across the organisation. This transformation will be complemented by the accelerated adoption of sustainable practices, guided by the establishment of the Sustainability Risk Framework and Sustainability Risk Policy. Additionally, there will be an increased focus on social and environmental responsibility, aligning with our commitment to sustainable development.

In line with the ISO 31000:2018 Risk Management, KWAP will persist in innovating our Risk Infrastructure.

This includes introducing new risk mitigation measures and revamping our current risk governance framework to ensure all risks are effectively and promptly managed.

It is essential to acknowledge that the future remains unpredictable, and unforeseen events could impact the risk outlook and strategic directions for 2025. KWAP is committed to staying informed, adapting to changing circumstances, and making informed decisions based on the latest information and expert advice. By focusing on these key risks and opportunities, KWAP aims to build resilience and drive sustainable growth in 2025 and beyond.

In summary, KWAP's proactive approach to risk management and sustainability will not only safeguard our investments but also contribute to the broader goal of sustainable economic development. Our dedication to continuous improvement and innovation will ensure that we remain resilient and responsive to the dynamic global landscape.

STATEMENT ON INTERNAL AUDIT

OVERVIEW

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

INDEPENDENCE AND OBJECTIVITY

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

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

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

SCOPE OF WORK

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

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

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

The Internal Audit Department adopts a risk-based audit plan approach, prioritising the internal audit function according to the audit risk level. A total of 13 audit reports were issued in 2024 as compared to 12 audit reports in 2023. The status of outstanding audit issues is reported to the Management on a monthly basis and to the BAC on a quarterly basis. The Internal Audit Department continues to monitor the implementation of action plans as agreed upon by the Management. For both 2024 and 2023, there were no overdue action plans reported to the BAC.

2024 HIGHLIGHTS

In 2024, the Internal Audit Department continues to excel by hosting External Knowledge Sharing sessions with other government agencies namely the Internal Audit Departments of Lembaga Tabung Haji, Lembaga Pembiayaan Perumahan Sektor Awam and Lembaga Hasil Dalam Negeri, sharing insights on the internal audit risk assessment strategies, audit processes and audit methodologies. The Internal Audit Department also continues to implement the Guest Auditor Programme which serves as a leadership training initiative for future KWAP leaders. Furthermore, an awareness session on good governance practices by leveraging herd behaviour to effectively embed governance culture within KWAP was successfully conducted by the Internal Audit Department.

INTEGRITY AND GOVERNANCE

OVERVIEW

At KWAP, integrity is at the core of our values, and we maintain a zero-tolerance policy towards corruption in all its forms. Under the Integrity and Governance Office (IGO), we implement a robust complaints management mechanism, along with relevant policies, procedures, preventive measures, and initiatives, whilst fostering a culture of ethics and integrity among our personnel to protect the organisation's interests and ensure business sustainability. In 2024, this commitment was demonstrated through various key initiatives and accomplishments undertaken and/or managed by the IGO of KWAP.

LAUNCHING OF KWAP CODE OF BUSINESS ETHICS AND CONDUCT

KWAP Code of Business Ethics and Conduct was launched by the CEO of KWAP on 13 June 2024. The Code serves as a general guide for all KWAP personnel to act in accordance with KWAP's established rules, core values and ethics. It is a testament of our unwavering dedication to integrity, professionalism, accountability, and ethical business practices.

IGO HELPDESK

The IGO Helpdesk, launched on 28 June 2024, is part of KWAP's digitalisation initiative aimed at enhancing efficiency, transparency, and traceability. It allows KWAP personnel to make declarations online as required by our anti-bribery and corruption policies, which include those related to gifts, entertainment, and conflicts of interest. Additionally, it covers Integrity Declaration and the confirmation and acknowledgment of KWAP Code of Business Ethics and Conduct. Besides making declaration, it also enables users to access and track the progress of their submissions, from initiation to completion.

ISO 37001:2016 ANTI-BRIBERY MANAGEMENT SYSTEM

Since 3 December 2021, KWAP has been certified with the ISO 37001:2016 Anti-Bribery Management System (ABMS) as part of our ongoing efforts in managing bribery and corruption risks for efficient business operations. In 2024, KWAP managed to be certified following the successful recertification audit, covering its departments in the Kuala

Lumpur and Cyberjaya offices, as well as its subsidiaries, KWEST Sdn Bhd and Prima Ekuiti (UK) Limited. This recertification took effect on 5 December 2024.

KWAP ORGANISATIONAL ANTI-CORRUPTION PLAN 2021-2025

We have established and launched KWAP Organisational Anti-Corruption Plan 2021 – 2025 (KWAP OACP) on 24 February 2021. The KWAP OACP consists of 57 initiatives, targeted to be undertaken and completed within a period of 5 years. These initiatives aimed to address integrity, governance as well as corruption issues and risks within KWAP. As at the end of 2024, which is the fourth year of the KWAP OACP implementation, 75% or 43 out of the total 57 initiatives have been completed.

ANTI-BRIBERY AND CORRUPTION POLICIES

Several existing and new policies, procedures, and guidelines have been reviewed and developed to ensure they are current, effective, and aligned with best practices in promoting good governance and preventing corruption. In 2024, key enhancements were made to KWAP's policies on gifts and entertainment, conflict of interest, and anti-bribery and corruption. Additionally, we introduced new guidelines for the implementation of the ABMS at KWAP and revised the existing guidelines for conducting investigations.

TRAINING AND AWARENESS

Throughout the reporting year, we remained focused on raising awareness of KWAP's anti-corruption policies and broader integrity-related matters. This was accomplished through a range of platforms, including messages from the CEO, policy briefings, integrity talks, our monthly INTEGRITY & U e-bulletin, email communications, and the observance of both national and international integrity and anti-corruption days.

The following are key highlights of the training and awareness initiatives conducted in 2024:

i. External Training for KWAP Board, Investment Panel (IP) and KWEST Board Members

We arranged an external training session titled "What Amounts to a Conflict of Interest for Directors?" for KWAP Board, IP, and KWEST Board Members. The session which was conducted by the Asia School

INTEGRITY AND GOVERNANCE (CONTINUED)

of Business (ASB), took place on 10 June 2024. This initiative aimed to provide further insights into potential conflicts of interest encountered by the Board, IP and KWEST Board members.

ii. KWAP Business Partners Outreach Programme

On 19 September, we organised KWAP Business Partners Outreach Programme, with attendance from KWAP and KWEST fund managers, brokers, asset managers, vendors, and external business partners. The event featured a presentation on “KWAP’s Anti-Corruption Controls and Measures: Your Roles” by Encik Zulazuan bin Pilus of IGO, followed by a talk from Encik Iskandar bin Ismail, Chief Executive Officer of the Malaysian Competition Commission (MyCC), on “Fair Play in Procurement: Tackling Bid-Rigging with Integrity”.

iii. Online Training for KWAP Employees

The second e-learning module, “Whistleblowing 101: Reporting with Confidence,” developed internally in 2023, was launched via the Learning Management System (LMS) in August 2024 for all KWAP employees. Following this, the third and fourth e-learning modules – “Conflict of Interest” and “KWAP No Gift Policy: P.O.L.I.T.E. Guideline” – were also developed internally. The conflict of interest module underscores the significance of transparency in decision-making and the necessity of avoiding situations that could compromise integrity. Meanwhile, the P.O.L.I.T.E. module addresses the practice of receiving gifts and specifies what constitutes acceptable gifts. Both modules were rolled out to all employees in December 2024.

iv. KWAP Integrity Day 2024

KWAP Integrity Day 2024 was held on 17 December 2024 with the theme “Sow Ethics, Reap Integrity”. As part of the event, a Special Integrity Talk was held, featuring Dato’ Anis Rizana binti Mohd Zainudin, Director-General of the Royal Malaysian Customs Department. Her session highlighted the importance of principled leadership and good governance in fostering integrity and driving organisational excellence.

v. Integrity, Governance and Anti-Corruption Talks

Other talks by external speakers conducted for employees in 2024 were as follows:

- “Organisational Governance Pitfalls: Lessons Learned” by Tan Sri Dato’ Setia Haji Ambrin bin Buang, former Auditor General of Malaysia on 8 March 2024;
- “Sustainable Success: Embedding Ethics in Your Organisational DNA” by Cik Eulis Rachmatiah, Ethics Advocate on 13 June 2024; and
- “Integrity Sheriff: Keeping the Workplace in Check,” by Dr. Haji Mazlan bin Ahmad, Advisor to the Operations Review Panel at the Malaysian Anti-Corruption Commission on 10 September 2024.

WHISTLEBLOWING

The whistleblowing mechanism established within KWAP reinforce our effort to prevent corruption and foster a culture of integrity and accountability. Managed by IGO, this mechanism allows both KWAP personnel and the public to raise concerns on improper conduct in good faith. Employees are assured protection from retaliation, and reports are treated with the utmost confidentiality.

Information regarding improper conduct, whether received through whistleblowing channels or other sources – including anonymous whistleblowers – is managed in accordance with KWAP’s policy and standard operating procedure on whistleblowing.

KWAP’s whistleblowing channels are as below:

- e-Form on KWAP website and other internal platforms
- Email:
 - whistleblow@kwap.gov.my
 - bic@kwap.gov.my (for report against IGO personnel)
- Hotline: 03-2174 8090
- Meet any IGO officer in person
- Physical mail to IGO: Integrity and Governance Office, Level 36, Integra Tower, The Intermark, 348 Jalan Tun Razak, 50400 Kuala Lumpur.

07

FINANCIAL STATEMENTS

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AUDITOR GENERAL'S CERTIFICATION



**CERTIFICATE OF THE AUDITOR GENERAL
ON THE FINANCIAL STATEMENTS OF
RETIREMENT FUND (INCORPORATED)
FOR THE YEAR ENDED 31 DECEMBER 2024**

Certificate on the Audit of the Financial Statements

Opinion

I have audited the Financial Statements of the Retirement Fund (Incorporated). The financial statements comprise the Statements of Financial Position as at 31 December 2024 of the Group and of the Retirement Fund (Incorporated) and the Statements of Comprehensive Income, Statements of Changes in Equity and Statements of Cash Flows for the year then ended, and notes to the financial statements, including a summary of material accounting policies, as set out on pages 3 to 158.

In my opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Retirement Fund (Incorporated) as at 31 December 2024, and of their financial performance and their cash flows for the year then ended in accordance with the Malaysian Financial Reporting Standards (MFRS), International Financial Reporting Standards (IFRS) and the Retirement Fund Act 2007 [Act 662] requirements.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

AUDITOR GENERAL'S CERTIFICATION

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

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

Responsibilities of the Board for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- a. identify and assess the risks of material misstatement of the Financial Statements of the Group and of the Retirement Fund (Incorporated), whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a

AUDITOR GENERAL'S CERTIFICATION

material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

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

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

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

AUDITOR GENERAL'S CERTIFICATION

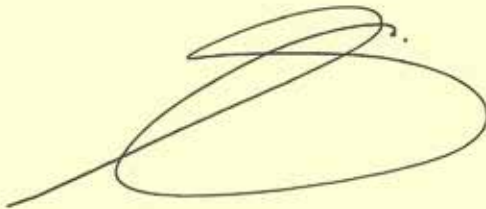
Report on Other Legal and Regulatory Requirements

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

Other Matters

The Retirement Fund (Incorporated) shall strengthen its monitoring of associate companies' performance, with particular focus on the three associate companies that incurred losses during the current year and the five associate companies with net investment deficits in 2024. This is to ensure the financial sustainability of associate companies so that they can provide favourable returns and without incurring losses to the Retirement Fund (Incorporated).

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



(DATO' SERI WAN SURAYA WAN MOHD RADZI)
AUDITOR GENERAL
MALAYSIA

PUTRAJAYA

31 OCTOBER 2025



STATEMENT BY THE CHAIRMAN

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

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

We, **Datuk Johan bin Mahmood @ Johan Mahmood Merican** and **Dato' Azmi bin Abdullah** being the Chairman and a member of the Board of Kumpulan Wang Persaraan (Diperbadankan) respectively, do hereby state that, in the opinion of the Board of Kumpulan Wang Persaraan (Diperbadankan), the Financial Statements, consisting of the Statement of Financial Position, Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows together with the Notes to Financial Statements therein, are prepared in accordance with the Retirement Fund Act 2007 (Act 662) and the Malaysian Financial Reporting Standards (MFRS) as to give a true and fair view of the state of affairs of Kumpulan Wang Persaraan (Diperbadankan) as at 31 December 2024 and of its operating results and the cash flows of Kumpulan Wang Persaraan (Diperbadankan) for the year ended on that date.

Signed on behalf of the Board,



.....
 Name : **Datuk Johan bin Mahmood @ Johan Mahmood Merican**
 Title : Chairman of the Board
 Date : 29 October 2025
 Venue : Kuala Lumpur

Signed on behalf of the Board,



.....
 Name : **Dato' Azmi bin Abdullah**
 Title : Member of the Board
 Date : 29 October 2025
 Venue : Kuala Lumpur

STATUTORY DECLARATION

BY THE OFFICER PRIMARILY RESPONSIBLE FOR THE FINANCIAL MANAGEMENT
OF KUMPULAN WANG PERSARAAN (DIPERBADANKAN) 2024

**STATUTORY DECLARATION BY THE OFFICER PRIMARILY RESPONSIBLE FOR THE
FINANCIAL MANAGEMENT OF
KUMPULAN WANG PERSARAAN (DIPERBADANKAN) 2024**

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

Subscribed and solemnly declared)
by the above named)
at KUALA LUMPUR)
 WILAYAH PERSEKUTUAN)
on 29 OCT 2025)



Before me,



.....
COMMISSIONER FOR OATHS



Lot 6.16D, Level 6,
Wisma Central, Jalan Ampang
50450 Kuala Lumpur

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2024

	Note	Group		KWAP	
		31 December 2024 RM'000	31 December 2023 RM'000	31 December 2024 RM'000	31 December 2023 RM'000
Gross Investment Income	4	8,067,274	7,026,678	7,747,997	6,752,774
Dividend Income		2,959,641	2,705,111	2,959,641	2,705,111
Net Gains From Divestment		1,436,412	851,700	1,436,412	851,700
Interest Income		2,987,897	2,895,134	2,970,988	2,904,218
Rental Income		521,280	440,638	7,439	-
Other Investment Income		162,044	134,095	373,517	291,745
Non-Investment Loss	4	(1,375,681)	(109,131)	(1,330,989)	(84,145)
Operating Expenses	5	(843,726)	(715,659)	(454,546)	(364,026)
Transaction Cost		(73,048)	(107,081)	(73,048)	(107,081)
Net Unrealised Gain On Financial Assets Designated As Fair Value Through Profit Or Loss		7,133,860	3,539,992	7,133,860	3,539,992
Reversal Of Allowance/(Allowance For) For Impairment Losses On Financial Assets		879	(45,244)	307	(45,112)
Reversal Of Allowance/(Allowance For) For Impairment Losses On Non-Financial Assets		49,259	(40,886)	(56,066)	(39,638)
Profit Before Taxation		12,958,817	9,548,669	12,967,515	9,652,764
Finance Cost		(69,409)	(41,191)	(1,648)	(1,914)
Share Of Losses From Associates		(166,908)	(59,814)	-	-
Share Of Profits From Joint Ventures		9,847	3,262	-	-
Taxation	6	(2,719)	(458)	-	-
Profit After Taxation		12,729,628	9,450,468	12,965,867	9,650,850
Attributable To:					
Contributors Of KWAP		12,729,628	9,450,468	12,965,867	9,650,850
		12,729,628	9,450,468	12,965,867	9,650,850

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2024

	Group		KWAP	
	31 December	31 December	31 December	31 December
	2024	2023	2024	2023
Note	RM'000	RM'000	RM'000	RM'000
Other Comprehensive Income				
Item That Will Not Be Reclassified				
To Profit Or Loss:				
Fair Value Changes On Equity Instruments				
At Fair Value Through Other				
Comprehensive Income				
- Revaluation Gain	4,829,704	1,270,053	4,829,704	1,270,053
- Gain From Sale Not Transferred				
To Retained Earnings	116,593	6,453	116,593	6,453
Item That May Be Reclassified Subsequently				
To Profit Or Loss:				
Foreign Exchange Reserves	(240,270)	327,177	-	-
Share Of Other Comprehensive (Loss)/Gain Of				
Associates And Joint Ventures	(14,664)	3,228	-	-
Fair Value Changes On Debt Instruments				
At Fair Value Through Other				
Comprehensive Income				
- Revaluation Gain	103,333	1,062,102	103,333	1,062,102
- (Allowance For)/Reversal Of Allowance On				
Debt Instruments At Fair Value Through				
Other Comprehensive Income	(3,852)	40,080	(3,852)	40,080
Other Comprehensive Gain				
For The Year	4,790,844	2,709,093	5,045,778	2,378,688
Total Comprehensive Income	17,520,472	12,159,561	18,011,645	12,029,538
Attributable To:				
Contributors Of KWAP	17,520,472	12,159,561	18,011,645	12,029,538
Total Comprehensive Income	17,520,472	12,159,561	18,011,645	12,029,538

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

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2024

	Note	Group		KWAP	
		31 December 2024 RM'000	31 December 2023 RM'000	31 December 2024 RM'000	31 December 2023 RM'000
Non-Current Assets					
Property And Equipment	7	34,417	23,813	21,820	19,562
Computer Softwares	8	4,130	9,470	4,118	9,445
Investment Properties	9	7,683,350	7,639,927	456,202	304,756
Land Held for Development	9	816,395	785,578	-	-
Right-Of-Use Asset	10	59,816	62,478	42,652	51,476
Investment In Subsidiaries	11	-	-	7,836,495	7,221,397
Investment In Associates	12	1,424,171	1,255,393	974,142	997,708
Investment In Joint Ventures	13	15,865	6,017	-	-
Loans And Receivables	14	284,376	393,699	266,046	647,894
Debt Instruments At Amortised Cost	15	16,578,514	16,621,391	16,578,514	16,621,391
Debt Instruments At Fair Value					
Through Profit Or Loss	16	811,909	667,167	811,909	639,431
Equity Instruments At Fair Value					
Through Profit Or Loss	16	70,550,312	57,387,958	70,550,312	57,387,958
Debt Instruments At Fair Value Through					
Other Comprehensive Income	17	42,274,778	42,675,911	42,274,778	42,675,911
Equity Instruments At Fair Value Through					
Other Comprehensive Income	18	38,328,947	34,295,157	38,328,947	34,295,157
Derivative Financial Assets	19	2,556	12,926	-	-
		178,869,536	161,836,885	178,145,935	160,872,086
Current Assets					
Loans And Receivables	14	106,060	112,935	106,060	112,935
Debt Instruments At Fair Value Through					
Profit Or Loss	16	299,210	208,558	477,447	433,144
Derivative Financial Assets	19	22,236	16,569	9,756	3,374
Sundry Debtors And Deposits	20	299,041	243,688	112,143	105,813
Trade Receivables	21	942,959	3,838,346	769,185	3,379,591
Deposits And Placements With					
Financial Institutions	22	5,407,398	2,800,541	5,407,398	2,800,541
Cash And Bank Balances	22	2,102,886	3,288,810	1,489,742	2,521,813
		9,179,790	10,509,447	8,371,731	9,357,211

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2024

	Note	Group		KWAP	
		31 December 2024 RM'000	31 December 2023 RM'000	31 December 2024 RM'000	31 December 2023 RM'000
Current Liabilities					
Derivative Financial Liabilities	19	338,885	47,332	338,076	46,988
Trade Payables	23	387,852	168,729	351,178	155,223
Other Payables And Accruals	24	246,812	311,049	178,342	146,623
Deferred Income		66,440	83,272	-	-
Borrowings	25	510	812,808	-	-
Lease Liabilities	26	2,544	2,651	8,682	8,388
		1,043,043	1,425,841	876,278	357,222
Net Current Assets		8,136,747	9,083,606	7,495,453	8,999,989
		187,006,283	170,920,491	185,641,388	169,872,075
Financed By:					
Allocation Of Statutory Funds	27	29,001,944	28,501,944	29,001,944	28,501,944
Pension Contributions	28	66,334,608	64,068,944	66,334,608	64,068,944
Withdrawal By Federal Government	29	(25,500,000)	(20,500,000)	(25,500,000)	(20,500,000)
Retained Earnings	30	114,971,828	102,242,200	115,363,848	102,397,981
Other Reserves	31	(70,651)	(55,987)	-	-
Foreign Exchange Reserves	31	9,004	249,274	-	-
Fair Value Through Other Comprehensive Income Reserves	31	398,467	(4,647,311)	398,467	(4,647,311)
		185,145,200	169,859,064	185,598,867	169,821,558
Non-Current Liabilities					
Derivative Financial Liabilities	19	10,885	3,301	-	-
Deferred Tax Liabilities	32	2,016	15	-	-
Employee Benefits	33	6,384	5,698	6,384	5,698
Lease Liabilities	26	75,895	79,064	36,137	44,819
Long Term Deposit		15,324	13,491	-	-
Borrowings	25	1,750,579	959,858	-	-
		187,006,283	170,920,491	185,641,388	169,872,075

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2024

Group	Non-Distributable					Distributable		Total
	Allocation Of Statutory Funds (Note 27) RM'000	Pension Contri- butions (Note 28) RM'000	Withdrawal by Federal Government (Note 29) RM'000	Other Reserves (Note 31) RM'000	Foreign Exchange Reserve (Note 31) RM'000	Fair Value Through Other Compre- hensive Income Reserves (Note 31) RM'000	Retained Earnings (Note 30) RM'000	
At 1 January 2023	28,001,944	61,877,619	(17,500,000)	(59,215)	(77,903)	(7,025,999)	92,791,732	158,008,178
Profit For The Year	-	-	-	-	-	-	9,450,468	9,450,468
Other Comprehensive Income	-	-	-	3,228	327,177	2,378,688	-	2,709,093
Receipts From Statutory Funds	500,000	-	-	-	-	-	-	500,000
Withdrawal By Federal Government	-	-	(3,000,000)	-	-	-	-	(3,000,000)
Net Pension Contribution And Claims Received	-	2,191,325	-	-	-	-	-	2,191,325
At 31 December 2023/1 January 2024	28,501,944	64,068,944	(20,500,000)	(55,987)	249,274	(4,647,311)	102,242,200	169,859,064
Profit For The Year	-	-	-	-	-	-	12,729,628	12,729,628
Other Comprehensive Income	-	-	-	(14,664)	(240,270)	5,045,778	-	4,790,844
Receipts From Statutory Funds	500,000	-	-	-	-	-	-	500,000
Withdrawal By Federal Government	-	-	(5,000,000)	-	-	-	-	(5,000,000)
Net Pension Contribution And Claims Received	-	2,265,664	-	-	-	-	-	2,265,664
At 31 December 2024	29,001,944	66,334,608	(25,500,000)	(70,651)	9,004	398,467	114,971,828	185,145,200

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2024

	Non-Distributable					Distributable		Total
	Allocation Of Statutory Funds (Note 27) RM'000	Pension Contri- butions (Note 28) RM'000	Withdrawal by Federal Government (Note 29) RM'000	Other Reserves (Note 31) RM'000	Foreign Exchange Reserve (Note 31) RM'000	Fair Value Through Other Compre- hensive Income Reserves (Note 31) RM'000	Retained Earnings (Note 30) RM'000	
KWAP								
At 1 January 2023	28,001,944	61,877,619	(17,500,000)	-	-	(7,025,999)	92,747,131	158,100,695
Profit For The Year	-	-	-	-	-	-	9,650,850	9,650,850
Other Comprehensive Income	-	-	-	-	-	2,378,688	-	2,378,688
Receipts From Statutory Funds	500,000	-	-	-	-	-	-	500,000
Withdrawal By Federal Government	-	-	(3,000,000)	-	-	-	-	(3,000,000)
Net Pension Contribution And Claims Received	-	2,191,325	-	-	-	-	-	2,191,325
At 31 December 2023/1 January 2024	28,501,944	64,068,944	(20,500,000)	-	-	(4,647,311)	102,397,981	169,821,558
Profit For The Year	-	-	-	-	-	-	12,965,867	12,965,867
Other Comprehensive Income	-	-	-	-	-	5,045,778	-	5,045,778
Receipts From Statutory Funds	500,000	-	-	-	-	-	-	500,000
Withdrawal By Federal Government	-	-	(5,000,000)	-	-	-	-	(5,000,000)
Net Pension Contribution And Claims Received	-	2,265,664	-	-	-	-	-	2,265,664
At 31 December 2024	29,001,944	66,334,608	(25,500,000)	-	-	398,467	115,363,848	185,598,867

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

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2024

	Group		KWAP	
	31 December	31 December	31 December	31 December
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Cash Flows From Operating Activities				
Profit Before Taxation	12,958,817	9,548,669	12,967,515	9,652,764
Adjustments For:				
Depreciation Of Property And Equipment and Investment Properties	226,376	203,079	8,431	4,313
Adjustment Of Property And Equipment and Investment Properties	2,584	-	2,336	-
Adjustment Of Computer Softwares	(1,477)	-	(1,477)	-
Amortisation Of Computer Softwares	7,861	13,019	7,848	13,017
Amortisation Of Right-Of-Use Asset	419	399	8,824	8,825
Net Unrealised Gain On Financial Assets Designated At Fair Value Through Profit Or Loss	(7,133,860)	(3,539,992)	(7,133,860)	(3,539,992)
Net Unrealised (Gain)/Loss On Fair Value Of Derivatives	(7,790)	1,124,342	(47,424)	1,089,605
Loss On Disposal of Property And Equipment	-	(2,283)	-	(434)
Gain From Divestment	(1,436,412)	(851,700)	(1,436,412)	(851,700)
Interest Income	(2,987,897)	(2,895,134)	(2,970,988)	(2,904,218)
Dividend Income	(2,959,641)	(2,705,111)	(2,959,641)	(2,705,111)
Share Of Results From Associates And Joint Ventures	157,061	56,552	-	-
Provision For Employee Benefit	724	722	724	722
(Reversal Of Allowance)/Allowance For Impairment Losses Of Financial Assets	(879)	45,244	(307)	45,112
(Reversal Of Allowance)/Allowance For Impairment Losses Of Non-Financial Assets	(49,259)	40,886	56,066	39,638
Operating (Loss)/Profit Before Changes In Working Capital	(1,223,373)	1,038,692	(1,498,365)	852,541
Changes In Working Capital:				
Decrease/(Increase) In Trade Receivables	2,895,387	(1,291,752)	2,610,406	(971,996)
(Increase)/Decrease In Sundry Debtors And Deposits	(52,870)	(33,537)	(6,330)	4,768
(Decrease)/Increase In Trade Payables	(6,478)	(2,276,834)	195,955	(2,216,538)
(Decrease)/Increase In Other Payables And Accruals	(79,236)	39,459	31,719	9,277
Income Taxes Paid	(2,719)	(3)	-	-
Net Cash Generated From/(Used In) Operating Activities	1,530,711	(2,523,975)	1,333,385	(2,321,948)

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2024

	Group		KWAP	
	31 December	31 December	31 December	31 December
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Cash Flows From Investing Activities				
Proceeds From Sale of Financial Instruments				
At Amortised Cost	209,000	432,480	209,000	432,480
Purchase Of Financial Instruments				
At Amortised Cost	(166,619)	(687,051)	(166,619)	(687,051)
Proceeds From Sale Of Financial Assets				
Designated At Fair Value Through Profit Or Loss	15,120,012	12,420,258	15,120,012	12,420,258
Purchase Of Financial Assets Designated				
At Fair Value Through Profit Or Loss	(19,506,106)	(14,129,175)	(19,506,106)	(14,129,175)
Proceeds From Sale Of FVOCI Investments	9,305,811	7,501,495	9,305,811	7,501,495
Purchase Of FVOCI Investments	(8,314,656)	(14,155,815)	(8,314,656)	(14,155,815)
Deposits And Placements With Financial Institutions	-	132,303	-	132,302
Purchase Of Property And Equipment	(17,578)	(15,226)	(7,201)	(12,369)
Purchase Of Computer Softwares	(1,044)	(100)	(1,044)	(101)
Purchase Of Investment Properties	(315,983)	(866,321)	-	-
Purchase Of Investment Properties - Right-Of-Use Asset	-	-	(157,270)	(81,185)
Proceeds From Sales of Property And Equipment	-	736	-	736
Interest Received	2,971,768	2,905,563	2,971,768	2,905,563
Dividend Received	2,959,641	2,705,111	2,959,641	2,705,111
Decrease/(Increase) in Derivatives	311,630	(598,894)	332,130	(629,402)
Increase in Investments in Subsidiaries,				
Associates and JV	(335,687)	(179,794)	(647,598)	(1,101,011)
Benefits Paid	(38)	(36)	(38)	(36)
Receipt On Repayment Of Loans	112,935	531,653	387,943	531,653
Increase in Investment In Land Held				
For Development	(30,817)	(23,606)	-	-
Net Cash Generated From/(Used In)				
Investing Activities	2,302,269	(4,026,419)	2,485,773	(4,166,547)

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2024

	Group		KWAP	
	31 December 2024 RM'000	31 December 2023 RM'000	31 December 2024 RM'000	31 December 2023 RM'000
Cash Flows From Financing Activities				
Allocation Of Statutory Funds	500,000	500,000	500,000	500,000
Receipts Of Pension Contribution	2,279,898	2,209,832	2,279,898	2,209,832
Repayment Of Pension Contribution	(14,234)	(18,507)	(14,234)	(18,507)
Withdrawals By Federal Government	(5,000,000)	(3,000,000)	(5,000,000)	(3,000,000)
(Repayment)/Proceeds From Borrowings	(21,577)	421,102	-	-
Changes In Other Reserves	(14,664)	3,228	-	-
Lease Interest Paid	-	-	(1,648)	(1,914)
Payment Of Lease Liabilities	(3,276)	(35,654)	(8,388)	(7,093)
Net Cash (Used In)/Generated From Financing Activities	(2,273,853)	80,001	(2,244,372)	(317,682)
Net Increase/(Decrease) In Cash And Cash Equivalents	1,559,127	(6,470,393)	1,574,786	(6,806,177)
Effect Of Changes In Foreign Currency Cash And Cash Equivalents	(138,194)	(155,197)	-	-
As At 1 January	6,089,351	12,714,941	5,322,354	12,128,531
Cash And Cash Equivalents As At 31 December	7,510,284	6,089,351	6,897,140	5,322,354

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

1. CORPORATE INFORMATION

Retirement Fund (Incorporated) [KWAP] was established on 1 March 2007 under the Retirement Fund Act 2007 (Act 662) with a launching grant of RM27.0 million from the Federal Government of Malaysia.

The principal responsibility of KWAP is to manage the Retirement Fund (“the Fund”) established under section 13 of Retirement Fund Act 2007 (Act 662) towards achieving optimum returns on its investments. Sources of the Fund are primarily annual contributions from Statutory Bodies, Local Government and Agencies, receipts of the Government’s portion of contributions to the Employee Provident Fund, and others as well as investment income. The Fund is invested in Asset Classes in accordance with the Strategic Asset Allocation and Investment Policies and Guidelines upon the recommendation of KWAP’s Investment Panel and approval of the Board. The Fund shall be applied towards assisting the Federal Government in financing the government’s pension liability.

Effective from 1 November 2015, KWAP was officially appointed as an agent to the Government for the overall pension management and payment operation.

The principal activities of KWAP’s subsidiaries, associates and joint ventures are set out in Note 11, Note 12, and Note 13 respectively. There were no significant changes in the nature of the principal activities of the Group and of KWAP during the financial year.

KWAP is a statutory body, incorporated and domiciled in Malaysia. The registered office and principal place of business of KWAP is located at Level 36, Integra Tower, The Intermark, 348 Jalan Tun Razak, 50400 Kuala Lumpur.

The financial statements for the Group and KWAP for the financial year ended 31 December 2024 were accepted and approved by the Board of KWAP on 28 October 2025.

2. MATERIAL ACCOUNTING POLICIES

2.1 Basis Of Preparation

The financial statements of the Group and of KWAP were prepared in accordance with the Malaysian Financial Reporting Standards (“MFRS Accounting Standards”), IFRS Accounting Standards as issued by the International Accounting Standards Board (“IFRS Accounting Standards”) and the Retirement Fund Act 2007.

The financial statements of the Group and of KWAP were prepared under the historical cost convention, unless otherwise indicated in this summary of material accounting policies.

The financial statements were presented in Ringgit Malaysia (“RM”) being the functional currency of the Group and of KWAP whereby all values are rounded to the nearest thousand unless stated otherwise.

2.2 Statement Of Compliance

The accounting policies adopted by the Group and of KWAP are consistent with those adopted in the most recent annual financial statements for the year ended 31 December 2023.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2 Statement Of Compliance (continued)

(a) Standards and amendments that were issued but not yet effective

The standards and interpretations that were issued but not yet effective up to the date of issuance of the Group's and of KWAP's financial statements are disclosed below. The Group and KWAP intend to adopt these standards, if applicable, when they become effective.

	Effective for annual periods beginning on or after
Amendments to MFRS 121, <i>The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability</i>	1 January 2025
Amendments to MFRS 9, <i>Financial Instruments</i> and MFRS 7, <i>Financial Instruments: Disclosures – Classification and Measurement of Financial Instruments</i>	1 January 2026
Amendments to MFRS 10, <i>Consolidated Financial Statements</i>	1 January 2026
Amendments to MFRS 107, <i>Statement of Cash Flows</i>	1 January 2026
MFRS 18, <i>Presentation and Disclosure in Financial Statements</i>	1 January 2027
MFRS 19, <i>Subsidiaries without Public Accountability: Disclosures</i>	1 January 2027
Amendments to MFRS 112, <i>Income Taxes</i>	To be confirmed
Amendments to MFRS 10, <i>Consolidated Financial Statements</i> and MFRS 128, <i>Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	To be confirmed

The initial application of the above-mentioned accounting standards, interpretations and amendments are not expected to have any material financial impact to the financial statements of the Group and of KWAP.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.3 Subsidiaries And Basis Of Consolidation

(a) Subsidiaries

Subsidiaries are entities over which the Group has all of the following criteria:

- Power to exercise control over the financial and operating policies to direct the relevant activities of the entity;
- Exposure, or rights, to the variable returns from its investment with the entity; and
- The ability to use its power over the entity to affect its returns.

Subsidiaries are consolidated from the date of which control is transferred to the Group and are de-consolidated from the date that control ceases. Investments of unquoted shares in subsidiaries are recognised at cost whereby the amount is reconciled to the recoverable value including impairment losses for the year, if any. The policy in relation to the impairment of non-financial assets is as set out in Note 2.18.

Acquisition cost is measured at fair value of the assets received, equity instruments issued and existing outstanding liabilities or liabilities assumed at the date of exchange, plus direct costs attributable to the acquisition, if any.

Identifiable assets and liabilities acquired and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of the Non-Controlling Interests, if any.

Changes in ownership interests in subsidiaries without change of control

Transactions with Non-Controlling Interests that do not result in the loss of control are accounted for as transactions with equity owners of the Group. A change in ownership interest will result in an adjustment between the carrying amounts of the Controlling and Non-Controlling Interests to reflect their relative interests in the subsidiary. The difference between the amount of the adjustment to the Non-Controlling Interests and the consideration paid or received is recognised in equity attributable to the owners of the Group, if any.

Disposal of subsidiaries

When the Group ceases to consolidate a subsidiary because of a loss of control, the retained interest in the entity is remeasured to its fair value with the change in the carrying amount recognised in profit or loss, if any. The fair value becomes the initial carrying amount for the purposes of subsequent accounting of retained interest as an associate, joint venture or financial asset. In addition, any amount previously recognised in Other Comprehensive Income in respect of that entity are accounted for as a direct disposal of the related assets or liabilities by the Group.

This may result in the reclassification of amount previously recognised in Other Comprehensive Income to profit or loss. Gains or losses on the disposal of subsidiaries include the carrying amount of goodwill relating to the subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.3 Subsidiaries And Basis Of Consolidation (continued)

(b) Basis of consolidation

The consolidated financial statements comprise of the financial statements of KWAP and its subsidiaries. The individual financial statements of KWAP and its subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date. Consistent accounting policies are applied for like transactions and events in similar circumstances.

In the event where KWAP has less than the majority of the voting rights in an entity, consideration of the following is required in the assessment on the sufficiency of the voting rights in relation to KWAP's power over the entity:

- The size of KWAP's holding of voting rights relative to the size and dispersion of the holdings of other vote holders;
- Potential voting rights held by KWAP, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts or circumstances which indicate KWAP's current ability to direct the relevant activities at the time of the decision making including the voting patterns at previous shareholders' meetings.

Intra group transactions, balances and unrealised gains on transactions between KWAP and its subsidiaries are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of impairment of the transferred asset. The consolidated financial statements reflect only the external transactions of the Group.

Losses within subsidiaries are attributed to the Non-Controlling Interests even if the attribution results in a deficit balance.

(c) Business combinations

Acquisitions of subsidiaries are accounted for using the acquisition method. The cost of an acquisition is the aggregate of the consideration transferred, measured at fair value on the acquisition date and the amount of Non-Controlling Interest in an entity, if any. The Group elects on a transaction-by-transaction basis, whether to measure the Non-Controlling Interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Transaction costs incurred are recognised as administrative expenses.

Any contingent consideration to be transferred by the acquirer shall be recognised at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration deemed to be an asset or liability, shall be recognised in the Statement of Comprehensive Income, in accordance with the MFRS 9, in profit or loss. Remeasurement is not required in the event the contingent consideration is classified as equity whereby subsequent settlement, if any, is accounted for within equity.

In instances where the contingent consideration is beyond the scope of the MFRS 9, it is measured in accordance with the appropriate MFRS.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.3 Subsidiaries And Basis Of Consolidation (continued)

(c) Business combinations (continued)

Upon the acquisition of a business by the Group, assessment on the financial assets and liabilities is required for the appropriate designation and classification in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. Inclusive is the separation of embedded derivatives in host contracts by the acquiree.

In the event the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to the fair value at the subsequent acquisition date through profit or loss.

The excess of the aggregate of consideration transferred, the amount recognised for the Non-Controlling Interests and the acquisition date fair value of any previously held equity interest in the acquiree over the net identifiable assets acquired and liabilities assumed, is initially recognised as goodwill. In the event the said consideration is lower than the fair value of the net assets of the acquired subsidiary, the difference is recognised in profit or loss.

(d) Investments in subsidiaries in separate Financial Statements

In KWAP's separate financial statements, investments in subsidiaries are carried at cost less accumulated impairment losses. Upon the disposal of investment in subsidiaries, the difference between the disposal proceeds and the carrying amount of the investments is recognised in profit or loss.

The amount due from subsidiaries of which KWAP does not expect repayment in the foreseeable future is considered as part of KWAP's investments in the subsidiaries.

2.4 Investments In Associates And Joint Ventures

Associates are entities in which the Group has significant influence but not control or joint control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Significant influence is the power to participate in the financial and operating policy decisions of the entity but not the control or joint control over those policies.

The existence and effect of potential voting rights that are currently exercisable or convertible are considered in the assessment of the Group's significant influence over another entity.

On the acquisition of an investment in associates or joint ventures, the excess of the cost of investment over the Group's share of the net fair value of identifiable assets and liabilities of the entity is recognised as goodwill and subsequently included in the carrying amount of the investment. The excess of the Group's share of the net fair value of identifiable assets and liabilities of the entity over the cost of investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associate's or joint venture's profit or loss for the period in which the investment is acquired.

Associates or joint ventures are accounted for using the equity method from the date the entity is recognised as an associate or a joint venture.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.4 Investments In Associates And Joint Ventures (continued)

Step acquisition in associates

When the Group increases its stake in an existing investment or when the investment becomes an associate for the first time, the Group determines the cost of its investment in the equity-accounted investee as the sum of the fair value of the initial interest at the date of obtaining significant influence plus the consideration paid for any additional interest. The existing Fair Value Through Other Comprehensive Income (“FVOCI”) reserves may be transferred to Retained Earnings or remain in FVOCI reserves.

Increasing stake in an existing associate and retaining significant influence

The cost of acquisition of additional stake in an associate is added to the carrying amount of the associate and equity accounted. Goodwill arising on the purchase of the additional stake is determined using the fair value information at the date the additional interest is required. There was no remeasurement of previously held investment in the associate in the reporting period.

Under the equity method, the initial recognition of the investment in associates or joint ventures is recognised at cost and adjusted thereafter to recognise the Group’s share of the post-acquisition profits or losses of the associates or joint ventures in profit or loss, as well as the Group’s share of movements in Other Comprehensive Income of the associates or joint ventures in Other Comprehensive Income. Dividend received or receivable from the associates or joint ventures are recognised as a reduction in the carrying amount of the investments. In the event the Group’s share of losses in an associate or a joint venture equals or exceeds its interest in the associate or joint venture (including any long term interest that in substance, form part of the Group’s net investment in the associate or joint venture) further recognition of losses is not required by the Group with the exception of legal or constructive obligations or payments made on behalf of the associate or joint venture, if any.

Gains or losses arising from the upstream and downstream transactions between the Group and its associates or joint ventures are recognised in the consolidated financial statements, if any, only to the extent of unrelated investors’ interests in the associates or joint ventures. Unrealised losses are eliminated unless the transaction provides evidence of impairment of the assets transferred.

The preparation of the financial statements of the associates and joint ventures is of the same reporting date as the Group. Adjustments are made for the standardisation of accounting policies in line with the policies of the Group, where necessary.

Subsequent to the application of the equity method, the Group applies the MFRS 136: ‘Impairment of Assets’ (“MFRS 136”) to determine the necessity of the recognition of additional impairment losses with respect to its net investment in associates or joint ventures, if any. The entire carrying amount of the investment is tested as a single asset for impairment in accordance with the MFRS 136, using the comparison between the recoverable amount (the higher of value in use and fair value less costs to sell) and the carrying amount, where necessary. Impairment losses are recognised in profit or loss, if any. Reversal of impairment losses is recognised to the extent of the subsequent increase in the recoverable amount of the investment.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.4 Investments In Associates And Joint Ventures (continued)

Loss of significant influence or joint control

When the Group ceases to equity account its associates or joint ventures because of the loss of significant influence or joint control, the retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss, if any. This fair value becomes the initial carrying amount for the purpose of subsequent accounting of the retained interest as a financial asset. In addition, any amount previously recognised in Other Comprehensive Income in respect of the entity is accounted for as a direct disposal of the related assets or liabilities by the Group. This may result in the reclassification of amounts previously recognised in Other Comprehensive Income to profit or loss.

If there is a reduction of the ownership interest in the associates or joint ventures but the significant influence or joint control is retained, only a proportionate share of the amounts previously recognised in Other Comprehensive Income is reclassified to profit or loss, where appropriate.

Dilution of gains or losses arising from investments in associates or joint ventures is recognised in profit or loss.

Investments in associates and joint ventures in separate Financial Statements

In KWAP's separate financial statements, investments in associates and joint ventures are carried at cost less accumulated impairment losses, if any. Upon the disposal of investments in associates and joint ventures, the difference between the disposal proceeds and the carrying amounts of the investments is recognised in profit or loss.

2.5 Intangible Assets

Intangible assets acquired separately are initially measured at cost. Following the initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite useful lives are amortised on a straight-line basis over the estimated economic useful lives and assessed for impairment upon indication that the intangible asset may be impaired, when necessary. The amortisation period and amortisation method for intangible assets with finite useful lives are reviewed at each reporting date.

Changes in the expected useful lives or the expected pattern of consumption of the future economic benefits embodied in the asset are recognised by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense of intangible assets with finite useful lives is recognised in profit or loss.

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually, or more frequently, upon indication that the carrying value may be impaired either individually or at the Cash-Generating Unit ("CGU") level. Amortisation of the said intangible assets is not required. The useful lives of intangible assets with indefinite useful lives are reviewed annually to determine the feasibility of the useful life assessment. In the event it is no longer feasible to support the useful life, the change in the useful life from indefinite to finite is executed on a prospective basis.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.5 Intangible Assets (continued)

Gains or losses arising from the derecognition of intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the assets and are recognised in profit or loss upon derecognition.

Amortisation of intangible assets with finite useful lives is provided for on a straight-line basis where the cost of the asset is written off to its residual value based on the following rate:

Computer software and licenses	33.33%
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2.6 Property And Equipment

Property and equipment are initially measured at cost, net of tax, except where the amount of tax incurred is not recoverable from the government. In the event the amount of tax incurred is not recoverable from the government, the tax is recognised as part of the cost of acquisition of the property and equipment. The cost of an item of property and equipment is recognised as an asset if, and only if, it is probable that the future economic benefits associated with the item will flow to the Group and KWAP and the cost of the item can be reliably measured.

Subsequent to the initial recognition, property and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses, if any. The cost of an item of property and equipment initially recognised includes its purchase price and any cost that is directly attributable to the bringing of the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Group or KWAP. The cost also includes borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset.

In the event of a requirement for the replacement of significant parts of the property and equipment in intervals, such parts are recognised as individual assets with specific useful lives and depreciation, respectively. Likewise, in the event of a major inspection, the replacement cost is recognised in the carrying amount of the property and equipment subject to the fulfilment of the recognition criteria. All other costs of repair and maintenance are recognised in profit or loss as incurred.

Depreciation of property and equipment is provided for on a straight-line basis where the cost of each asset is written off to its residual value based on the following rates:

Office Renovation	16.67%
Computers	20.00%
Paintings	20.00%
Office Furniture and Equipment	20.00%
Gymnasium Equipment	20.00%
Vehicles	20.00%
Electronic Equipment	33.33%

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.6 Property And Equipment (continued)

Capital work-in-progress consist of, amongst others, renovation work-in-progress and information system enhancement or upgrade-in-progress. Such capital work-in-progress as well as non-water colour based paintings are recognised at cost and are not depreciated until the respective assets are ready for their intended use.

At the end of the reporting period, the Group and KWAP shall assess for impairment, if any. If such indication exist, an analysis is performed to determine whether the carrying amount of the asset is fully recoverable. In the event the carrying amount of the asset exceeds its recoverable amount, the asset value is written down to its recoverable amount. The policy in relation to the impairment of non-financial assets is as set out in Note 2.18.

The residual value, useful life and depreciation method are reviewed at each reporting date and adjusted prospectively, where appropriate.

An item of property and equipment is derecognised upon disposal or when the future economic benefits are no longer expected from its use or disposal. Gains or losses on the derecognition of assets are recognised in profit or loss in the year the asset is derecognised, if any.

2.7 Financial Assets

(a) Initial recognition

Financial assets are recognised when the Group and KWAP become a party to the contractual provisions of the instrument. Upon the initial recognition, the Group and KWAP measure a financial asset at its fair value including, in the case of a financial asset not measured at Fair Value Through Profit or Loss ("FVTPL"), transaction costs that are directly attributable to the acquisition of the financial asset or financial liability, if any. The classification of a financial asset and a financial liability is determined at the initial recognition.

Regular way purchases and sales of financial assets are recognised using settlement date accounting. The method used is applied consistently for all purchases and sales of financial assets that belong to the same category of financial assets.

(b) Classification and subsequent measurement

The Group and KWAP applied MFRS 9 and classify their financial assets in the following measurement categories – Amortised Cost, Fair Value Through Other Comprehensive Income ("FVOCI") or FVTPL.

If the terms are not substantially different, the renegotiation or modification does not result in derecognition, and the Group and the Company recalculate the gross carrying amount based on the revised cash flows of the financial asset and recognise a gain or loss on remeasurement in profit or loss. The new gross carrying amount is recalculated by discounting the modified cash flows at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired ("POCI") financial assets.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.7 Financial Assets (continued)

(b) Classification and subsequent measurement (continued)

The classification requirements for debt and equity instruments are described below:

1. Debt instruments

Debt instruments are instruments that satisfy the definition of a financial liability from the issuer's perspective. The classification and subsequent measurement of debt instruments are dependent on the Group's and KWAP's business model for managing the asset and the cash flow characteristics of the asset. Based on these factors, the Group and KWAP classify their debt instruments into one of the following three (3) measurement categories:

Amortised cost

Financial assets that are held for the collection of contractual cash flows where those cash flows represent Solely Payments of Principal and Interest ("SPPI"), and are not designated at FVTPL, are measured at Amortised Cost using the effective interest method. The carrying amount of these assets is adjusted by impairment losses recognised and measured using the Expected Credit Loss ("ECL") model. Interest income on financial assets measured at Amortised Cost is recognised in the Statement of Comprehensive Income and presented as Interest Income.

The losses arising from impairment of financial instruments are recognised in the Statement of Comprehensive Income as Allowance Made For Impairment Losses. The losses arising from impairment of financial assets other than financial instruments are recognised in the Statement of Comprehensive Income as Impairment On Other Assets.

FVOCI

Financial assets that are held for the collection of contractual cash flows and subsequent sale of the assets, where the assets' cash flows represent SPPI, and are not designated at FVTPL, are measured at FVOCI. The changes in fair value are recognised through Other Comprehensive Income, except for the recognition of impairment losses which are measured using the ECL model, interest income and foreign exchange gains or losses on the financial assets' amortised cost are recognised in profit or loss. Interest earned whilst holding the financial assets are recorded as Interest Income using the effective interest method. Upon derecognition, the cumulative gain or loss previously recognised in Other Comprehensive Income is reclassified to profit or loss and presented in Gains or Loss From Divestment.

FVTPL

Financial assets that do not satisfy the criteria for Amortised Cost or FVOCI, including financial assets Held-For-Trading ("HFT") and derivatives, are measured at FVTPL. Upon derecognition, the gain or loss on a financial asset that is subsequently measured at FVTPL and is not part of a hedging relationship is recognised in profit or loss and presented as Gains or Loss From Divestment. Interest earned whilst holding the financial assets are reported as Interest Income in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.7 Financial Assets (continued)

(b) Classification and subsequent measurement (continued)

1. Debt instruments (continued)

Business model assessment

The Group and KWAP assess the objective of a business model in which a financial asset is held at a portfolio level which best reflects the way the business is managed and information is provided to management. The factors under consideration include policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning the contractual interest revenue, maintenance of a particular interest rate profile, matching the duration of the financial assets to the duration of the financial liabilities that are funding the said assets or realisation of cash flows through the sale of the financial assets.

Other factors under consideration also include the frequency, volume and timing of sales in prior periods, evaluation of the financial asset's performance, the reporting to key management personnel as well as the assessment and management of the risks.

Reclassification of debt investments

The Group and KWAP reclassify debt instruments when and only when there is a change in the business model for managing those said assets.

2. Equity instruments

Equity instruments are instruments that satisfy the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets.

Upon initial recognition, the Group and KWAP may occasionally elect to classify irrevocably an equity instrument that is not held for trading at FVOCI. Such classification is determined on an instrument-by-instrument basis. When this election is used, the fair value gains and losses are recognised in Other Comprehensive Income and are not subsequently reclassified to profit or loss, including upon disposal. Dividends earned whilst holding the equity instrument are recognised in the Statement of Comprehensive Income and presented as Dividend Income upon the establishment of the right to receive the payment.

Upon derecognition, the gains and losses on equity instruments at FVTPL, is recognised in the Statement of Comprehensive Income and presented as Gain or Loss from Divestment.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.7 Financial Assets (continued)

(c) Reclassification of financial assets

The Group and KWAP may choose to reclassify non-derivative financial assets out from the FVTPL category (other than equity instruments), in rare circumstances, in the event the financial assets are no longer held for the purpose of selling or repurchasing in the short term. In addition, the Group and KWAP may also choose to reclassify financial assets that would satisfy the definition of Loans and Receivables out of the FVTPL or FVOCI category if there is the intention and ability to hold the financial asset for the foreseeable future or until maturity by the Group and KWAP.

The Group and KWAP reclassify debt instruments when and only when there is a change in the business model for managing those assets.

2.8 Financial Liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definition of financial liabilities.

Financial liabilities, within the scope of the MFRS 9, are recognised in the Statement of Financial Position when, and only when, the Group and KWAP become a party to the contractual provisions of the financial instruments. The Group and KWAP classify its financial liabilities in the following measurement categories - Amortised Cost or FVTPL. Financial liabilities are classified and subsequently measured at amortised cost, except for:

- (i) financial liabilities at FVTPL; and
- (ii) financial guarantee contracts and loan commitments.

Amortised Cost

Financial liabilities issued by the Group and KWAP are classified as financial liabilities at Amortised Cost, where the substance of the contractual arrangement results in an obligation by the Group and KWAP either to deliver cash or another financial asset to the holder or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

Non-derivative financial liabilities are initially recognised at the fair value of consideration received less directly attributable transaction costs, if any. Subsequent to the initial recognition, non-derivative financial liabilities are measured at Amortised Cost using the effective interest method. Amortised Cost is calculated by taking into consideration any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Financial liabilities measured at Amortised Cost include deposits from customers, deposits from banks, repurchase agreements and debt securities issued and other borrowed funds.

FVTPL

Financial liabilities at FVTPL include financial derivatives that do not satisfy the hedge accounting criteria. Financial derivatives are measured at fair value, whereby the gains or losses are recognised in profit or loss. Exchange differences are included in the net gains or losses on derivatives.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.8 Financial Liabilities (continued)

Other Financial Liabilities

Borrowings are derecognised from the Statement of Financial Position upon the discharge, cancellation or expiry of the obligation specified in the contract. The difference between the carrying amount of a financial liability that was derecognised or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, if any, is recognised in profit or loss.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the occurrence of the draw-down. In the event that there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as pre-payment for liquidity services and amortised over the period of the facility to which it relates.

2.9 Derecognition Of Financial Assets And Liabilities

The Group and KWAP derecognise a financial asset when the contractual cash flows from the financial asset expire or when the rights to receive the contractual cash flows of the financial assets are transferred in a transaction in which substantially all the risks and rewards of ownership are also transferred. Any interest in the transferred financial assets that is created or retained by the Group and KWAP is recognised as a separate asset or liability.

A financial liability is derecognised from the Statement of Financial Position upon the discharge, cancellation or expiry of the obligation specified in the contract by the Group and KWAP.

2.10 Cash And Cash Equivalents

Cash and cash equivalents comprise cash on hand, cash at bank and deposits with financial institutions that are readily convertible to known amount of cash, which are subject to an insignificant risk of changes in value, net of bank overdrafts. Cash equivalents include short term deposits placement with maturity not more than 90 days.

2.11 Leases

(i) Definition of a lease

A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the customer has the right to direct the use of the asset. The customer has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the customer has the right to direct the use of the asset if either the customer has the right to operate the asset; or the customer designed the asset in a way that predetermines how and for what purpose it will be used.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.11 Leases (continued)

(i) Definition of a lease (continued)

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which the Group is a lessee, it has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

(ii) Recognition and initial measurement

As lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the respective Group entities' incremental borrowing rate. Generally, the Group entities use their incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments less any incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Group is reasonably certain to exercise; and
- penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The Group excludes variable lease payments that linked to future performance or usage of the underlying asset from the lease liability. Instead, these payments are recognised in profit or loss in the period in which the performance or use occurs.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.11 Leases (continued)

(ii) Recognition and initial measurement (continued)

As lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease.

If an arrangement contains lease and non-lease components, the Group applies MFRS 15: Revenue From Contract with Customers ("MFRS 15") to allocate the consideration in the contract based on the stand-alone selling prices.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. It assesses the lease classification of a sublease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sublease as an operating lease.

(iii) Subsequent measurement

As lessee

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a revision of in-substance fixed lease payments, or if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

As lessor

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of "Gross Investment Income".

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.12 Investment Properties

Investment properties comprise land, completed properties and properties under construction (“IPUC”), which are held for capital appreciation or rental purposes or both, and generally are not occupied for the use or in the operations of the Group. Investment properties are classified as long-term investments with the initial recognition at cost including transaction costs.

Following the initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment losses, if any, with the exception of freehold land with unlimited useful life and IPUC, which are not depreciated. IPUC are not depreciated as they are not ready for their intended use. Other investment properties are depreciated over the estimated economic useful lives. The depreciation charged for the leasehold land is based on the leasehold period on a straight-line method. The policy for the recognition and measurement of impairment losses of non-financial assets are set out in Note 2.18.

Subsequent expenditure is capitalised to the asset’s carrying amount only when it is probable that the future economic benefits associated with the expenditure will flow to the Group and KWAP and the cost of the item can be reliably measured. All other repairs and maintenance costs are expensed when incurred. In the event of a replacement, if any, the carrying amount of the replaced part is derecognised.

The residual value, useful life and depreciation method of investment properties are reviewed at the end of each financial year, and adjusted prospectively, when appropriate.

Investment properties are derecognised upon disposal or permanent withdrawal from use whereby no future economic benefit is expected from the disposal or retirement. Gains or losses on the disposal or retirement of investment properties are recognised in profit or loss in the year of disposal or retirement, if any.

Transfers are made to or from investment properties when, and only when, there is a change in use. In terms of a transfer from an investment property to owner-occupied property, the deemed cost for subsequent accounting purposes is the fair value at the date of change in use. For a transfer from an owner-occupied property to investment property, the property is subsequently accounted for in accordance with the accounting policy for property and equipment set out in Note 2.6 up to the date of change in use.

Freehold land with unlimited useful life and land held for property development are not depreciated and recognised at cost less impairment losses, if any.

Land Held For Property Development consists of land whereby no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle. Such land is classified as Non-Current Assets and is recognised at costs.

Depreciation of investment property is provided for on a straight-line basis where the cost of each asset is written off to its residual value based on the following rates:

Buildings	2.50%
Leasehold Land (based on leasehold period)	1.01%

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.13 Provisions

Provisions are recognised upon the presence of an obligation (legal or constructive) resulting from past events where the outflow of economic resources to settle the obligation is probable and the amount of the obligation is reliably measured.

In the event of an expected reimbursement of provision to the Group and KWAP, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. Provisions are not recognised for future operating losses.

For a number of similar obligations, the likelihood that an outflow will be required for settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the best estimate of the expected expenditures required to settle the obligation using a pre-tax rate that reflects the current market assessment of the time value of money as well as the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as finance cost expense.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimates. Reversal of provisions is executed in the event where the outflow of economic resources required to settle the obligation is no longer probable.

2.14 Borrowing Costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of the asset. Capitalisation of borrowing costs commences upon the execution of activities to prepare the asset for its intended use or the occurrence of expenditures and borrowing cost when the sale is in progress. Borrowing costs are capitalised until the substantial completion or interruption of the activities necessary to prepare the asset for the intended use or sale of the asset.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on the qualifying assets, is deducted from the borrowing cost eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs incurred in connection to the borrowing of funds.

2.15 Revenue And Income Recognition

Revenue and income are recognised to the extent that the inflow of economic benefits is probable and can be reliably measured. Revenue and income are measured at the fair value of the consideration received or receivable.

(a) Dividend income

Dividend income is recognised upon the establishment of the right to receive payment.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.15 Revenue And Income Recognition (continued)

(b) Interest income

Interest income for financial instruments designated at amortised cost and FVOCI is calculated by applying the effective interest rate to the gross carrying amount of a financial asset with the exception of financial assets that were subsequently credit-impaired. For credit-impaired financial assets, the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

Interest income for financial instruments designated at FVTPL is recognised based on contractual agreements.

(c) Gains or losses from divestment

Gains or losses on disposal of investments are recognised upon the satisfaction of all terms of the agreement leading to the sale of the investments.

(d) Rental income from investment properties

Rental income from investment properties is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Rental income from sub-leased property is recognised as “revenue”.

(e) Service charge income

Service charge income is recognised in the accounting period in which the service is rendered and the customer receives and consumes the benefit provided by the Group and KWAP, and the Group and KWAP have a present right to payment for the said services.

(f) Utilities income

Revenue from air-conditioner and chilled water charges are recognised upon the supply of the air-conditioner and chilled water to the customer and the customer receives and consumes the supplies, and the Group and KWAP have a present right to payment for the said supplies.

2.16 Income Tax

(a) Current tax

Current tax assets and liabilities are measured at the expected recoverable amount from the taxation authorities. The tax rates and tax laws employed for the computation of the recoverable amount are the tax rates and laws enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss with the exception of tax related items which are recognised outside profit or loss, either in Other Comprehensive Income or directly in equity.

KWAP is exempted from income tax in accordance with Section 127[3A] of the Income Tax Act 1967 for all income from domestic sources as well as the withholding tax in accordance with Section 107A(1) and Section 109 on the interests and special classes of income. All income from international sources are subject to the income tax laws and rates of the respective country of origin.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.16 Income Tax (continued)

(b) Deferred tax

Deferred tax is a provision using the liability method based on the temporary differences arising between the tax bases of assets and liabilities and their respective carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liabilities arise from the initial recognition of goodwill or of assets or liabilities in transactions that are not a business combination and, at the time of the transaction, affect neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that there will be no reversal of the temporary differences in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that the taxable profit will be available against which the deductible temporary differences, the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax assets relating to the deductible temporary difference arise from the initial recognition of an asset or liability in transactions that are not a business combination and, at the time of the transaction, affect neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will be reversed in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amounts of deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part utilisation of the deferred tax assets. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that the future taxable profit will allow the utilisation of the deferred tax assets.

Deferred tax assets and liabilities are measured at the tax rates that are expected to be applied for the year upon the realisation of the assets or settlement of the liabilities based on the tax rates and laws that were enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Such deferred tax items are recognised in correlation to the underlying transaction either in Other Comprehensive Income or directly in equity. Deferred tax arising from a business combination is adjusted against the respective goodwill on acquisition.

Deferred tax assets and liabilities are offset, if a legally enforceable right exists to set off the current tax assets against the current tax liabilities, whereby the deferred taxes relate to the same taxable entity and taxation authority.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.17 Foreign Currencies

(a) Functional and presentation currency

The individual financial statements of each entity in the Group is measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM") being the functional and presentation currency of the Group and of KWAP.

(b) Foreign currency transaction and balances

Transactions in foreign currencies are measured in the respective functional currencies of KWAP and its subsidiaries and are recorded on the initial recognition in the functional currencies at the exchange rates prevailing on the transaction dates.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot exchange rate at the reporting date.

Exchange differences arising on the settlement of monetary items or on the translation of monetary items at the reporting date are recognised in the Statement of Comprehensive Income with the exception of the exchange differences arising on monetary items that form part of the Group's net investment in foreign operations. Such items are recognised initially in Other Comprehensive Income and accumulated under the Foreign Exchange Reserves in Other Comprehensive Income.

Changes in the fair value of monetary securities denominated in foreign currency classified as FVOCI Income are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in profit or loss, and other changes in the carrying amount are recognised in Other Comprehensive Income.

Non-monetary items denominated in foreign currencies measured at historical cost are translated using the spot exchange rates at the date of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the spot exchange rates at the date when the fair value was determined.

Exchange differences arising from the translation of non-monetary items carried at fair value are recognised in the Statement of Comprehensive Income for the financial year that it is incurred, with the exception of the exchange differences arising from the translation of non-monetary items whereby the respective gains and losses are recognised in Other Comprehensive Income.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.17 Foreign Currencies (continued)

(c) Foreign operations

The financial results and financial position of foreign operations with a different functional currency from the presentation currency of Ringgit Malaysia of the consolidated financial statements are translated into Ringgit Malaysia as follows:

- Assets and liabilities of foreign operations are translated at the closing rate prevailing at the reporting date;
- Income and expenses for each Statement of Comprehensive Income are translated at the average exchange rates for the financial year; and
- All resulting exchange differences are recognised directly to Other Comprehensive Income through the foreign exchange reserves.

In the event of a disposal of a foreign operation, the cumulative amount of exchange differences in relation to the foreign operation previously recognised in Other Comprehensive Income and accumulated in a separate component of equity, is reclassified from equity to the Statement of Comprehensive Income (as a reclassification adjustment) upon the recognition of gains or losses on disposal.

In relation to the partial disposal of a subsidiary that includes a foreign operation, the proportionate share of the cumulative amount of exchange differences previously recognised in Other Comprehensive Income is reattributed to the Non-Controlling Interests in that foreign operation. For other partial disposal of a foreign operation, the proportionate share of the cumulative amount of exchange differences previously recognised in Other Comprehensive Income is reclassified to the Statement of Comprehensive Income.

Goodwill and fair value adjustments arising from the acquisition of foreign operations are recognised as assets and liabilities of the foreign operations and translated at the closing rate prevailing at the reporting date. Exchange differences arising from the recognition of goodwill and fair value are recognised in Other Comprehensive Income.

2.18 Impairment Of Non-Financial Assets

Impairment assessment is executed at each reporting date to identify the indication for impairment of assets. In the event of an indication for impairment or the requirement for an impairment assessment, the estimated recoverable amount of the asset is established.

Recoverable amount is the higher of fair value of the asset less costs to sell and value in use of the asset. For impairment assessment purposes, assets are grouped at the lowest levels where the cash flows are separately identifiable, i.e. CGU.

In the assessment of value in use, the estimated future cash flows expected to be generated by the asset are discounted to the present value using the pre-tax discount rate that reflects the current market assessment of the time value of money as well as the risks specific to the asset. In the event the carrying amount of the asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are initially allocated to reduce the carrying amount of goodwill allocated to the unit or groups of units, if any, followed by the reduction of the carrying amount of other assets in the unit or groups of units on a pro-rata basis. Impairment losses are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.18 Impairment Of Non-Financial Assets (continued)

Impairment assessments are executed at each reporting date to determine whether indicators of previously recognised impairment losses may no longer exist or may have decreased. Previously recognised impairment losses are only reversed in the event of changes in the estimates used to determine the asset's recoverable amount from the previous recognition of impairment losses. In this case, the carrying amount of the asset is increased to its recoverable amount. However, such increase shall not exceed the previously determined carrying amount, net of depreciation, whereby there were no impairment losses previously recognised. Reversals of impairment losses are recognised in profit or loss. Impairment losses on goodwill are not reversed in the subsequent period.

2.19 Impairment Of Financial Assets

The Group and KWAP assess on a forward-looking basis the ECL associated with its financial assets carried at Amortised Cost and FVOCI. The impairment methodology applied is dependent on whether there was a significant increase in the credit risk.

The ECL represents a probability-weighted estimate of the difference between the present value of cash flows according to a contract and the present value of cash flows that the Group and KWAP expect to receive, over the remaining life of the financial asset.

The measurement of the ECL reflects:

- an unbiased and probability-weighted amount that is determined by the evaluation of a range of possible outcomes;
- the time value of money; and
- the reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

POCI financial assets are assets that are credit-impaired on initial recognition. For POCI financial assets, lifetime expected credit losses are incorporated into the calculation of the effective interest rate on initial recognition. Consequently, POCI financial assets do not carry an impairment allowance on initial recognition. The amount recognised as a loss allowance subsequent to initial recognition is equal to the changes in lifetime expected credit losses since initial recognition of the asset.

(a) Financial assets accounted for at Amortised Cost and FVOCI

There are three (3) categories of financial assets accounted for at Amortised Cost and FVOCI which reflect their respective credit risk and determination of the loan loss provision of each category.

At each reporting date, the Group and KWAP measure the ECL through a loss allowance at an amount equal to the 12-months ECL provided that there is no significant increase in the credit risk of a financial instrument or a group of financial instruments since the initial recognition. For all other financial instruments, a loss allowance at an amount equal to the lifetime ECL is required.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.19 Impairment Of Financial Assets (continued)

(a) Financial assets accounted for at Amortised Cost and FVOCI (continued)

A summary of the assumptions in relation to the ECL model of each category is as follows:

(i) Stage 1: 12-months ECL

For credit exposures where there was no significant increase in the credit risk since the initial recognition and no credit impairment since origination, a portion of the lifetime ECL associated with the possibility of the occurrence of default events within the next 12 months is recognised.

(ii) Stage 2: Lifetime ECL – not credit impaired

For credit exposures where there was a significant increase in the credit risk since the initial recognition but no credit impairment since origination, a lifetime ECL is recognised. A significant increase in the credit risk is presumed if the interest and/or principal repayments are more than 30 days but less than 89 days past due.

(iii) Stage 3: Lifetime Expected Credit Loss – credit impaired

Financial assets are assessed as credit impaired upon the occurrence of one or more events with detrimental impact to the estimated future cash flows of the asset. For financial assets with credit impairment, a lifetime ECL is recognised.

On the term of the financial assets, the Group and KWAP account for the credit risk by the appropriate provision of the ECL on a timely basis, whereby the historical loss rates for each category of financial asset is taken into consideration in the calculation of the ECL rates and adjusted for forward-looking macroeconomic data.

There were no significant changes to the estimation techniques or assumptions in relation to the ECL during the reporting period.

Significant increase in the credit risk

The Group and KWAP consider the probability of default upon the initial recognition of financial assets and whether there was a significant increase in the credit risk on an ongoing basis throughout each reporting period. In the assessment of a significant increase in the credit risk, the Group and KWAP compare the risk of the occurrence of default on the financial asset as at the reporting date against the risk of default as at the date of the initial recognition, taking into consideration available, reasonable and supportable forward-looking information.

The following indicators are incorporated:

- internal credit rating;
- external credit rating (as far as available); and
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations.

Macroeconomic information (such as market interest rates or growth rates) is incorporated as part of the internal rating model.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.19 Impairment Of Financial Assets (continued)

(a) Financial assets accounted for at Amortised Cost and FVOCI (continued)

Significant increase in the credit risk (continued)

Regardless of the analysis above, a significant increase in the credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment.

Low credit risk exemption

Financial instruments with the following characteristics are considered to have low credit risk at the reporting date:

- a low risk of default;
- strong capacity to fulfill the contractual cash flow obligations in the near term by the borrower; and
- adverse changes will not necessarily reduce the ability of the borrower to make payments when they fall due.

Definition of default and credit-impaired financial assets

The Group and KWAP define the default of a financial instrument, which is fully aligned with the definition of credit-impairment, when it fulfills one or more of the following criterias:

a) Quantitative criteria:

Failure of the counterparty to make contractual payment within 90 days when they fall due.

b) Qualitative criteria:

Satisfies the criteria of unlikeliness to pay by the counterparty, which indicates its significant financial difficulty such as the following instances:

- breach of financial covenants;
- concessions made by the lender relating to the counterparty's financial difficulty;
- high probability of bankruptcy or other financial reorganization;
- insolvency; and
- disappearance of an active market for the financial asset due to financial difficulties.

Credit-impairment of financial instruments is assessed on an individual basis by the Group and KWAP.

(b) Write off of financial assets

The Group and KWAP write off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and subsequently concluded that there is no reasonable expectation of recovery. The assessment of no reasonable expectation of recovery is based on the inability of the debtor's sources of income or assets to generate sufficient future cash flows to repay the outstanding amount. The Group and KWAP may write-off financial assets that are still subject to enforcement activity.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.20 Derivative Financial Instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in profit or loss and included in the net gain or loss on fair value movement of derivatives.

2.21 Employee Benefits

(a) Short term benefits

Wages, salaries, bonuses, social security contributions (“SOCSO”), Employees Provident Fund (“EPF”) contribution or pension contribution and gratuity to contract employees are recognised as expenses in the year in which the associated services are rendered by the employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when the services are rendered by the employees which subsequently increase the employees’ entitlement to future compensated absences. Meanwhile, short term non-accumulated compensated absences such as sick leave are recognised when the absences occur.

(b) Long term benefits

Payments of long term benefits post-retirement and/or after the expiry of the contracts are recognised as employee benefits expenses on an accrual basis in the current year of the Statement of Comprehensive Income. At the same time, such amounts are also recognised as liabilities categorised as employee benefits in the Statement of Financial Position. Types of long term benefits recognised on an accrual basis are as follows:

- Cash award in lieu of annual leave; and
- Post-retirement medical benefit.

The provision for post – retirement medical benefits to retirees is based on the annual actuarial valuation by an external valuer.

2.22 Fair Value Measurement

Financial instruments, such as derivatives and financial investments, are measured at fair value at each reporting date. The fair values of financial instruments measured at Amortised Cost are set out in Note 35 to the financial statements.

Fair value is the price that would be received upon the sale of assets or paid upon the transfer of liabilities in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transactions for the sale of assets or transfer of liabilities occur either:

- In the principal market for the assets or liabilities, or
- In the absence of the principal market, in the most advantageous market for the assets or liabilities.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.22 Fair Value Measurement (continued)

The principal or the most advantageous market must be accessible by the Group and KWAP. The fair value of assets or liabilities are measured using the assumptions that the market participants would use when pricing the assets or liabilities, assuming that the market participants will behave in their economic best interest.

The fair value measurement of non-financial assets takes into consideration the market participant's ability to generate the economic benefits by the utilisation of the assets in its highest and best use or by sale to another market participant that would utilise the assets in its highest and best use.

The Group and KWAP employ valuation techniques that are deemed appropriate in circumstances whereby sufficient data are available for the fair value measurement, with the maximisation of the use of relevant observable inputs and minimisation of the use of unobservable inputs.

Assets and liabilities for which the fair value is measured or disclosed in the financial statements are categorised in accordance with the following fair value hierarchy, based on the lowest level of input significant to the fair value measurement as a whole:

- Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2: Valuation techniques for which the lowest level of input significant to the fair value measurement is directly or indirectly observable; and
- Level 3: Valuation techniques for which the lowest level of input significant to the fair value measurement is unobservable.

In relation to assets and liabilities recognised in the financial statements on a recurring basis, reassessment of the categorisation is conducted to determine the occurrence of transfers of assets between the levels in the hierarchy (based on the lowest level of input significant to the fair value measurement as a whole) at the reporting date.

2.23 Contingent Assets And Contingent Liabilities

Contingent assets are possible assets that arise from past events whereby the existence is confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group and KWAP. There was no recognition of contingent assets, only disclosure of its existence whereby the inflow of economic benefits is probable but virtually uncertain. Contingent liabilities are possible obligations that arise from past events whereby the existence is confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group and KWAP, or present obligations that are not recognised because it is not probable that an outflow of resources will be required to settle the obligation. Contingent liabilities may also arise in the extremely rare case where a liability is not recognised due to its inability to be measured reliably.

There was no recognition of contingent liabilities, only its disclosure in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.24 Offset Of Financial Instruments

Financial assets and liabilities are offset whereby the net amount is presented in the Statement of Financial Position when there is a legally enforceable right to offset the recognised amounts as well as the intention to settle on a net basis or to realise the asset and settle the liability simultaneously. The legally enforceable right shall not be contingent on future events and shall be enforceable in the normal course of business as well as in the event of default, insolvency or bankruptcy.

2.25 Allocation of Statutory Funds

KWAP receives an allocation from the Federal Government in accordance with section 13 of the Retirement Fund Act 2007 (ACT 662).

2.26 Pension Contribution

Pension contributions are recognised upon receipt of contributions from Statutory Bodies, Local Authorities and other Agencies as well as Government's share, gratuities and other deductions in accordance with the Statutory and Local Authorities Pensions Act, 1980 (Act 239) and Service Circular No. 12/2008. Penalty for late contribution payments are recognised upon receipt.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the consolidated financial statements requires the establishment of judgements, estimates and assumptions by the Group and KWAP that affect the reported amounts of revenues, expenses, assets and liabilities as well as the accompanying disclosures and the disclosure of contingent assets and liabilities in accordance with the relevant MFRS. Uncertainties in relation to the assumptions and estimates may result in outcomes which require material adjustments to the carrying amount of affected assets or liabilities in future periods.

Judgements applied by the Group and KWAP in the application of accounting policies, key assumptions concerning the future and other key sources of uncertainty estimation at the reporting date with significant risk of material adjustments to the carrying amount of affected assets and liabilities within the next financial year are discussed as follows:

(a) Impairment of interest in subsidiaries and associates

Assessment on the objective evidence for impairment of investments are conducted at each reporting date. Factors such as, amongst others, the prolonged shortfall between the indicative fair value and the carrying amount, significant changes with adverse effects on the investments as well as the deterioration of the financial performance of investments are taken into consideration to determine the objective evidence for impairment, if any.

Judgements are applied by the Group and KWAP in the selection of a suitable method of valuation such as, amongst others, the discounted cash flow, realisable net asset value and sector average price-earning ratio depending on the nature as well as the industries in relation to the investment.

Upon the selection of a suitable method of valuation, certain assumptions are established to estimate the future recoverable amount of the investment. Such assumptions may include, amongst others, assumptions on the expected future cash flows, revenue growth, discount rate used for the purpose of discounting the future cash flows, which incorporates the relevant risks, as well as the expected future outcome of certain past events relating to the specific investment.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(b) Impairment of non-financial assets

Impairment of non-financial assets is executed when the carrying value of the asset or CGU exceeds the recoverable amount of the asset or CGU, which is the higher of fair value less costs to sell and value in use. The calculation of the fair value less costs to sell is based on the available data from binding sales transactions, conducted at arm's length for similar assets or the observable market prices less the incremental costs for the disposal of assets. The calculation of the value in use is based on the discounted cash flow model whereby the cash flows are derived from the next five (5) year budget excluding the restructuring activities yet to be committed by the Group or KWAP, or significant future investments that will enhance the asset performance of the tested CGU. The recoverable amount is most sensitive to the discount rate employed for the discounted cash flow model and the expected future cash inflows as well as the growth rate used for extrapolation purposes.

(c) Impairment of financial assets

The Group and KWAP review the fixed income instruments designated as investment at FVOCI or amortised cost which are subject to impairment under the MFRS 9 at each reporting date to reflect changes in the credit risk of the financial investments not at FVTPL. The MFRS 9 incorporates forward looking and historical, current and forecasted information into the ECL estimation.

In the execution of impairment review, the following judgements by management are required:

- (i) Determination whether the investment is impaired based on certain indicators such as, amongst others, difficulties of the issuers or obligors, deterioration of the credit quality of the issuers or obligors; and
- (ii) Determination of the ECL that reflects:
 - An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
 - The time value of money; and
 - Reasonable and supportable information that is available without undue cost or effort at the reporting date about current conditions and forecasts of future economic condition.

(d) Fair value of financial instruments

Fair value is the price that would be received upon the sale of assets or paid upon the transfer of liabilities in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transactions for the sale of assets or transfer of liabilities occur either in the principal market for the assets or liabilities, or in the absence of the principal market, in the most advantageous market for the assets or liabilities.

The fair value of assets or liabilities is measured using the assumptions that the market participants would use when pricing the assets or liabilities, assuming that the market participants behave in their economic best interest.

In the absence of an active market, the fair value of financial instruments is determined using the valuation techniques that are deemed appropriate in circumstances whereby sufficient data are available for the fair value measurement with the maximisation of the use of relevant observable inputs and the minimisation of the use of unobservable inputs.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(e) Post-retirement medical benefit obligation

The present value of the post-retirement medical benefit obligation is dependent on a number of factors that are determined on an actuarial basis based on a number of assumptions. The assumptions employed in the determination of the net cost for post-retirement medical benefit include the discount rate and the actual medical costs incurred during the financial year with the limit of a medical retiree's claim up to RM3,000 a year. Changes in the assumptions shall impact the carrying amount of the post-retirement medical benefit obligation.

The appropriate discount rate is determined annually upon the performance of the 3-year actuarial valuation. The most recent actuarial valuation was performed for the position as at 31 December 2024 whereby the interest rate was used to determine the present value of the estimated expected future cash outflows required to settle the post-retirement medical benefit obligation.

The medical cost rate is based on the actual cost incurred by the Group and KWAP.

4. INVESTMENT/NON-INVESTMENT INCOME/(LOSS)

Income of the Group and of KWAP consist of the following:

	Group		KWAP	
	31 December 2024 RM'000	31 December 2023 RM'000	31 December 2024 RM'000	31 December 2023 RM'000
Gross Investment Income	8,067,274	7,026,678	7,747,997	6,752,774
Non-investment loss				
Other Operating Income	41,038	41,984	30,516	32,241
Net (Loss) / Gain From Foreign Currency Exchange	(1,408,929)	973,227	(1,408,929)	973,219
Net Loss From Derivative Financial Instruments	(7,790)	(1,124,342)	47,424	(1,089,605)
	(1,375,681)	(109,131)	(1,330,989)	(84,145)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

4. INVESTMENT/NON-INVESTMENT INCOME/(LOSS) (CONTINUED)

Included in the gross investment income are net gain or loss on the following:

	Group		KWAP	
	31 December 2024 RM'000	31 December 2023 RM'000	31 December 2024 RM'000	31 December 2023 RM'000
Dividend Income				
Financial Assets At Fair Value Through Profit Or Loss	1,544,752	1,369,093	1,544,752	1,369,093
Financial Assets At Fair Value Through Other Comprehensive Income	1,414,889	1,336,018	1,414,889	1,336,018
	2,959,641	2,705,111	2,959,641	2,705,111
Net Gain From Divestment				
Financial Assets At Fair Value Through Profit Or Loss	1,390,084	823,918	1,390,084	823,918
Financial Assets At Fair Value Through Other Comprehensive Income	46,328	27,782	46,328	27,782
	1,436,412	851,700	1,436,412	851,700
Interest Income				
Financial Assets At Amortised Cost	778,964	741,639	778,964	741,639
Financial Assets At Fair Value Through Profit Or Loss	35,490	37,373	35,490	37,373
Financial Assets At Fair Value Through Other Comprehensive Income	1,843,767	1,804,328	1,843,767	1,804,328
Money Markets, Deposits and Others	329,676	311,794	312,767	320,878
	2,987,897	2,895,134	2,970,988	2,904,218
Rental Income	521,280	440,638	7,439	-
Investment in Subsidiary, Associate & Joint Venture	6,030	13,343	213,644	181,345
Miscellaneous Income	156,014	120,752	159,873	110,400
	8,067,274	7,026,678	7,747,997	6,752,774

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

5. OPERATING EXPENSES

	Note	Group		KWAP	
		31 December 2024 RM'000	31 December 2023 RM'000	31 December 2024 RM'000	31 December 2023 RM'000
Employee Costs	A	177,575	163,883	169,180	153,183
Property Related Expenditure		122,083	96,618	8,011	6,659
Professional Services And Fees		204,689	154,922	154,196	107,396
Audit Fees		3,435	2,972	505	479
Directors' Fees And Remuneration		2,965	945	919	945
Depreciation Charges		226,376	203,079	8,431	4,313
Amortisation Charges		8,278	13,418	16,672	21,842
Withholding and Indirect Tax		56,914	35,281	56,914	35,281
Management Aid		1,854	2,103	1,854	2,103
Rental Charges		3,971	7,165	9,115	7,140
Other Operating Expenditure		35,586	35,273	28,749	24,685
		843,726	715,659	454,546	364,026

Note A – Employee Costs:

	Group		KWAP	
	31 December 2024 RM'000	31 December 2023 RM'000	31 December 2024 RM'000	31 December 2023 RM'000
Salaries And Allowance	122,692	112,223	115,843	102,903
Statutory Deductions	26,295	24,919	25,747	24,202
Others	28,588	26,741	27,590	26,078
	177,575	163,883	169,180	153,183

As at 31 December 2024, the number of employees of the Group was 771 (2023: 740), with 753 (2023: 723) being employees of KWAP.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

6. TAXATION

	Group	
	31 December 2024 RM'000	31 December 2023 RM'000
Current Taxation		
Foreign Income Tax	718	465
Deferred Taxation		
Foreign Income Tax	2,001	(7)
Tax expenses for the financial year	2,719	458

A reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rate of the Group and of KWAP are as follows:

	Group		KWAP	
	31 December 2024 RM'000	31 December 2023 RM'000	31 December 2024 RM'000	31 December 2023 RM'000
Profit Before Taxation	12,958,817	9,548,669	12,967,515	9,652,764
Taxation At Malaysian Statutory Tax Rate Of 24% (2023: 24%)	3,110,116	2,291,681	3,112,204	2,316,663
Income Not Subject To Tax	(3,109,398)	(2,291,216)	(3,112,204)	(2,316,663)
Capital Allowances In Excess Of Depreciation	2,001	(7)	-	-
Tax Expenses For The Financial Year	2,719	458	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

7. PROPERTY AND EQUIPMENT

	Office Renovation RM'000	Computers RM'000	Paintings, Office Furniture And Equipment RM'000	Gymnasium Equipment RM'000	Vehicles RM'000	Electronic Equipment RM'000	Work In Progress RM'000	Total RM'000
GROUP								
Cost								
At 1 January 2024	22,734	14,183	25,444	390	834	218	12,555	76,358
Additions	4,688	141	5,781	-	-	-	6,968	17,578
Transfer In/(Out)	4,926	105	2,390	-	-	1,734	(10,646)	(1,491)
Adjustments/Disposal	-	-	-	-	-	-	(845)	(845)
Foreign Exchange Difference	-	-	(88)	-	-	-	-	(88)
At 31 December 2024	32,348	14,429	33,527	390	834	1,952	8,032	91,512
Accumulated depreciation								
At 1 January 2024	22,594	9,542	19,488	386	419	116	-	52,545
Depreciation Charge For The Year	833	1,448	1,886	1	91	360	-	4,619
Adjustments	-	-	-	-	-	-	-	-
Foreign Exchange Difference	-	-	(69)	-	-	-	-	(69)
At 31 December 2024	23,427	10,990	21,305	387	510	476	-	57,095
Net Book Value								
At 31 December 2024	8,921	3,439	12,222	3	324	1,476	8,032	34,417
KWAP								
Cost								
At 1 January 2024	22,656	14,136	15,383	390	834	218	11,808	65,425
Additions	15	132	86	-	-	-	6,968	7,201
Transfer In/(Out)	4,926	105	1,665	-	-	1,734	(9,921)	(1,491)
Adjustments/Disposal	-	-	-	-	-	-	(845)	(845)
At 31 December 2024	27,597	14,373	17,134	390	834	1,952	8,010	70,290
Accumulated depreciation								
At 1 January 2024	22,512	9,512	12,917	386	420	116	-	45,863
Depreciation Charge For The Year	444	1,443	268	1	91	360	-	2,607
Adjustments/Disposal	-	-	-	-	-	-	-	-
At 31 December 2024	22,956	10,955	13,185	387	511	476	-	48,470
Net Book Value								
At 31 December 2023	4,641	3,418	3,949	3	323	1,476	8,010	21,820

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

7. PROPERTY AND EQUIPMENT (CONTINUED)

	Office Renovation RM'000	Computers RM'000	Paintings, Office Furniture And Equipment RM'000	Gymnasium Equipment RM'000	Vehicles RM'000	Electronic Equipment RM'000	Work In Progress RM'000	Total RM'000
GROUP								
Cost								
At 1 January 2023	22,734	15,520	22,912	386	679	125	4,611	66,967
Additions	-	524	2,092	4	227	70	12,309	15,226
Transfer In/(Out)	-	1,372	9	-	227	23	(4,075)	(2,444)
Adjustments/Disposal	-	(3,233)	-	-	(299)	-	(290)	(3,822)
Foreign Exchange Difference	-	-	431	-	-	-	-	431
At 31 December 2023	22,734	14,183	25,444	390	834	218	12,555	76,358
Accumulated depreciation								
At 1 January 2023	21,231	11,499	17,611	386	664	92	-	51,483
Depreciation Charge For The Year	1,363	1,265	2,156	-	54	24	-	4,862
Adjustments/Disposal	-	(3,222)	-	-	(299)	-	-	(3,521)
Foreign Exchange Difference	-	-	(279)	-	-	-	-	(279)
At 31 December 2023	22,594	9,542	19,488	386	419	116	-	52,545
Net Book Value								
At 31 December 2023	140	4,641	5,956	4	415	102	12,555	23,813
KWAP								
Cost								
At 1 January 2023	22,656	15,491	15,374	386	679	125	4,611	59,322
Additions	-	506	-	4	227	70	11,562	12,369
Transfer In/(Out)	-	1,372	9	-	227	23	(4,075)	(2,444)
Adjustments/Disposal	-	(3,233)	-	-	(299)	-	(290)	(3,822)
At 31 December 2023	22,656	14,136	15,383	390	834	218	11,808	65,425
Accumulated depreciation								
At 1 January 2023	21,149	11,474	12,766	386	664	92	-	46,531
Depreciation Charge For The Year	1,363	1,260	151	-	54	24	-	2,852
Adjustments/Disposal	-	(3,222)	-	-	(298)	-	-	(3,520)
At 31 December 2023	22,512	9,512	12,917	386	420	116	-	45,863
Net Book Value								
At 31 December 2023	144	4,624	2,466	4	414	102	11,808	19,562

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

8. COMPUTER SOFTWARE

	Group		KWAP	
	31 December 2024 RM'000	31 December 2023 RM'000	31 December 2024 RM'000	31 December 2023 RM'000
Cost				
At 1 January	59,286	57,005	59,164	56,882
Additions	1,044	100	1,044	101
Disposals	-	(263)	-	(263)
Transfer In	1,477	2,444	1,477	2,444
At 31 December	61,807	59,286	61,685	59,164
Accumulated Amortisation				
At 1 January	49,816	37,060	49,719	36,965
Charge For The Year	7,861	13,019	7,848	13,017
Disposals	-	(263)	-	(263)
At 31 December	57,677	49,816	57,567	49,719
Net Book Value As At 31 December	4,130	9,470	4,118	9,445

Computer softwares relates to the licence fees, other directly attributable costs in the preparation of the assets for its intended use as well as the professional fees arising directly to bring the assets to their working condition.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

9. INVESTMENT PROPERTIES AND LAND HELD FOR PROPERTY DEVELOPMENT

(a) Investment Properties

	Group		KWAP	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Land And Building				
Cost				
At 1 January	9,404,731	8,002,068	316,446	235,261
Addition	315,983	866,321	157,270	81,185
Foreign Exchange Reserve	(196,311)	536,342	-	-
At 31 December	9,524,403	9,404,731	473,716	316,446
Accumulated Depreciation				
At 1 January	1,368,982	1,095,993	11,690	10,229
Depreciation Charge	221,757	198,217	5,824	1,461
Foreign Exchange Reserve	(82,642)	74,772	-	-
At 31 December	1,508,097	1,368,982	17,514	11,690
Impairment				
At 1 January	395,822	375,742	-	-
(Reversal)/Impairment Charge	(49,259)	40,886	-	-
Foreign Exchange Reserve	(13,607)	(20,806)	-	-
At 31 December	332,956	395,822	-	-
Carrying Amount As At 31 December	7,683,350	7,639,927	456,202	304,756
Fair Value As At 31 December	10,749,932	10,629,902	509,000	351,000

There is no restriction on the realisation of the investment properties as well as no contractual obligation to either purchase, construct or develop investment properties or for the repairs, maintenance and enhancements of the properties by the Group and KWAP.

The fair value of the investment properties of the Group and of KWAP as at 31 December 2024 amounted to RM10,749.9 million and RM509.0 million respectively (2023: RM10,629.9 million and RM351.0 million respectively), which was determined based on the property valuations performed at the reporting date.

Valuations are performed by accredited independent valuers with recent experience in the land and property valuation field. The valuations are based on the comparison method that involves sales of similar properties, analysis and factors which can influence the value or price of the said properties.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

9. INVESTMENT PROPERTIES AND LAND HELD FOR PROPERTY DEVELOPMENT (CONTINUED)

(b) Land Held For Development

	Group		KWAP	
	31 December	31 December	31 December	31 December
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Land Held For Development				
Cost:				
At 1 January	785,578	761,972	-	-
Addition	30,817	23,606	-	-
At 31 December	816,395	785,578	-	-

10. RIGHT-OF-USE ASSET

	Group		KWAP	
	31 December	31 December	31 December	31 December
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Building				
Cost				
At 1 January	64,156	58,047	60,301	-
Addition for the year	248	-	-	-
Adjustment	-	-	-	60,301
Foreign Exchange Reserve	(2,565)	6,109	-	-
At 31 December	61,839	64,156	60,301	60,301
Less: Amortisation				
At 1 January	1,678	1,138	8,825	-
Amortisation for the year	418	399	8,824	8,825
Reclassification From Investment Properties	-	-	-	-
Foreign Exchange Reserve	(73)	141	-	-
At 31 December	2,023	1,678	17,649	8,825
Carrying amount At 31 December	59,816	62,478	42,652	51,476

The Group leases a building in London, United Kingdom, for a period of 153 years commencing 24 November 2014. The lease payments are reviewed annually based on the higher of the minimum ground rent and Landlords Premium of 7.00% of the rents receivable.

KWAP leases a building in Kuala Lumpur, Malaysia, with fixed lease payments that runs for three (3) years, with an option to renew the lease after that date.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

11. INVESTMENT IN SUBSIDIARIES

	KWAP	
	31 December 2024 RM'000	31 December 2023 RM'000
Unquoted Shares Inside Malaysia	2,566,134	2,538,527
Unquoted Shares Outside Malaysia	6,345,485	5,757,994
	8,911,619	8,296,521
Less: Allowance For Impairment Losses	(1,075,124)	(1,075,124)
	7,836,495	7,221,397

Details of the subsidiaries, with the country of incorporation are as follows:

Name	Country Of Incorporation/ Principal Place Of Business	Effective Ownership Interest		Non-Controlling Interest		Principal Activities
		2024 %	2023 %	2024 %	2023 %	
KWAP Managed Investment Trust 3	Australia	100.0	100.0	-	-	Management of investment trust
KWAP Managed Investment Trust 4	Australia	100.0	100.0	-	-	Management of investment trust
Prima Ekuiti (UK) Limited	United Kingdom	100.0	100.0	-	-	Fund management services
Prima Harta (Jersey) Unit Trust	Jersey	99.6	99.6	0.4	0.4	Management of investment trust
Prima Harta U (Jersey) Limited	Jersey	100.0	100.0	-	-	Management of investment trust
Prima Harta 2 (Jersey) Unit Trust	Jersey	100.0	100.0	-	-	Management of investment trust
Prima Harta 3 (Lux) S.á.r.l	Luxembourg	100.0	100.0	-	-	Management of investment trust
Prima Harta 4 (Jersey) Unit Trust	Jersey	99.6	99.6	0.4	0.4	Management of investment trust
Prima Harta 4 U (Jersey) Limited	Jersey	100.0	100.0	-	-	Management of investment trust
Prima Harta 5 (Jersey) Unit Trust	Jersey	99.8	99.8	0.2	0.2	Management of investment trust

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

11. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of the subsidiaries, with the country of incorporation are as follows: (continued)

Name	Country Of Incorporation/ Principal Place Of Business	Effective Ownership Interest		Non-Controlling Interest		Principal Activities
		2024 %	2023 %	2024 %	2023 %	
Prima Harta 5 (Jersey) Limited	Jersey	100.0	100.0	-	-	Management of investment trust
Prima Harta 6 (Jersey) Unit Trust	Jersey	99.9	99.9	0.1	0.1	Management of investment trust
Prima Harta 6 (Jersey) Limited	Jersey	100.0	100.0	-	-	Management of investment trust
Capsquare Tower Sdn Bhd	Malaysia	100.0	100.0	-	-	Management of property
KWEST Sdn Bhd	Malaysia	100.0	100.0	-	-	Property development
Harta Integra Berkhat Sdn Bhd	Malaysia	100.0	100.0	-	-	Management of property
Harta Rini Sdn Bhd	Malaysia	100.0	100.0	-	-	Management of property
Harta Kulim Sdn Bhd	Malaysia	100.0	-	-	-	Management of property
Harta Residensi Sdn Bhd	Malaysia	100.0	-	-	-	Management of property

* None of the subsidiaries are audited by Jabatan Audit Negara Malaysia.

12. INVESTMENT IN ASSOCIATES

	Group		KWAP	
	31 December 2024 RM'000	31 December 2023 RM'000	31 December 2024 RM'000	31 December 2023 RM'000
Shares At Cost, Unquoted Shares	1,421,412	1,025,478	1,040,690	1,008,190
	1,421,412	1,025,478	1,040,690	1,008,190
Share Of Post Acquisition Reserves	58,825	240,397	-	-
	1,480,237	1,265,875	1,040,690	1,008,190
Less: Allowance For Impairment Losses	(56,066)	(10,482)	(66,548)	(10,482)
	1,424,171	1,255,393	974,142	997,708

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

12. INVESTMENT IN ASSOCIATES (CONTINUED)

Details of the associates of KWAP, with the country of incorporation are as follows:

Name	Country Of Incorporation/ Principal Place Of Business	Effective Ownership Interest		Accounting Model Applied	Principal Activities
		2024 %	2023 %		
Aerodyne Ventures Sdn. Bhd.	Malaysia	5.83	5.83	Equity method	Software and services
EDOTCO Group Sdn. Bhd.	Malaysia	5.29	5.29	Equity method	Communications infrastructure
Vantage Solar Investment S.á.r.l	Luxembourg	45.00	45.00	Equity method	Solar independent power producer
Asia Pacific Education Group	Malaysia	19.50	20.70	Equity method	Education
Lapasar Sdn. Bhd.	Malaysia	7.47	-	Equity method	Fast-moving consumer goods (FMCG)
Bateriku (M) Sdn. Bhd.	Malaysia	4.90	-	Equity method	Trading and services

Aerodyne Ventures Sdn. Bhd., EDOTCO Group Sdn. Bhd., Asia Pacific Education Group, Bateriku (M) Sdn. Bhd., and Lapasar Sdn. Bhd. were deemed as associates of the Group based on the existence of significant influence in the entities. The MFRS 128 defines significant influence as the power to participate in the financial and operating policy decisions of the investee but not control or joint control of those policies.

Details of the associate company of KWEST Sdn. Bhd., with the country of incorporation are as follows:

Name	Country Of Incorporation/ Principal Place Of Business	Effective Ownership Interest		Accounting Model Applied	Principal Activities
		2024 %	2023 %		
Compass IP Sdn. Bhd.	Malaysia	20.00	20.00	Equity method	Property development

Details of the associate company of KWAP MIT 4, with the country of incorporation are as follows:

Name	Country Of Incorporation/ Principal Place Of Business	Effective Ownership Interest		Accounting Model Applied	Principal Activities
		2024 %	2023 %		
LOGOS Australia Logistics Venture (LALV) Trusts	Australia	10.00	-	Equity method	Investment holding trust

On 31 October 2024, KWAP MIT 4 acquired LALV Trusts which invested in 10 asset trusts in LACP Portfolio at a total consideration of RM410.0 million or AUD147.5 million (inclusive of capitalised due diligence and stamp duty cost) representing 10% equity interest in each of the asset trust.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

12. INVESTMENT IN ASSOCIATES (CONTINUED)

Details of the associate which the Group has material significant influence are as follows:

	EDOTCO Group Sdn. Bhd.	
	2024	2023
	RM'000	RM'000
Summarised Statement of Financial Position		
Total Assets	12,155,984	12,583,168
Total Liabilities	(9,014,258)	(9,548,539)
Total Net Assets	3,141,726	3,034,629
Non-Controlling Interests (NCI)	(528,600)	(503,781)
Total Net Assets excluding NCI	2,613,126	2,530,848
Extraction from Statement of Comprehensive Income		
Total income	2,857,164	2,475,224
Profit/(Loss) After Tax For The Financial Year	410,764	(972,428)
Other Comprehensive (Loss)/Income For The Financial Year	(277,195)	61,028
Total Comprehensive Income/(Loss) For The Financial Year	133,569	(911,400)
Dividend Received from Associates For The Financial Year	-	-
Group's Share In %	5.29	5.29
Group's Share Of Net Assets	166,197	160,532
Goodwill	461,931	461,931
Carrying Amount	628,128	622,463

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

12. INVESTMENT IN ASSOCIATES (CONTINUED)

The summary of the financial information in relation to the associates of KWEST Sdn. Bhd. is as disclosed below.

	Compass IP Sdn. Bhd.	
	2024	2023
	RM'000	RM'000
Summarised Financial Information:		
Total Assets	475,066	453,187
Total Liabilities	(335,518)	(317,020)
Total Net Assets	139,548	136,167
Non-Controlling Interests (NCI)	-	-
Total Net Assets excluding NCI	139,548	136,167
Extraction from Statement of Comprehensive Income:		
Total Income	113,588	37,254
Profit After Tax For The Financial Year	3,381	3,346
Other Comprehensive (Loss)/Income For The Financial Year	-	-
Total Comprehensive Income/(Loss) For The Financial Year	3,381	3,346
Dividend Received from Associates For The Financial Year	-	-
Interest in associate	20%	20%
Economic Entity's share of results	676	669

In addition to the interests in associates disclosed above, the Group also has interests in a number of individually immaterial associates which are accounted for using the equity method.

	2024	2023
	RM'000	RM'000
Total Carrying Amount of Individually Immaterial Associates	796,043	632,930
Aggregate Amounts Of The Group's Share Of:		
Loss For The Year	(166,908)	(59,814)
Other Comprehensive (Loss)/Income	(14,664)	3,228
Total Comprehensive Loss	(181,572)	(56,586)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

13. INVESTMENT IN JOINT VENTURES

	Group	
	31 December 2024 RM'000	31 December 2023 RM'000
Shares At Cost,		
Unquoted Shares Outside Malaysia	-	-
Unquoted Shares In Malaysia	1,000	1,000
	1,000	1,000
Share Of Post Acquisition Reserves	14,865	5,017
	15,865	6,017
Less: Allowance for impairment losses	-	-
	15,865	6,017

Details of the joint venture of KWAP, incorporated in Malaysia, are as follow:

Name	Country Of Incorporation/ Principal Place	Effective Interest Ownership Interest		Accounting Model Applied	Principal Activities
		2024 %	2023 %		
Tap Crunch Sdn Bhd	Malaysia	50.00	50.00	Equity method	Investment holding entity

The Group's and KWAP's investment in Tap Crunch Sdn. Bhd. amounted to RM5.00.

Details of the joint venture of subsidiaries are as follow:

Name	Country Of Incorporation/ Principal Place Of Business	Effective Interest Ownership Interest		Accounting Model Applied	Principal Activities
		2024 %	2023 %		
Persada Mentari Sdn Bhd	Malaysia	20.00	20.00	Equity method	Real estate development services

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

13. INVESTMENT IN JOINT VENTURES (CONTINUED)

The summary of the financial information in relation to aggregated joint ventures of the Group and KWAP are as disclosed below:

	2024 RM'000	2023 RM'000
Total Carrying Amount of Individually Immaterial Joint Ventures	15,865	6,017
Aggregate Amounts Of The Group's Share Of:		
Profit For The Financial Year	9,847	3,262

14. LOANS AND RECEIVABLES

	Group		KWAP	
	31 December 2024 RM'000	31 December 2023 RM'000	31 December 2024 RM'000	31 December 2023 RM'000
Non-Current				
Loans And Receivables				
- Commercial Loan	266,046	372,886	266,046	372,886
- Loans To Related Parties	-	-	-	275,008
Long Term Receivables	18,330	20,813	-	-
	284,376	393,699	266,046	647,894
Current				
Loans And Receivables				
- Commercial Loan	106,060	112,935	106,060	112,935

Loans and Receivables to corporate institutions are subject to interest rates ranging from 4.67% to 4.71% (2023: 3.60% to 4.71%) per annum.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

14. LOANS AND RECEIVABLES (CONTINUED)

(a) Movements in the allowance for Loans and Receivables

There was no allowances made for impairment losses for Loans and Receivables during the year (2023: NIL).

All Loans and Receivables were categorised as Stage 1 in the ECL assessment.

(b) Impact of movements in the gross carrying amount on allowance for impairment losses

There was no net remeasurement of allowance for impairment losses during the year (2023: Nil).

(c) Information about the nature and effect of modification on the measurement of allowance for impairment losses

There were no modifications of loans that impacted the measurement of allowance for impairment losses during the year (2023: Nil).

(d) Write-offs still under enforcement activity

There was no outstanding contractual amount written off during the year (2023: Nil).

15. DEBT INSTRUMENT AT AMORTISED COST

	Group		KWAP	
	31 December 2024 RM'000	31 December 2023 RM'000	31 December 2024 RM'000	31 December 2023 RM'000
Debt Instruments At Amortised Cost				
At 31 December 2024	16,578,514	16,621,391	16,578,514	16,621,391
	16,578,514	16,621,391	16,578,514	16,621,391

(a) Reclassification of debt instruments at amortised cost

There was no reclassification of debt instruments at amortised cost during the year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

15. DEBT INSTRUMENT AT AMORTISED COST (CONTINUED)

(b) Movements in the allowance for debt instruments at amortised cost

Debt Instruments At Amortised Cost	12-months expected credit losses RM'000	Total RM'000
At 1 January 2023	2	2
Net Remeasurement of Loss Allowance	243	243
At 31 December 2023/1 January 2024	245	245
Net Remeasurement of Loss Allowance	(37)	(37)
At 31 December 2024	208	208

There was no purchase of credit-impaired financial assets at the initial recognition and during the year, hence no recognition of ECL during the year.

(c) Impact of movements in the gross carrying amount on allowance for impairment losses

Allowance for impairment losses reflected the ECL measured using the three-stage approach under the MFRS 9, as described in the material accounting policies section.

The gross carrying amount of debt instruments at Amortised Cost decreased by RM42.9 million primarily due to the net derecognitions made during the year.

Debt Instruments At Amortised Cost	12-months expected credit losses RM'000	Total RM'000
At 1 January 2023	16,372,543	16,372,543
New Financial Assets Originated Or Purchased	687,050	687,050
Financial Assets That Have Been Derecognised	(432,482)	(432,482)
Movement Of Accretion Of Discount	(5,720)	(5,720)
At 31 December 2023/1 January 2024	16,621,391	16,621,391
New Financial Assets Originated Or Purchased	166,619	166,619
Financial Assets That Have Been Derecognised	(209,000)	(209,000)
Movement Of Accretion Of Discount	(496)	(496)
At 31 December 2024	16,578,514	16,578,514

(d) Write-offs still under enforcement activity

There was no outstanding contractual amount written off during the year (2023: Nil).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

16. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group		KWAP	
	31 December 2024 RM'000	31 December 2023 RM'000	31 December 2024 RM'000	31 December 2023 RM'000
Non-Current				
Debt Instruments At Fair Value Through Profit Or Loss	811,909	667,167	811,909	639,431
Equity Instruments At Fair Value Through Profit Or Loss				
- Quoted	56,954,502	46,313,723	56,954,502	46,313,723
- Unquoted	13,595,810	11,074,235	13,595,810	11,074,235
	70,550,312	57,387,958	70,550,312	57,387,958
Current				
Debt Instruments At Fair Value Through Profit Or Loss	299,210	208,558	477,447	433,144

17. DEBT INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	Group		KWAP	
	31 December 2024 RM'000	31 December 2023 RM'000	31 December 2024 RM'000	31 December 2023 RM'000
Debt Instruments At Fair Value Through Other Comprehensive Income	42,274,778	42,675,911	42,274,778	42,675,911
	42,274,778	42,675,911	42,274,778	42,675,911

(a) Reclassification of debt instruments at FVOCI

There was no reclassification of debt instruments at FVOCI during the year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

17. DEBT INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (CONTINUED)

(b) Movements in allowance for debt instruments at FVOCI

Debt instruments At Fair Value Through Other Comprehensive Income	12-months Expected Credit Losses RM'000	Lifetime Expected Credit Losses (Collectively Assessed - Not Credit Impaired) RM'000	Total RM'000
At 1 January 2023	15	5,105	5,120
Net Remeasurement Of Loss Allowance	(78)	33,472	33,394
New Financial Assets Originated or Purchased	6,042	-	6,042
Financial Assets That Have Been Derecognised	71	328	399
At 31 December 2023/1 January 2024	6,050	38,905	44,955
Net Remeasurement Of Loss Allowance	(667)	(37)	(704)
New Financial Assets Originated Or Purchased	1,332	-	1,332
Financial Assets That Have Been Derecognised	(918)	(3,319)	(4,237)
At 31 December 2024	5,797	35,549	41,346

There was no undiscounted ECL at the initial recognition of credit-impaired financial assets purchased during the year.

(c) Impact of movements in the gross carrying amount on allowance for impairment losses

Allowance for impairment losses reflected the ECL measured using the three (3) stage approach under the MFRS 9, as described in the material accounting policies section. The following explanation relates to the contribution of the significant changes in the gross carrying amount of debt instruments at FVOCI during the year to the changes in the allowance for impairment losses for the Group and KWAP under the ECL model.

Overall, the total allowance for impairment losses decreased by RM3.6 million compared to the opening balance at the beginning of the year. The net decrease was driven by the movement of the calculated provision from the previously recognised 12-months expected credit loss to the lifetime expected credit loss and the derecognition of financial assets.

The gross carrying amount of debt instruments at FVOCI decreased primarily due to the following:

- Fluctuations in valuations during the year; and
- derecognition during the year.

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FOR THE YEAR ENDED 31 DECEMBER 2024

17. DEBT INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (CONTINUED)

c) Impact of movements in gross carrying amount on allowance for impairment losses (continued)

Gross Carrying Amount Of Debt instruments At Fair Value Through Other Comprehensive Income	12-months Expected Credit Losses RM'000	Lifetime Expected Credit Losses (Collectively Assessed - Not Credit Impaired) RM'000	Total RM'000
At 1 January 2023	39,197,360	5,020	39,202,380
Transfers:			
- Transferred To Lifetime ECL Not Credit Impaired - Collective Provision	(67,093)	67,093	-
New Financial Assets Originated or Purchased	8,866,173	-	8,866,173
Financial Assets That Have Been Derecognised	(6,303,808)	(1,751)	(6,305,559)
Value and Exchange Fluctuations	927,827	(14,910)	912,917
At 31 December 2023/1 January 2024	42,620,459	55,452	42,675,911
New Financial Assets Originated or Purchased	5,302,248	-	5,302,248
Financial Assets That Have Been Derecognised	(5,659,427)	(3,317)	(5,662,744)
Value and Exchange Fluctuations	(50,116)	9,479	(40,637)
At 31 December 2024	42,213,164	61,614	42,274,778

(d) Write-offs still under enforcement activity

There was no outstanding contractual amount written off during the year (2023: Nil).

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18. EQUITY INSTRUMENT AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	Group		KWAP	
	31 December 2024 RM'000	31 December 2023 RM'000	31 December 2024 RM'000	31 December 2023 RM'000
Non-Current				
Equity Instruments At Fair Value Through Other Comprehensive Income				
- Quoted Equity	38,328,947	34,295,157	38,328,947	34,295,157
	38,328,947	34,295,157	38,328,947	34,295,157

The portfolio structure with a combination of FVOCI and FVTPL classified financial assets is consistent with the Group's and KWAP's risk profile and risk appetite.

Dividend recognised from investments in equity instruments designated at FVOCI and FVTPL held during the year was RM1,414.9 million (2023: RM1,336.0 million) and RM1,544.8 million (2023: RM1,369.1 million) respectively.

Disposal of investments in equity instruments measured at FVOCI

During the year, there were disposals of equity instruments designated at FVOCI with a total realised gain of RM116.6 million (2023: RM6.5 million) subsequently recorded in the Other Comprehensive Income.

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FOR THE YEAR ENDED 31 DECEMBER 2024

19. DERIVATIVE FINANCIAL ASSETS AND LIABILITIES

	Group			KWAP		
	Nominal	Assets/	Assets/	Nominal	Assets/	Assets/
	Value	(Liabilities)	(Liabilities)	Value	(Liabilities)	(Liabilities)
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2024						
Non-Current Assets						
Derivatives Designated As Hedges:						
Financial Assets:						
Interest Rate Swaps	97,442	2,556	2,556	-	-	-
Current Assets						
Derivatives Designated As Hedges:						
Financial Assets:						
Forward Exchange Rate Contracts	531,542	3,067		531,542	3,067	
Interest Rate Swaps	969,719	12,480		-	-	
Warrants & Rights	-	6,689	22,236	-	6,689	9,756
Current Liabilities						
Financial Liabilities:						
Forward Exchange Rate Contracts	22,067,295	(338,885)	(338,885)	22,067,295	(338,076)	(338,076)
Non-Current Liabilities						
Interest Rate Swaps	434,355	(10,885)	(10,885)	-	-	-
2023						
Non-Current Assets						
Derivatives Designated As Hedges:						
Financial Assets:						
Interest Rate Swaps	355,010	12,926	12,926	-	-	-
Current Assets						
Derivatives Designated As Hedges:						
Financial Assets:						
Interest Rate Swaps	50,000	13,837		50,000	642	
Warrants & Rights	-	2,732	16,569	-	2,732	3,374
Current Liabilities						
Financial Liabilities:						
Forward Exchange Rate Contracts	19,771,497	(47,332)	(47,332)	19,771,497	(46,988)	(46,988)
Non-Current Liabilities						
Interest Rate Swaps	293,024	(3,301)	(3,301)	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

19. DERIVATIVE FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

The outstanding forward exchange rate contracts as at 31 December 2024 were designated as hedges of firm commitments with highly probable future payments and net revenue denominated in foreign currencies.

The terms of the cross-currency swap and forward exchange rate contracts were negotiated to match the terms of the commitments. There were neither previous application nor expectation of the occurrence of hedge accounting in relation to the said highly probable future transactions.

20. SUNDRY DEBTORS AND DEPOSITS

	Group		KWAP	
	31 December 2024	31 December 2023	31 December 2024	31 December 2023
	RM'000	RM'000	RM'000	RM'000
Deposit Received	5,085	5,155	1,648	1,648
Prepayment And Advances	16,290	28,102	7,534	9,399
Tax Recoverable	84,899	46,905	43,381	37,479
Other Receivables	192,767	163,526	59,580	57,287
	299,041	243,688	112,143	105,813

(a) Movements in allowance for sundry debtors and deposits

There was no allowance for impairment losses for sundry debtors and deposits during the year (2023: Nil).

(b) Impact of movements in the gross carrying amount on allowance for impairment losses

Allowance for impairment losses reflected the ECL measured using the simplified approach under the MFRS 9, as described in the material accounting policies section.

There was no allowance for impairment losses during the year (2023: Nil).

(c) Write-offs still under enforcement activity

There was no outstanding contractual amount written off during the year (2023: Nil).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

21. TRADE RECEIVABLES

	Group		KWAP	
	31 December 2024 RM'000	31 December 2023 RM'000	31 December 2024 RM'000	31 December 2023 RM'000
Sale Of Shares And Bonds	11,076	576,781	11,076	576,781
Dividend Receivable	31,788	59,549	31,788	59,549
Interest Income Receivable	644,068	741,689	644,068	741,689
Rental Receivable	3,538	3,458	-	1,667
Receivable From Brokers	81,506	1,999,322	81,506	1,999,322
Other Trade Receivables	170,983	457,547	747	583
	942,959	3,838,346	769,185	3,379,591

(a) Movements in the allowance for trade receivables

There was an allowance for impairment losses for interest income amounting to RM2.8 million during the year (2023: RM5.2 million).

(b) Impact of movements in the gross carrying amount on allowance for impairment losses

The net remeasurement of allowance for impairment losses during the year amounted to RM13.6 million (2023: RM10.8 million).

(c) Write-offs still under enforcement activity

There was no outstanding contractual amount written off during the year (2023: Nil).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

22. DEPOSITS AND PLACEMENTS AND CASH AND BANK BALANCES

	Group		KWAP	
	31 December 2024 RM'000	31 December 2023 RM'000	31 December 2024 RM'000	31 December 2023 RM'000
Deposit And Placements With Financial Institutions				
Deposits And Placements With Financial Institutions With Maturity Less Than 3 Months	5,407,398	2,800,541	5,407,398	2,800,541
	5,407,398	2,800,541	5,407,398	2,800,541
Cash And Bank Balances	2,102,886	3,288,810	1,489,742	2,521,813
	7,510,284	6,089,351	6,897,140	5,322,354

Cash at bank earns interest at the floating rates based on the daily bank deposit rates. Short term deposits are made for varying short periods between one (1) day and three (3) months, based on the immediate cash requirements of the Group and of KWAP, whereby interest is earned at the respective short-term deposit rates.

(a) Movements in the allowance for cash and cash equivalents

There was no allowance for impairment losses for cash and cash equivalents during the year (2023: Nil).

(b) Impact of movements in the gross carrying amount on allowance for impairment losses

Allowance for impairment losses reflected the ECL measured using the simplified approach under the MFRS 9, as described in the material accounting policies section.

There was no allowance for impairment loss during the year (2023: Nil).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

23. TRADE PAYABLES

	Group		KWAP	
	31 December	31 December	31 December	31 December
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Deposits On Property	21,667	13,333	21,667	13,333
Amount Due To Private Equity Funds	27,431	131,859	27,431	131,859
Trade Creditors	338,754	23,537	302,080	10,031
	387,852	168,729	351,178	155,223

All trade payables, excluding repurchase agreements, are interest free with the normal trade credit terms ranging from 30 to 90 days granted to the Group and KWAP.

As at 31 December 2024, included as trade payables were repurchase agreements, subject to interest rates ranging from 2.40% to 3.48% (2023: Nil) and set to mature within 90 days.

24. OTHER PAYABLES AND ACCRUALS

	Group		KWAP	
	31 December	31 December	31 December	31 December
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Sales and Service Tax ("SST") Payable	939	496	595	442
Withholding Tax Payable	2,427	1,832	2,427	1,832
Amount Due to Subsidiaries	-	-	48,180	36,656
Provision For Bonus	55,821	52,460	55,821	52,460
Provision For Services	31,964	25,960	31,964	25,960
Provision For External Managers Fees	34,255	22,123	34,255	22,123
Provision For Custodian Fees	437	1,353	437	1,353
Provision For Tax	22	852	-	-
Other Payables And Accruals	120,947	205,973	4,663	5,797
	246,812	311,049	178,342	146,623

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

25. BORROWINGS

	Group	
	31 December 2024 RM'000	31 December 2023 RM'000
Current	510	812,808
Non-Current	1,750,579	959,858

Existing Group Borrowings

- (a) The loan amounting to RM315.0 million or AUD113.4 million and RM259.7 million or AUD93.6 million to KWAP Managed Investment Trust 3 (“KWAP MIT 3”) is at a floating rate of interest at BBR + 1.20% per annum with maturity on 5 February 2026 and is secured over the investment property of KWAP MIT 3.
- (b) The loan amounting to RM381.8 million or AUD137.4 million to KWAP Managed Investment Trust 4 (“KWAP MIT 4”) is at a floating rate of 5.99% to 6.10% per annum with maturity on 29 September 2028. The bank loan is secured against first ranking mortgages over the investment property of KWAP MIT 4.

New Group Borrowings

- (c) The loan amounting to RM548.8 million or GBP97.8 million to Prima Harta (Jersey) Unit Trust (“Prima Harta”) is at a floating rate of SONIA + 1.45% with maturity on 27 November 2026.
- (d) The loan amounting to RM140.3 million or EUR30.1 million to High Bay Logistics 1 (Lux) bears an effective interest at a rate of 3.72% with maturity on 11 December 2027.
- (e) The loan amounting to RM112.0 million or EUR 24.1 million to High Bay Logistics 2 (Lux) bears an effective interest at a rate of 3.82% with maturity on 11 December 2027.

The table below illustrates the reconciliation of the Group’s borrowings arising from financing activities and are classified in the Group’s consolidated cash flows as Cash Flow From Financing Activities:

	Group	
	31 December 2024 RM'000	31 December 2023 RM'000
At 1 January	1,772,666	1,351,564
Cash Flow Changes From Financing Activities:		
Proceeds From Borrowings	949,891	298,580
Repayments Of Borrowings	(1,105,474)	(18,454)
Non-Cash Flow Movement:		
Capitalised Transaction Costs	(6,507)	(2,010)
Deferred Finance Cost	(1,653)	(2,072)
Accrued Interest For The Year	17,267	21,295
Effect of Changes in Foreign Exchange	124,899	123,763
At 31 December	1,751,089	1,772,666

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

26. LEASE LIABILITIES

	Group		KWAP	
	31 December 2024 RM'000	31 December 2023 RM'000	31 December 2024 RM'000	31 December 2023 RM'000
Current Liabilities				
Obligation Under Lease Liabilities	2,544	2,651	8,682	8,388
Non-Current Liabilities				
Obligation Under Lease Liabilities	75,895	79,064	36,137	44,819
	78,439	81,715	44,819	53,207
Future Minimum Payment Due:				
Not Later Than One Year	3,583	3,583	10,036	10,036
After One Year But Not More Than Five Years	14,331	14,331	38,472	48,508
After Five Years	494,278	494,278	-	-
	512,192	512,192	48,508	58,544
Less: Finance Charges Allocated To Future Periods	(433,753)	(430,477)	(3,689)	(5,337)
Present Value Of Minimum Lease Payments	78,439	81,715	44,819	53,207
Present Value Of Minimum Lease Payments Is Analysed As Follows:				
Not Later Than One Year	9	9	9,210	9,527
After One Year But Not More Than Five Years	37	37	35,609	43,680
After Five Years	78,393	81,669	-	-
Present Value Minimum Lease Payments	78,439	81,715	44,819	53,207

27. ALLOCATION OF STATUTORY FUNDS

	Group and KWAP	
	31 December 2024 RM'000	31 December 2023 RM'000
At 1 January	28,501,944	28,001,944
Add: Allocation For Current Year	500,000	500,000
At 31 December	29,001,944	28,501,944

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

28. PENSION CONTRIBUTIONS

	Note	Group and KWAP	
		31 December 2024 RM'000	31 December 2023 RM'000
Contribution From Statutory Bodies, Local Authorities And Other Agencies	A	22,868,434	21,378,035
Contribution From Government's Share, Gratutities And Other Deductions	B	43,466,174	42,690,909
		66,334,608	64,068,944

Note A – Contribution From Statutory Bodies, Local Authorities And Other Agencies

The Group and KWAP receive monthly contributions for permanent employees with pensionable status from the respective employers such as Statutory Bodies, Local Authorities and Other Agencies. Contributions are based on 17.5% of the basic monthly salary of the employees.

	Group and KWAP		
	Accumulated Contributions RM'000	Receipts RM'000	Balance RM'000
2024			
Statutory Bodies	17,157,535	1,215,750	18,373,285
Local Authorities	4,083,245	269,810	4,353,055
Other Agencies	146,074	5,026	151,100
	21,386,854	1,490,586	22,877,440
Less:			
Repayment Of Claims	(8,819)	(187)	(9,006)
	21,378,035	1,490,399	22,868,434
2023			
Statutory Bodies	15,985,400	1,172,135	17,157,535
Local Authorities	3,819,664	263,581	4,083,245
Other Agencies	141,312	4,762	146,074
	19,946,376	1,440,478	21,386,854
Less:			
Repayment Of Claims	(8,532)	(287)	(8,819)
	19,937,844	1,440,191	21,378,035

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

28. PENSION CONTRIBUTIONS (CONTINUED)

Note B – Contribution From Government's Share, Gratuities And Other Deductions

Contributions from the Government's portion, gratuities and other deductions remitted to the Group and KWAP upon any withdrawals made by public officers under the Pensionable Employees Withdrawal Scheme were as follows:

	Group and KWAP		
	Contributions RM'000	Receipts RM'000	Balance RM'000
2024			
KWSP	32,562,275	764,521	33,326,796
KWSG	146,709	-	146,709
KWSG - Sabah	12,479	-	12,479
LTAT	8,657,804	-	8,657,804
SESCO	45,309	-	45,309
JPA	1,473,767	24,741	1,498,508
VETERAN ATM	3,512	21	3,533
Others	41,840	29	41,869
	42,943,695	789,312	43,733,007
Less:			
Repayment Of Claims	(252,786)	(14,047)	(266,833)
	42,690,909	775,265	43,466,174
2023			
KWSP	31,825,795	736,480	32,562,275
KWSG	146,709	-	146,709
KWSG - Sabah	12,479	-	12,479
LTAT	8,657,804	-	8,657,804
SESCO	45,309	-	45,309
JPA	1,441,402	32,365	1,473,767
VETERAN ATM	3,014	498	3,512
Others	41,829	11	41,840
	42,174,341	769,354	42,943,695
Less:			
Repayment Of Claims	(234,566)	(18,220)	(252,786)
	41,939,775	751,134	42,690,909

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

29. WITHDRAWAL BY THE FEDERAL GOVERNMENT

During the year, the total withdrawal by the Federal Government amounted to RM5.0 billion (2023: RM3.0 billion).

30. RETAINED EARNINGS

The Group's Retained Earnings amounting to RM115.0 billion was the balance of revenue reserves as at 31 December 2024 (2023: RM102.2 billion). KWAP's Retained Earnings amounting to RM115.4 billion was the balance of revenue reserves as at 31 December 2024 (2023: RM102.4 billion).

31. RESERVES

	Note	Group		KWAP	
		31 December 2024 RM'000	31 December 2023 RM'000	31 December 2024 RM'000	31 December 2023 RM'000
Other reserves		(70,651)	(55,987)	-	-
Foreign exchange reserve		9,004	249,274	-	-
Fair Value Through Other Comprehensive Income Reserves					
Debt instrument at Fair Value Through Other Comprehensive Income reserve	A	418,947	319,467	418,947	319,467
Equity instrument at Fair Value Through Other Comprehensive Income reserve	B	(20,480)	(4,966,778)	(20,480)	(4,966,778)
		398,467	(4,647,311)	398,467	(4,647,311)

Note A: There are investments classified as debt instruments at FVOCI whereby the changes in fair value are accumulated within the Financial Assets at FVOCI Reserves within equity. The accumulated changes in fair value are transferred to profit or loss upon disposal of the investments.

Note B: The Group and KWAP elected to recognise changes in the fair value of equity instruments in Other Comprehensive Income whereby the changes in fair value are accumulated within the Financial Assets at FVOCI Reserves within equity.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

32. DEFERRED TAX LIABILITIES

	Group	
	31 December 2024 RM'000	31 December 2023 RM'000
At 1 January	15	22
Amount Recognised In Profit Or Loss	2,001	(7)
As At 31 December	2,016	15
After Appropriate Offsetting As Follows:		
Deferred Tax Liabilities	(2,016)	(15)
	(2,016)	(15)
Deferred Tax Liabilities:		
- Settled More Than 12 Months	(2,016)	(15)
	(2,016)	(15)

33. EMPLOYEE BENEFITS

	Group and KWAP	
	Post - Retirement Medical Benefits RM'000	
At 1 January 2024		5,698
Provisions For The Year		724
Benefits Paid		(38)
As At 31 December 2024		6,384

The maturity structure of Employee Benefits are as follows:

	Group and KWAP	
	31 December 2024 RM'000	31 December 2023 RM'000
Active Members	5,566	4,968
Retirees	818	730
	6,384	5,698

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

33. EMPLOYEE BENEFITS (CONTINUED)

(a) The movements of the present value in unfunded obligations are as follows:

	Group and KWAP	
	31 December	31 December
	2024	2023
	RM'000	RM'000
At 1 January	5,698	5,012
Current Service Cost	479	457
Interest Cost	266	235
Adjustments During The Year	(21)	30
Benefits Paid	(38)	(36)
As At 31 December	6,384	5,698

(b) The amounts recognised in the Statement of Comprehensive Income are analysed as follows:

	Group and KWAP	
	31 December	31 December
	2024	2023
	RM'000	RM'000
Net Liabilities As At 1 January	5,698	5,012
Total Post-Retirement Costs Recognised In The Statements Of Comprehensive Income And Other Comprehensive Income	724	722
Benefits Paid	(38)	(36)
Net Liabilities As At 31 December	6,384	5,698

(c) The amounts recognised in the Statement of Financial Position are analysed as follows:

	Group and KWAP	
	31 December	31 December
	2024	2023
	RM'000	RM'000
Current Service Cost	479	457
Interest Cost	266	235
Adjustments During The Year	(21)	30
Total Post-Retirement Costs Recognised In The Statement Of Comprehensive Income And Other Comprehensive Income	724	722

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

33. EMPLOYEE BENEFITS (CONTINUED)

(d) The principal actuarial assumptions used were as follows:

	Group and KWAP	
	31 December 2024	31 December 2023
Discount Rate (%)	4.7%	4.7%
Medical Cost Inflation (%)		
General Practitioner (GP)	3.0%	3.0%
Hospitalization (HP)	3.0%	3.0%
Specialist (SP)	3.0%	3.0%
Dialysis (DL)	0.0%	0.0%

The provision of post-employment medical benefits is based on the Net Present Value (“NPV”), representing the present value of the estimated future cash outflows required to settle the Post-Retirement Medical Benefit obligations. The NPV amount is discounted at the expected money market rate of 4.70% (2023: 4.70%), on the basis that the underlying instrument is naturally considered to be conservative and liquid for the Group and KWAP.

(e) The sensitivity analysis below have been determined based on a method that extrapolates the occurrence of reasonable changes in the key assumptions in the same Statement of Financial Position whereby all other assumptions remain constant:

	Group and KWAP			
	31 December 2024		31 December 2023	
	RM'000		RM'000	
	Increase	Decrease	Increase	Decrease
Discount Rate (1 % Movement)	(1,158)	1,521	(1,048)	1,380
Medical Inflation Rate (1% Movement)	104	(244)	96	(222)
	(1,054)	1,277	(952)	1,158

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

34. FINANCIAL RISK

The Group and KWAP are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include interest rate risk, equity price risk, credit risk and liquidity risk.

The Group and KWAP have an approved set of guidelines and policies as well as internal controls which set out the overall business strategies for the management of the risks. The overall financial risk management objective is to enhance the contributors' value through the effective management of the risks.

The policies and procedures of risk management are reviewed and approved by the Board. The following sections provide the details regarding the Group's and KWAP's exposure to the above-mentioned financial risks as well as the objectives, policies and processes for the management of these risks.

(a) Interest rate risk

Interest rate risk is the risk of the fluctuation of fair value or future cash flows of financial instruments due to changes in the market interest rates. The Group's and KWAP's exposure to the risk of changes in the market interest rates relate primarily to loans and receivables and external borrowings with floating interest rates.

The Group and KWAP actively manage the interest rate risk with the maintenance of an interest rate cover ratio of a minimum of one and a half times.

Interest rate sensitivity

The following table demonstrates the sensitivity to the reasonable possible change in interest rates on the portion of borrowings. With all other variables held constant, the table summarises the Group's and KWAP's exposure to interest rate risk on the loans and receivables and external borrowings with floating interest rates and fixed income securities.

	Group	KWAP	Group	KWAP
	Effect On	Effect On	Effect On	Effect On
	Equity	Equity	Profit Before	Profit Before
	RM'000	RM'000	Tax	Tax
	RM'000	RM'000	RM'000	RM'000
2024				
Increase In 100 Basis Points	(2,381,115)	(2,381,115)	(41,099)	(41,099)
Decrease In 100 Basis Points	2,381,115	2,381,115	41,099	41,099
2023				
Increase In 100 Basis Points	(2,639,261)	(2,639,261)	(14,724)	(14,724)
Decrease In 100 Basis Points	2,639,261	2,639,261	14,724	14,724

The Group and KWAP are exposed to various risks associated with the fluctuations in the prevailing levels of interest rate on its Statements of Financial Position and Statements of Cash Flows. The following table indicates KWAP's financial assets and financial liabilities at their effective interest rate and the carrying amount analysed by the maturity date or the next repricing date, whichever is earlier.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

34. FINANCIAL RISK (CONTINUED)

(a) Interest rate risk (continued)

GROUP

2024	0-12 Months RM'000	>1-5 Year RM'000	Over 5 Years RM'000	Non-Interest Sensitive RM'000	Total RM'000
Financial Assets					
Loans And Receivables	106,060	284,376	-	-	390,436
Debt Instruments At Amortised Cost	-	2,063,806	14,514,708	-	16,578,514
Debt Instruments At Fair Value Through Profit Or Loss	299,210	571,589	240,320	-	1,111,119
Equity Instruments At Fair Value Through Profit Or Loss	-	-	-	70,550,312	70,550,312
Debt Instruments At Fair Value Through Other Comprehensive Income	-	15,974,029	26,300,749	-	42,274,778
Equity Instruments At Fair Value Through Other Comprehensive Income	-	-	-	38,328,947	38,328,947
Derivatives Financial Assets	22,236	2,556	-	-	24,792
Deposits And Placements With Financial Institutions	5,407,398	-	-	-	5,407,398
Other Non-Interest Sensitive Assets	-	-	-	13,383,030	13,383,030
	5,834,904	18,896,356	41,055,777	122,262,289	188,049,326
Financial Liabilities					
Derivative Financial Liabilities	338,885	10,885	-	-	349,770
Trade Payables	223,113	-	-	164,739	387,852
Other Payables And Accruals	-	-	-	246,812	246,812
Deferred Income	-	-	-	66,440	66,440
Borrowings	510	1,750,579	-	-	1,751,089
Employee Benefits	-	-	-	6,384	6,384
Lease Liabilities	2,544	75,895	-	-	78,439
Long Term Deposit	-	15,324	-	-	15,324
Deferred Tax Liabilities	-	-	-	2,016	2,016
	565,052	1,852,683	-	486,391	2,904,126

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

34. FINANCIAL RISK (CONTINUED)

(a) Interest rate risk (continued)

KWAP

2024	0-12 Months RM'000	>1-5 Year RM'000	Over 5 Years RM'000	Non-Interest Sensitive RM'000	Total RM'000
Financial Assets					
Loans And Receivables	106,060	266,046	-	-	372,106
Debt Instruments At Amortised Cost	-	2,063,806	14,514,708	-	16,578,514
Debt Instruments At Fair Value Through Profit Or Loss	477,447	571,589	240,320	-	1,289,356
Equity Instruments At Fair Value Through Profit Or Loss	-	-	-	70,550,312	70,550,312
Debt Instruments At Fair Value Through Other Comprehensive Income	-	15,974,029	26,300,749	-	42,274,778
Equity Instruments At Fair Value Through Other Comprehensive Income	-	-	-	38,328,947	38,328,947
Derivatives Financial Assets	9,756	-	-	-	9,756
Deposits And Placements With Financial Institutions	5,407,398	-	-	-	5,407,398
Other Non-Interest Sensitive Assets	-	-	-	11,706,498	11,706,498
	6,000,661	18,875,470	41,055,777	120,585,757	186,517,665
Financial Liabilities					
Derivative Financial Liabilities	338,076	-	-	-	338,076
Trade Payables	223,113	-	-	128,065	351,178
Other Payables And Accruals	-	-	-	178,342	178,342
Employee Benefits	-	-	-	6,384	6,384
Lease Liabilities	8,682	36,137	-	-	44,819
	569,871	36,137	-	312,791	918,799

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

34. FINANCIAL RISK (CONTINUED)

(a) Interest rate risk (continued)

GROUP

2023	0-12 Months RM'000	>1-5 Year RM'000	Over 5 Years RM'000	Non-Interest Sensitive RM'000	Total RM'000
Financial Assets					
Loans And Receivables	112,935	393,699	-	-	506,634
Debt Instruments At Amortised Cost	-	2,244,839	14,376,552	-	16,621,391
Debt Instruments At Fair Value Through Profit Or Loss	208,558	667,167	-	-	875,725
Equity Instruments At Fair Value Through Profit Or Loss	-	-	-	57,387,958	57,387,958
Debt Instruments At Fair Value Through Other Comprehensive Income	-	16,684,539	25,991,372	-	42,675,911
Equity Instruments At Fair Value Through Other Comprehensive Income	-	-	-	34,295,157	34,295,157
Derivatives Financial Assets	16,569	12,926	-	-	29,495
Deposits And Placements With Financial Institutions	2,800,541	-	-	-	2,800,541
Other Non-Interest Sensitive Assets	-	-	-	17,153,520	17,153,520
	3,138,603	20,003,170	40,367,924	108,836,635	172,346,332
Financial Liabilities					
Derivative Financial Liabilities	47,332	3,301	-	-	50,633
Trade Payables	-	-	-	168,729	168,729
Other Payables And Accruals	-	-	-	311,049	311,049
Deferred Income	-	-	-	83,272	83,272
Borrowings	812,808	959,858	-	-	1,772,666
Employee Benefits	-	-	-	5,698	5,698
Lease Liabilities	2,651	79,064	-	-	81,715
Long Term Deposit	-	13,491	-	-	13,491
Deferred Tax Liabilities	-	-	-	15	15
	862,791	1,055,714	-	568,763	2,487,268

NOTES TO THE FINANCIAL STATEMENTS

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34. FINANCIAL RISK (CONTINUED)

(a) Interest rate risk (continued)

KWAP

2023	0-12 Months RM'000	>1-5 Year RM'000	Over 5 Years RM'000	Non-Interest Sensitive RM'000	Total RM'000
Financial Assets					
Loans And Receivables	112,935	647,894	-	-	760,829
Debt Instruments At Amortised Cost	-	2,244,839	14,376,552	-	16,621,391
Debt Instruments At Fair Value Through Profit Or Loss	433,144	639,431	-	-	1,072,575
Equity Instruments At Fair Value Through Profit Or Loss	-	-	-	57,387,958	57,387,958
Debt Instruments At Fair Value Through Other Comprehensive Income	-	16,684,539	25,991,372	-	42,675,911
Equity Instruments At Fair Value Through Other Comprehensive Income	-	-	-	34,295,157	34,295,157
Derivatives Financial Assets	3,374	-	-	-	3,374
Deposits And Placements With Financial Institutions	2,800,541	-	-	-	2,800,541
Other Non-Interest Sensitive Assets	-	-	-	14,611,561	14,611,561
	3,349,994	20,216,703	40,367,924	106,294,676	170,229,297
Financial Liabilities					
Derivative Financial Liabilities	46,988	-	-	-	46,988
Trade Payables	-	-	-	155,223	155,223
Other Payables And Accruals	-	-	-	146,623	146,623
Employee Benefits	-	-	-	5,698	5,698
Lease Liabilities	8,388	44,819	-	-	53,207
	55,376	44,819	-	307,544	407,739

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

34. FINANCIAL RISK (CONTINUED)

(b) Equity price risk

The Group's and KWAP's quoted equity instruments are susceptible to market price risk arising from uncertainties in relation to the future values of investment securities. The Group and KWAP manage the equity price risk through diversification as well as placements of limits on the individual and total equity instruments. Reports on the equity portfolio are regularly submitted to the Group's and KWAP's senior management. Equity investment decisions are reviewed and approved by the Investment Panel of the Group and of KWAP.

Equity price sensitivity

The following table demonstrates the sensitivity to the reasonable possible change in equity price of the Group's and KWAP's equity investments, due to the changes in fair value of quoted equity shares, with all other variables held constant.

	Group	KWAP	Group	KWAP
	Effect On	Effect On	Effect On	Effect On
	Equity	Equity	Profit Before	Profit Before
	RM'000	RM'000	Tax	Tax
	RM'000	RM'000	RM'000	RM'000
2024				
Domestic Equity				
Increase Of 5% In Equity Price	3,376,070	3,376,070	1,669,758	1,669,758
Decrease Of 5% In Equity Price	(3,376,070)	(3,376,070)	(1,669,758)	(1,669,758)
International Equity				
Increase Of 10% In Equity Price	2,776,686	2,776,686	2,356,416	2,356,416
Decrease Of 10% In Equity Price	(2,776,686)	(2,776,686)	(2,356,416)	(2,356,416)
2023				
Domestic Equity				
Increase Of 5% In Equity Price	2,804,993	2,804,993	1,365,722	1,365,722
Decrease Of 5% In Equity Price	(2,804,993)	(2,804,993)	(1,365,722)	(1,365,722)
International Equity				
Increase Of 10% In Equity Price	2,451,175	2,451,175	1,900,202	1,900,202
Decrease Of 10% In Equity Price	(2,451,175)	(2,451,175)	(1,900,202)	(1,900,202)

(c) Foreign exchange risk

The foreign exchange risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to the changes in the foreign exchange rates.

The Group's and KWAP's exposure to foreign exchange risk includes international equity, fixed income and alternative investments such as private equity funds and properties.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

34. FINANCIAL RISK (CONTINUED)

(c) Foreign exchange risk (continued)

The following table summarises the fair value of investments of the Group and of KWAP for the top currencies in which the assets are held:

GROUP

2024	MYR	USD	AUD	GBP	EUR	HKD	JPY	Others	Total RM'000
Financial Assets (RM'000)									
Investment Properties	1,865,037	-	1,095,883	4,363,958	358,472	-	-	-	7,683,350
Loan And Receivables	373,110	-	-	17,326	-	-	-	-	390,436
Debt Instruments At Amortised Cost	16,578,514	-	-	-	-	-	-	-	16,578,514
Debt Instruments At Fair Value Through Profit Or Loss	1,111,119	-	-	-	-	-	-	-	1,111,119
Equity Instruments At Fair Value Through Profit Or Loss	33,734,551	25,469,606	308,141	1,239,909	4,471,112	967,045	1,413,269	2,946,679	70,550,312
Debt Instruments At Fair Value Through Other Comprehensive Income	41,525,377	536,417	101,995	-	-	-	-	110,989	42,274,778
Equity Instruments At Fair Value Through Other Comprehensive Income	34,126,243	3,303,053	6,655	15,542	427,177	-	105,545	344,732	38,328,947
Derivative Financial Assets	9,756	-	13,656	1,380	-	-	-	-	24,792
Deposits And Placements With Financial Institutions	3,339,731	1,461,653	274,313	97,336	234,365	-	-	-	5,407,398
Cash And Bank Balances	459,189	1,304,365	75,230	177,288	84,124	-	2,690	-	2,102,886
	133,122,627	32,075,094	1,875,873	5,912,739	5,575,250	967,045	1,521,504	3,402,400	184,452,532

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

34. FINANCIAL RISK (CONTINUED)

(c) Foreign exchange risk (continued)

KWAP

2024	MYR	USD	AUD	GBP	EUR	HKD	JPY	Others	Total RM'000
Financial Assets (RM'000)									
Investment Properties	456,202	-	-	-	-	-	-	-	456,202
Loan And Receivables	372,106	-	-	-	-	-	-	-	372,106
Debt Instruments At Amortised Cost	16,578,514	-	-	-	-	-	-	-	16,578,514
Debt Instruments At Fair Value Through Profit Or Loss	1,083,340	-	-	-	206,016	-	-	-	1,289,356
Equity Instruments At Fair Value Through Profit Or Loss	33,734,551	25,469,606	308,141	1,239,909	4,471,112	967,045	1,413,269	2,946,679	70,550,312
Debt Instruments At Fair Value Through Other Comprehensive Income	41,525,378	536,417	101,994	-	-	-	-	110,989	42,274,778
Equity Instruments At Fair Value Through Other Comprehensive Income	34,126,243	3,303,053	6,655	15,542	427,177	-	105,545	344,732	38,328,947
Derivative Financial Assets	9,756	-	-	-	-	-	-	-	9,756
Deposits And Placements With Financial Institutions	3,339,729	1,461,655	274,313	97,336	234,365	-	-	-	5,407,398
Cash And Bank Balances	168,944	1,304,365	6	18	13,600	-	2,690	119	1,489,742
	131,394,763	32,075,096	691,109	1,352,805	5,352,270	967,045	1,521,504	3,402,519	176,757,111

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

34. FINANCIAL RISK (CONTINUED)

(c) Foreign exchange risk (continued)

GROUP

2023	MYR	USD	AUD	GBP	EUR	HKD	JPY	Others	Total RM'000
Financial Assets (RM'000)									
Investment Properties	1,757,946	-	1,258,250	4,219,317	404,414	-	-	-	7,639,927
Loan And Receivables	486,825	-	2	19,807	-	-	-	-	506,634
Debt Instruments At									
Amortised Cost	16,621,391	-	-	-	-	-	-	-	16,621,391
Debt Instruments At									
Fair Value Through									
Profit Or Loss	875,724	-	-	1	-	-	-	-	875,725
Equity Instruments At									
Fair Value Through									
Profit Or Loss	27,580,336	19,386,389	354,421	1,513,801	4,501,606	790,329	1,357,842	1,903,234	57,387,958
Debt Instruments At									
Fair Value Through									
Other Comprehensive									
Income	41,982,314	495,745	76,200	-	-	-	-	121,652	42,675,911
Equity Instruments At									
Fair Value Through									
Other Comprehensive									
Income	28,785,424	4,539,139	-	20,934	372,909	35,081	105,459	436,211	34,295,157
Derivative Financial Assets	3,374	-	26,121	-	-	-	-	-	29,495
Deposits And Placements With									
Financial Institutions	1,963,002	388,135	419,196	7,917	22,291	-	-	-	2,800,541
Cash And Bank Balances	673,666	2,046,054	77,247	405,261	86,582	-	-	-	3,288,810
	120,730,002	26,855,462	2,211,437	6,187,038	5,387,802	825,410	1,463,301	2,461,097	166,121,549

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

34. FINANCIAL RISK (CONTINUED)

(c) Foreign exchange risk (continued)

KWAP

2023	MYR	USD	AUD	GBP	EUR	HKD	JPY	Others	Total RM'000
Financial Assets (RM'000)									
Investment Properties	304,756	-	-	-	-	-	-	-	304,756
Loan And Receivables	485,821	-	-	-	275,008	-	-	-	760,829
Debt Instruments At Amortised Cost	16,621,391	-	-	-	-	-	-	-	16,621,391
Debt Instruments At Fair Value Through Profit Or Loss	847,988	-	-	-	224,587	-	-	-	1,072,575
Equity Instruments At Fair Value Through Profit Or Loss	27,580,336	19,386,389	354,421	1,513,801	4,501,606	790,329	1,357,842	1,903,234	57,387,958
Debt Instruments At Fair Value Through Other Comprehensive Income	41,982,314	495,745	76,200	-	-	-	-	121,652	42,675,911
Equity Instruments At Fair Value Through Other Comprehensive Income	28,785,424	4,539,139	-	20,934	372,909	35,081	105,459	436,211	34,295,157
Derivative Financial Assets	3,374	-	-	-	-	-	-	-	3,374
Deposits And Placements With Financial Institutions	1,963,002	388,135	419,196	7,917	22,291	-	-	-	2,800,541
Cash And Bank Balances	406,583	2,046,054	3	57,326	11,847	-	-	-	2,521,813
	118,980,989	26,855,462	849,820	1,599,978	5,408,248	825,410	1,463,301	2,461,097	158,444,305

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

34. FINANCIAL RISK (CONTINUED)

(c) Foreign exchange risk (continued)

The following table demonstrate the sensitivity to a reasonable change in the Group's and of KWAP's international investments currencies:

	Group	
	Effect On	
	Profit Before Tax	
	RM'000	RM'000
	+3%	-3%
2024		
Currency		
USD	962,253	(962,253)
AUD	56,276	(56,276)
GBP	177,382	(177,382)
EUR	167,258	(167,258)
HKD	29,011	(29,011)
JPY	45,645	(45,645)
2023		
Currency		
USD	805,664	(805,664)
AUD	66,343	(66,343)
GBP	185,611	(185,611)
EUR	161,634	(161,634)
HKD	24,762	(24,762)
JPY	43,899	(43,899)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

34. FINANCIAL RISK (CONTINUED)

(c) Foreign exchange risk (continued)

The following table demonstrates the sensitivity to a reasonable change in the currencies of the Group's and of KWAP's international investments:

	KWAP	
	Effect On	
	Profit Before Tax	
	RM'000	RM'000
	+3%	-3%
2024		
Currency		
USD	962,253	(962,253)
AUD	20,733	(20,733)
GBP	40,584	(40,584)
EUR	160,568	(160,568)
HKD	29,011	(29,011)
JPY	45,645	(45,645)
2023		
Currency		
USD	805,664	(805,664)
AUD	25,495	(25,495)
GBP	47,999	(47,999)
EUR	162,247	(162,247)
HKD	24,762	(24,762)
JPY	43,899	(43,899)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

34. FINANCIAL RISK (CONTINUED)

(d) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments in the event of defaults on the obligations of the counterparty. The Group's and KWAP's exposure to credit risk arise primarily from loan receivables. For other financial assets (including investments in bonds, money market instruments and deposits with banks), the Group and KWAP minimise the credit risk via exclusive transactions with high credit rating counterparties.

As at the reporting date, the Group's and KWAP's maximum exposure to credit risk are represented by the carrying amount of each class of financial assets recognised in the Statement of Financial Position, including derivatives with positive fair value.

(i) Credit risk management

The Group and KWAP consider the probability of default upon the initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group and KWAP compare the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. Available, reasonable and supportive forward-looking information are taken into consideration and the following indicators are incorporated:

- Internal credit rating;
- External credit rating (as far as available);
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations; and
- Significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements.

Macroeconomic information (such as market interest rates or growth rates) is incorporated as part of the internal rating model.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment.

A default on a financial asset is the failure of the counterparty to make contractual payments within 90 days of when they fall due.

All of the financial assets are considered to be low risk, and thus the recognition of the provision of impairment during the reporting year was limited to 12-months ECL. Management consider 'low risk' to be the investment grade credit rating by a minimum of one (1) major credit rating agency.

In the determination of an improvement of the credit risk of a modified financial asset with the loss allowance measured at lifetime ECL to the extent of reverting to the loss allowance measured at 12-months ECL, the grading system (i.e. investment and non-investment grade) was employed to assess improvement in credit quality of a modified financial asset.

The said financial assets are monitored until the loss allowance is subsequently remeasured at the lifetime ECL.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

34. FINANCIAL RISK (CONTINUED)

(d) Credit risk (continued)

(ii) Measurement of Expected Credit Loss ("ECL")

The Group and KWAP use the three (3) stage approach for Loans and Receivables and debt instruments to reflect the respective credit risk and the determination of the loss allowance for each category. A summary of the assumptions underpinning the Group's and KWAP's ECL model is as follows:

Category	Group's and KWAP's definition of category	Basis for recognising ECL
Stage 1	Debtors with a low risk of default and a strong capacity to meet contractual cash flows.	12-months ECL
Stage 2	Debtors for which there is a significant increase in the credit risk or presumption of a significant increase in the credit risk if the interest and/or principal repayments are 30 days past due.	Lifetime ECL
Stage 3	Interest and/or principal repayments are 90 days past due or there is evidence to indicate credit-impairment of financial asset.	Lifetime ECL

Based on the above, the loss allowance is measured on either 12-months ECL or lifetime ECL using a PD x LGD x EAD methodology as follows:

- PD ("Probability of Default") – the likelihood that the debtor would not be able to repay during the contractual period;
- LGD ("Loss Given Default") – the percentage of the contractual cash flows that will not be collected in the event of default; and
- EAD ("Exposure At Default") – the outstanding amount that is exposed to default risk.

The Group and KWAP identified the Bank Negara Malaysia ("BNM") Overnight Policy Rate ("OPR") (Lag 1 year) & Equity Index as the most relevant factors for domestic instruments, and the federal funds rate and the broad commodity index as the most relevant factors for international instruments. The Group and KWAP accordingly adjust the external benchmark information based on the expected changes in these factors.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

34. FINANCIAL RISK (CONTINUED)

(d) Credit risk (continued)

(iii) Credit quality

Various tools are utilised for the measurement of credit risk including third party solutions employed to compute the Credit Value-at-Risk (“VaR”) as well as the internal credit rating scoring model for the provision of internal rating for corporate and financial institutions.

The Group and KWAP may invest in domestic bonds with the minimum rating of A3 (RAM), A- (MARC) as well as in international bonds with the minimum rating of BBB- (S&P or Fitch), Baa3 (Moody’s) or the equivalent rating from other recognized international rating agencies. In relation to the private debt securities portfolio, the weighted average credit quality of the private debt securities portfolio is AA.

The internal credit rating scoring model is utilised as a tool to complement the existing credit evaluation process as well as to assist in the monitoring of the credit development. The methodology for the scoring model is based on the approach of rating agencies whereby the implementation is based on a set of scoring methodology for domestic and international credits. The model provides an internal rating for unrated bonds or loans, as well as identification of the discrepancy between the internal rating and the external ratings by the rating agencies for the rated bonds, if any.

Debt securities are classified into an internal rating scale which is consistent with the rating agencies. The credit quality classification is as follows:

i. Long Term Rating For Payment Of Long Term Financial Obligations

Domestic	Credit Rating	Definition Of Quality Classifications
Sovereign	Sovereign	Issued/guaranteed by the government
Strong	AAA and AA	Superior/strong ability to meet financial obligations
Moderate	A	Adequate ability to meet financial obligations
Weak	BBB and below	Moderate/weak ability to meet financial obligations
International	Credit Rating	Definition Of Quality Classifications
Sovereign	Sovereign	Issued/guaranteed by the government
Strong	AAA and AA	Superior/strong ability to meet financial obligations
Moderate	A	Adequate ability to meet financial obligations
Weak	BBB and below	Moderate/weak ability to meet financial obligations

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

34. FINANCIAL RISK (CONTINUED)

(d) Credit risk (continued)

(iii) Credit quality (continued)

ii. Short Term Rating For Payment Of Short Term Financial Obligations

Domestic	Credit Rating	Definition Of Quality Classifications
Strong	P1/MARC1	Strong ability to meet financial obligations
Moderate	P2/MARC2	Adequate ability to meet financial obligations
International	Credit Rating	Definition Of Quality Classifications
Strong	A1/P1/F1	Strong ability to meet financial obligations
Moderate	A2/P2/F2	Adequate ability to meet financial obligations

iii. Non-Rated Financial Assets

Financial assets without external credit rating.

iv. Impaired

Impaired exposure which is assessed individually based on KWAP's investment policies.

The credit quality of financial assets can be assessed by reference to the internal rating system adopted by the Group and KWAP.

a. Debt instruments at amortised cost

	12-months expected credit loss	Lifetime expected credit losses Not credit impaired	Lifetime expected credit losses Credit impaired
	RM'000	RM'000	RM'000
2024			
AAA	0	-	-
AA	208	-	-
2023			
AAA	2	-	-
AA	243	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

34. FINANCIAL RISK (CONTINUED)

(d) Credit risk (continued)

(iii) Credit quality

b. Debt instruments at FVOCI

	12-months expected credit loss	Lifetime expected credit losses Not credit impaired	Lifetime expected credit losses Credit impaired
	RM'000	RM'000	RM'000
2024			
AAA	4	-	-
AA	4,411	-	-
A	1,259	-	-
BBB	122	-	-
B	-	35,550	-
2023			
AAA	15	-	-
AA	4,478	-	-
A	1,479	-	-
BBB	78	-	-
B	-	35,586	-
C	-	3,319	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

34. FINANCIAL RISK (CONTINUED)

(d) Credit risk (continued)

(iii) Credit quality (continued)

Group

2024	Sovereign	Strong	Moderate	Weak	Non-rated	Total
Financial Assets (RM'000)						
Loans And Receivables	372,106	18,330	-	-	-	390,436
Debt Instruments At						
Amortised Cost	11,882,003	4,028,972	-	-	667,539	16,578,514
Debt Instruments At						
Fair Value Through						
Profit Or Loss	158,766	638,013	314,340	-	-	1,111,119
Debt Instruments						
At Fair Value Through						
Other Comprehensive						
Income	24,698,699	16,869,885	611,212	94,982	-	42,274,778
Trade Receivables	-	-	-	-	942,959	942,959
Sundry Debtors And Deposits	-	-	-	-	299,041	299,041
Deposits And Placements						
With Financial Institutions	506,016	4,219,698	681,684	-	-	5,407,398
Cash And Bank Balances	3,920	1,479,700	6,116	-	613,150	2,102,886
	37,621,510	27,254,598	1,613,352	94,982	2,522,689	69,107,131

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

34. FINANCIAL RISK (CONTINUED)

(d) Credit risk (continued)

(iii) Credit quality (continued)

KWAP

2024	Sovereign	Strong	Moderate	Weak	Non-rated	Total
Financial Assets (RM'000)						
Loans And Receivables	372,106	-	-	-	-	372,106
Debt Instruments At						
Amortised Cost	11,882,003	4,028,972	-	-	667,539	16,578,514
Debt Instruments At						
Fair Value Through						
Profit Or Loss	158,766	816,250	314,340	-	-	1,289,356
Debt Instruments						
At Fair Value Through						
Other Comprehensive						
Income	24,698,699	16,869,885	611,212	94,982	-	42,274,778
Trade Receivables	-	-	-	-	769,185	769,185
Sundry Debtors And Deposits	-	-	-	-	112,143	112,143
Deposits And Placements With						
Financial Institutions	506,016	4,219,698	681,684	-	-	5,407,398
Cash And Bank Balances	3,920	1,479,700	6,116	-	6	1,489,742
	37,621,510	27,414,505	1,613,352	94,982	1,548,873	68,293,222

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

34. FINANCIAL RISK (CONTINUED)

(d) Credit risk (continued)

(iii) Credit quality (continued)

Group

2023	Sovereign	Strong	Moderate	Weak	Non-rated	Total
Financial Assets (RM'000)						
Loans And Receivables	478,946	27,688	-	-	-	506,634
Debt Instruments At						
Amortised Cost	11,850,470	4,119,951	-	-	650,970	16,621,391
Debt Instruments At						
Fair Value Through						
Profit Or Loss	130,978	515,695	229,052	-	-	875,725
Debt Instruments						
At Fair Value Through						
Other Comprehensive						
Income	25,578,375	16,344,381	671,973	81,182	-	42,675,911
Trade Receivables	-	-	-	-	3,838,346	3,838,346
Sundry Debtors And Deposits	-	-	-	-	243,688	243,688
Deposits And Placements						
With Financial Institutions	-	2,533,082	267,459	-	-	2,800,541
Cash And Bank Balances	197	1,089,005	1,432,605	-	767,003	3,288,810
	38,038,966	24,629,802	2,601,089	81,182	5,500,007	70,851,046

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

34. FINANCIAL RISK (CONTINUED)

(d) Credit risk (continued)

(iii) Credit quality (continued)

KWAP

2023	Sovereign	Strong	Moderate	Weak	Non-rated	Total
Financial Assets (RM'000)						
Loans And Receivables	478,946	281,883	-	-	-	760,829
Debt Instruments At						
Amortised Cost	11,850,470	4,119,951	-	-	650,970	16,621,391
Debt Instruments At						
Fair Value Through						
Profit Or Loss	130,978	712,545	229,052	-	-	1,072,575
Debt Instruments						
At Fair Value Through						
Other Comprehensive						
Income	25,578,375	16,344,381	671,973	81,182	-	42,675,911
Trade Receivables	-	-	-	-	3,379,591	3,379,591
Sundry Debtors And Deposits	-	-	-	-	105,813	105,813
Deposits And Placements With						
Financial Institutions	-	2,533,082	267,459	-	-	2,800,541
Cash And Bank Balances	197	1,089,005	1,432,605	-	6	2,521,813
	38,038,966	25,080,847	2,601,089	81,182	4,136,380	69,938,464

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

34. FINANCIAL RISK (CONTINUED)

(d) Credit risk (continued)

(iv) Estimated value of collateral for financial assets

	Value of collateral RM'000	Gross exposure to credit risk RM'000	Unsecured portion of credit exposure RM'000
2024			
Loans and Receivables	-	390,436	390,436
2023			
Loans and Receivables	71,586	506,634	435,048

(v) Maximum exposure to credit risk

The assessment of the credit risk of counterparties determines the required amount and type of collaterals. The treatment of collateral is established encompassing the acceptability and valuation of each type of collateral.

The main types of collaterals are as follows:

- Guarantees from the Government of Malaysia in relation to government-related loans;
- Charges over collaterals as well as guarantees from parent companies for loans to their respective subsidiaries in relation to corporate loans; and
- Cash and securities for securities in relation to repurchase transitions.

The Group and KWAP monitor the market value of collaterals including the possible request for additional collaterals in accordance with the underlying agreement.

Analysis of the maximum exposure to credit risk and collaterals and other credit enhancements

The following table illustrates the maximum exposure to credit risk by classes of financial assets as well as the total fair value of collaterals, the surplus collateral (to the extent whereby the fair value of the collateral held is greater than the exposure to which it relates), if any, as well as the net exposure to credit risk.

For financial assets reflected in the Statement of Financial Position, the exposure to credit risk equals the carrying amount. For credit-related commitments and contingents that are irrevocable over the life of the respective facilities, the exposure to credit risk is generally the full amount of the committed facilities.

The financial effect of collateral (quantification to the extent to which collateral and other credit enhancements mitigate credit risk) held for financial assets that are exposed to credit risk for the Group and KWAP is 0.00% (2023: 0.10%). The financial effect of collateral held for the remaining financial assets are deemed to be insignificant.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

34. FINANCIAL RISK (CONTINUED)

(d) Credit risk (continued)

(v) Maximum exposure to credit risk (continued)

Analysis of the maximum exposure to credit risk and collateral and other credit enhancements (continued)

Types of collateral or credit enhancements

Group

	Maximum Exposure To Credit Risk	Fair Value Of Collateral And Credit Enhancements Held	2024	
			Net Collateral	Net Exposure
Financial Assets (RM'000)				
Loans And Receivables	390,436	-	-	390,436
Debt Instruments At Amortised Cost	16,578,514	-	-	16,578,514
Debt Instruments At Fair Value Through Profit Or Loss	1,111,119	-	-	1,111,119
Debt Instruments At Fair Value Through Other Comprehensive Income	42,274,778	-	-	42,274,778
Trade Receivables	942,959	-	-	942,959
Sundry Debtors And Deposits	299,041	-	-	299,041
Deposits And Placements With Financial Institutions	5,407,398	-	-	5,407,398
Cash And Bank Balances	2,102,886	-	-	2,102,886
	69,107,131	-	-	69,107,131

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

34. FINANCIAL RISK (CONTINUED)

(d) Credit risk (continued)

(v) Maximum exposure to credit risk (continued)

Analysis of the maximum exposure to credit risk and collateral and other credit enhancements (continued)

Types of collateral or credit enhancements (continued)

KWAP

	Maximum Exposure To Credit Risk	Fair Value Of Collateral And Credit Enhancements Held	Net Collateral	Net Exposure
2024				
Financial Assets (RM'000)				
Loans And Receivables	372,106	-	-	372,106
Debt Instruments At Amortised Cost	16,578,514	-	-	16,578,514
Debt Instruments At Fair Value Through Profit Or Loss	1,289,356	-	-	1,289,356
Debt Instruments At Fair Value Through Other Comprehensive Income	42,274,778	-	-	42,274,778
Trade Receivables	769,185	-	-	769,185
Sundry Debtors And Deposits	112,143	-	-	112,143
Deposits And Placements With Financial Institutions	5,407,398	-	-	5,407,398
Cash And Bank Balances	1,489,742	-	-	1,489,742
	68,293,222	-	-	68,293,222

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

34. FINANCIAL RISK (CONTINUED)

(d) Credit risk (continued)

(v) Maximum exposure to credit risk (continued)

Analysis of the maximum exposure to credit risk and collateral and other credit enhancements (continued)

Types of collateral or credit enhancements (continued)

Group

	Maximum Exposure To Credit Risk	Fair Value Of Collateral And Credit Enhancements Held		
		Properties, Aircraft, Other Fixed Assets	Net Collateral	Net Exposure
2023				
Financial Assets (RM'000)				
Loans And Receivables	506,634	(71,586)	(71,586)	435,048
Debt Instruments At Amortised Cost	16,621,391	-	-	16,621,391
Debt Instruments At Fair Value Through Profit Or Loss	875,725	-	-	875,725
Debt Instruments At Fair Value Through Other Comprehensive Income	42,675,911	-	-	42,675,911
Trade Receivables	3,838,346	-	-	3,838,346
Sundry Debtors And Deposits	243,688	-	-	243,688
Deposits And Placements With Financial Institutions	2,800,541	-	-	2,800,541
Cash And Bank Balances	3,288,810	-	-	3,288,810
	70,851,046	(71,586)	(71,586)	70,779,460

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

34. FINANCIAL RISK (CONTINUED)

(d) Credit risk (continued)

(v) Maximum exposure to credit risk (continued)

Analysis of the maximum exposure to credit risk and collateral and other credit enhancements (continued)

Types of collateral or credit enhancements (continued)

KWAP

	Maximum Exposure To Credit Risk	Fair Value Of Collateral And Credit Enhancements Held		
		Properties, Aircraft, Other Fixed Assets	Net Collateral	Net Exposure
2023				
Financial Assets (RM'000)				
Loans And Receivables	760,829	(71,586)	(71,586)	689,243
Debt Instruments At Amortised Cost	16,621,391	-	-	16,621,391
Debt Instruments At Fair Value Through Profit Or Loss	1,072,575	-	-	1,072,575
Debt Instruments At Fair Value Through Other Comprehensive Income	42,675,911	-	-	42,675,911
Trade Receivables	3,379,591	-	-	3,379,591
Sundry Debtors And Deposits	105,813	-	-	105,813
Deposits And Placements With Financial Institutions	2,800,541	-	-	2,800,541
Cash And Bank Balances	2,521,813	-	-	2,521,813
	69,938,464	(71,586)	(71,586)	69,866,878

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

34. FINANCIAL RISK (CONTINUED)

(d) Credit risk (continued)

(vi) Financial assets that are neither past due nor impaired

Investments in money market instruments and deposits with licensed banks that are neither past due nor impaired are placed with or entered with reputable financial institutions with high credit ratings as well as no history of default.

(vii) Financial assets that are either past due or impaired

The aging analysis below illustrates the information regarding financial assets that are either past due or impaired.

(viii) Aging analysis for financial assets that are either past due or impaired

The amounts in the following table reflect the exposure on the gross financial assets designated as either past due or impaired.

Group

2024	Neither Past Due Nor Impaired	Past Due Up To 1 Month	Past Due 1 to 3 Months	Past Due > 3 Months	Impaired	Total
Financial Assets (RM'000)						
Loans And Receivables	390,436	-	-	-	-	390,436
Debt Instruments At Amortised Cost	16,578,514	-	-	-	-	16,578,514
Debt Instruments At Fair Value Through Profit Or Loss	1,111,119	-	-	-	-	1,111,119
Debt Instruments At Fair Value Through Other Comprehensive Income	42,274,778	-	-	-	-	42,274,778
Trade Receivables	915,650	1,203	394	12,162	13,550	942,959
Sundry Debtors And Deposits	299,041	-	-	-	-	299,041
Deposits And Placements With Financial Institutions	5,407,398	-	-	-	-	5,407,398
Cash And Bank Balances	2,102,886	-	-	-	-	2,102,886
	69,079,822	1,203	394	12,162	13,550	69,107,131

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

34. FINANCIAL RISK (CONTINUED)

(d) Credit risk (continued)

(viii) Aging analysis for financial assets that are either past due or impaired (continued)

KWAP

2024	Neither Past Due Nor Impaired	Past Due Up To 1 Month	Past Due 1 to 3 Months	Past Due > 3 Months	Impaired	Total
Financial Assets (RM'000)						
Loans And Receivables	372,106	-	-	-	-	372,106
Debt Instruments At Amortised Cost	16,578,514	-	-	-	-	16,578,514
Debt Instruments At Fair Value Through Profit Or Loss	1,289,356	-	-	-	-	1,289,356
Debt Instruments At Fair Value Through Other Comprehensive Income	42,274,778	-	-	-	-	42,274,778
Trade Receivables	757,192	-	-	11,993	-	769,185
Sundry Debtors And Deposits	112,143	-	-	-	-	112,143
Deposits And Placements With Financial Institutions	5,407,398	-	-	-	-	5,407,398
Cash And Bank Balances	1,489,742	-	-	-	-	1,489,742
	68,281,229	-	-	11,993	-	68,293,222

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

34. FINANCIAL RISK (CONTINUED)

(d) Credit risk (continued)

(viii) Aging analysis for financial assets that are either past due or impaired (continued)

Group

2023	Neither Past Due Nor Impaired	Past Due Up To 1 Month	Past Due 1 to 3 Months	Past Due > 3 Months	Impaired	Total
Financial Assets (RM'000)						
Loans And Receivables	506,634	-	-	-	-	506,634
Debt Instruments At Amortised Cost	16,621,391	-	-	-	-	16,621,391
Debt Instruments At Fair Value Through Profit Or Loss	875,725	-	-	-	-	875,725
Debt Instruments At Fair Value Through Other Comprehensive Income	42,672,594	3,317	-	-	-	42,675,911
Trade Receivables	3,811,867	1,203	394	8,823	16,059	3,838,346
Sundry Debtors And Deposits	243,688	-	-	-	-	243,688
Deposits And Placements With Financial Institutions	2,800,541	-	-	-	-	2,800,541
Cash And Bank Balances	3,288,810	-	-	-	-	3,288,810
	70,821,250	4,520	394	8,823	16,059	70,851,046

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

34. FINANCIAL RISK (CONTINUED)

(d) Credit risk (continued)

(viii) Aging analysis for financial assets that are either past due or impaired (continued)

KWAP

2023	Neither Past Due Nor Impaired	Past Due Up To 1 Month	Past Due 1 to 3 Months	Past Due > 3 Months	Impaired	Total
Financial Assets (RM'000)						
Loans And Receivables	760,829	-	-	-	-	760,829
Debt Instruments At Amortised Cost	16,621,391	-	-	-	-	16,621,391
Debt Instruments At Fair Value Through Profit Or Loss	1,072,575	-	-	-	-	1,072,575
Debt Instruments At Fair Value Through Other Comprehensive Income	42,672,594	3,317	-	-	-	42,675,911
Trade Receivables	3,370,937	-	-	8,654	-	3,379,591
Sundry Debtors And Deposits	105,813	-	-	-	-	105,813
Deposits And Placements With Financial Institutions	2,800,541	-	-	-	-	2,800,541
Cash And Bank Balances	2,521,813	-	-	-	-	2,521,813
	69,926,493	3,317	-	8,654	-	69,938,464

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

34. FINANCIAL RISK (CONTINUED)

(d) Credit risk (continued)

(ix) Financial assets exposed to credit risk assessed as impaired

	Allowances As At 1 January RM'000	Allowances Made During The Year RM'000	Allowances As At 31 December RM'000
2024			
Group			
Financial Asset At Amortised Cost	245	(37)	208
Debt Instruments At Fair Value Through Other Comprehensive Income	44,955	(3,609)	41,346
Other Financial Assets	10,783	2,767	13,550
	55,983	(879)	55,104
KWAP			
Financial Asset At Amortised Cost	245	(37)	208
Debt Instruments At Fair Value Through Other Comprehensive Income	44,955	(3,609)	41,346
Other Financial Assets	8,654	3,339	11,993
	53,854	(307)	53,547
2023			
Group			
Financial Asset At Amortised Cost	2	243	245
Debt Instruments At Fair Value Through Other Comprehensive Income	5,120	39,835	44,955
Other Financial Assets	5,617	5,166	10,783
	10,739	45,244	55,983
KWAP			
Financial Asset At Amortised Cost	2	243	245
Debt Instruments At Fair Value Through Other Comprehensive Income	5,120	39,835	44,955
Other Financial Assets	3,620	5,034	8,654
	8,742	45,112	53,854

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

34. FINANCIAL RISK (CONTINUED)

(e) Liquidity risk

Liquidity risk is the risk of difficulty to fulfill the financial obligations of the Group and KWAP due to the shortage of funds. Exposure to liquidity risk arises from the mismatch of maturities of financial assets and financial liabilities.

The Group and KWAP actively manage their debt maturity profile, operating cash flows and the availability of funding to ensure the fulfilment of all refinancing, repayment and funding requirements. As part of the overall prudent liquidity management, the Group and KWAP maintain a portfolio of highly liquid assets to meet the working capital and investment requirements.

In addition, the Group and KWAP maintain a balanced and flexible funding structure through the use of credit facilities, short as well as long term borrowings. Short term flexibility is achieved through credit facilities and short-term borrowings.

Group

2024	On Demand RM'000	Less Than 3 Months RM'000	3 to 12 Months RM'000	1 to 5 Years RM'000	Total RM'000
Financial Liabilities					
Derivatives Financial Liabilities	338,885	-	-	10,885	349,770
Trade Payables	164,739	-	223,113	-	387,852
Other Payables And Accruals	246,812	-	-	-	246,812
Deferred Income	-	-	66,440	-	66,440
Borrowings	-	-	510	1,750,579	1,751,089
Deferred Tax	-	-	-	2,016	2,016
Lease Liabilities	-	-	2,544	75,895	78,439
Long Term Deposit	-	-	-	15,324	15,324
Total Undiscounted Financial Liabilities	750,436	-	292,607	1,854,699	2,897,742

KWAP

2024	On Demand RM'000	Less Than 3 Months RM'000	3 to 12 Months RM'000	1 to 5 Years RM'000	Total RM'000
Financial Liabilities					
Derivatives Financial Liabilities	338,076	-	-	-	338,076
Trade Payables	128,065	-	223,113	-	351,178
Other Payables And Accruals	178,342	-	-	-	178,342
Lease Liabilities	-	-	8,682	36,137	44,819
Total Undiscounted Financial Liabilities	644,483	-	231,795	36,137	912,415

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

34. FINANCIAL RISK (CONTINUED)

(e) Liquidity risk (continued)

Group

2023	On Demand RM'000	Less Than 3 Months RM'000	3 to 12 Months RM'000	1 to 5 Years RM'000	Total RM'000
Financial Liabilities					
Derivatives Financial Liabilities	47,332	-	-	3,301	50,633
Trade Payables	168,729	-	-	-	168,729
Other Payables And Accruals	311,049	-	-	-	311,049
Deferred Income	-	-	83,272	-	83,272
Borrowings	-	-	812,808	959,858	1,772,666
Deferred Tax	-	-	-	15	15
Lease Liabilities	-	-	2,651	79,064	81,715
Long Term Deposit	-	-	-	13,491	13,491
Total Undiscounted Financial Liabilities	527,110	-	898,731	1,055,729	2,481,570

KWAP

2023	On Demand RM'000	Less Than 3 Months RM'000	3 to 12 Months RM'000	1 to 5 Years RM'000	Total RM'000
Financial Liabilities					
Derivatives Financial Liabilities	46,988	-	-	-	46,988
Trade Payables	155,223	-	-	-	155,223
Other Payables And Accruals	146,623	-	-	-	146,623
Lease Liabilities	-	-	8,388	44,819	53,207
Total Undiscounted Financial Liabilities	348,834	-	8,388	44,819	402,041

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

35. FAIR VALUE OF FINANCIAL INSTRUMENTS

(a) Fair value of financial instruments by classes that are not carried at fair value

Group

	2024		2023	
	Carrying Amount RM'000	Fair Value RM'000	Carrying Amount RM'000	Fair Value RM'000
Financial Assets				
Loans And Receivables	390,436	390,436	506,634	506,634
Debt Instruments At Amortised Costs	16,578,514	16,776,613	16,621,391	16,730,846
Financial Liabilities				
Borrowings	1,751,089	1,751,089	1,772,666	1,772,666

KWAP

	2024		2023	
	Carrying Amount RM'000	Fair Value RM'000	Carrying Amount RM'000	Fair Value RM'000
Financial Assets				
Loans And Receivables	372,106	372,106	760,829	760,829
Debt Instruments At Amortised Costs	16,578,514	16,776,613	16,621,391	16,730,846

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

35. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

(b) Determination of fair value

(i) Cash and cash equivalents, receivables and payables

The carrying amounts of the above financial assets and liabilities are determined based on the reasonable approximation of fair value due either to the short-term nature or being repayable on demand.

(ii) Loans receivable

The fair value of loans receivables is estimated by the discounting of the estimated future cash flows using the current interest rates for financial assets with similar risk profile.

(iii) Other loans and borrowings

The carrying amount of the current portion of other loans and borrowings is based on the reasonable approximation of fair value due to the significant impact of discounting.

The carrying amount of certain other loans and borrowings is based on the reasonable approximation of fair value due to their nature being floating rate instruments repriced to the market interest rates near the reporting date.

The fair value of non-current other loans and borrowings, other than the floating rate instruments, is estimated by the discounting of the expected future cash flows at the market incremental lending rate for similar types of borrowings at the reporting date.

(iv) Financial Assets at Fair Value Through Profit Or Loss

(a) Quoted bonds

The fair value of quoted bonds is directly determined by reference to the published market bid prices at the reporting date.

(b) Unquoted bonds

The fair value of unquoted bonds is estimated using the discounted cash flow model based on various assumptions, including the current and expected credit losses, market rates of interest and assumptions in relation to market liquidity.

(v) Derivative Financial Assets and Liabilities

(a) Forward contracts

The fair value of forward contracts is determined using the observable exchange rates from publicly available sources and through the extrapolation and interpolation techniques.

(b) Cross currency swaps

The fair value of cross currency swaps is determined by discounting the anticipated future cash flows using the standard market interest rate yield curves developed from observable and publicly available quoted rates.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

35. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

(c) Fair value hierarchy

The Group and KWAP employ the following hierarchy for the determination and disclosure of the fair value of financial instruments by valuation techniques:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: Techniques whereby all inputs with significant effect on the recorded fair value is either directly or indirectly observable; and

Level 3: Techniques whereby inputs with significant effect on the recorded fair value is not based on observable market data.

As at 31 December 2024, the Group and KWAP held the following financial instruments carried at fair value in the Statement of Financial Position:

Group

	2024						
	Total RM'000	Fair Value of Financial Assets Carried At Fair Value			Fair Value of Financial Assets Not Carried At Fair Value		
		Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
Financial Assets							
Loans And Receivables	390,436	-	-	-	-	390,436	
Debt Instruments At Amortised Cost	16,776,613	-	-	-	16,776,613	-	
Debt Instruments At Fair Value Through Profit Or Loss	1,111,119	1,005,761	-	105,358	-	-	
Equity Instruments At Fair Value Through Profit Or Loss	70,550,312	56,954,502	-	13,595,810	-	-	
Debt Instruments At Fair Value Through Other Comprehensive Income	42,274,778	42,274,778	-	-	-	-	
Equity Instruments At Fair Value Through Other Comprehensive Income	38,328,947	38,328,947	-	-	-	-	
Derivative Financial Assets	24,792	9,756	15,036	-	-	-	
Deposits And Placements With Financial Institutions	5,407,398	-	-	-	-	5,407,398	
Trade Receivables	942,959	-	-	-	-	942,959	
Sundry Debtors And Deposits	299,041	-	-	-	-	299,041	
Cash And Bank Balances	2,102,886	-	-	-	-	2,102,886	
	178,209,281	138,573,744	15,036	13,701,168	16,776,613	-	
Financial Liabilities							
Borrowings	1,751,089	-	-	-	-	1,751,089	
Payables And Accruals	634,664	-	-	-	-	634,664	
Derivative Financial Liabilities	349,770	-	349,770	-	-	-	
	2,735,523	-	349,770	-	-	2,385,753	

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

35. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

(c) Fair value hierarchy (continued)

KWAP

	2024						
	Total RM'000	Fair Value of Financial Assets Carried At Fair Value			Fair Value of Financial Assets Not Carried At Fair Value		
		Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
Financial Assets							
Loans And Receivables	372,106	-	-	-	-	-	372,106
Debt Instruments At Amortised Cost	16,776,613	-	-	-	16,776,613	-	-
Debt Instruments At Fair Value Through Profit Or Loss	1,289,356	1,005,761	-	283,595	-	-	-
Equity Instruments At Fair Value Through Profit Or Loss	70,550,312	56,954,502	-	13,595,810	-	-	-
Debt Instruments At Fair Value Through Other Comprehensive Income	42,274,778	42,274,778	-	-	-	-	-
Equity Instruments At Fair Value Through Other Comprehensive Income	38,328,947	38,328,947	-	-	-	-	-
Derivative Financial Assets	9,756	9,756	-	-	-	-	-
Deposits And Placements With Financial Institutions	5,407,398	-	-	-	-	-	5,407,398
Trade Receivables	769,185	-	-	-	-	-	769,185
Sundry Debtors And Deposits	112,143	-	-	-	-	-	112,143
Cash And Bank Balances	1,489,742	-	-	-	-	-	1,489,742
	177,380,336	138,573,744	-	13,879,405	16,776,613	-	8,150,574
Financial Liabilities							
Payables And Accruals	529,520	-	-	-	-	-	529,520
	529,520	-	-	-	-	-	529,520

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

35. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

(c) Fair value hierarchy (continued)

Group

	2023						
	Total	Fair Value of Financial Assets Carried At Fair Value			Fair Value of Financial Assets Not Carried At Fair Value		
	RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
Financial Assets							
Loans And Receivables	506,634	-	-	-	-	-	506,634
Debt Instruments At Amortised Cost	16,730,846	-	-	-	3,131,250	13,599,596	-
Debt Instruments At Fair Value Through Profit Or Loss	875,725	573,115	197,294	105,316	-	-	-
Equity Instruments At Fair Value Through Profit Or Loss	57,387,958	46,264,180	49,543	11,074,235	-	-	-
Debt Instruments At Fair Value Through Other Comprehensive Income	42,675,911	14,279,762	28,396,149	-	-	-	-
Equity Instruments At Fair Value Through Other Comprehensive Income	34,295,157	34,138,538	156,619	-	-	-	-
Derivative Financial Assets	29,495	2,732	26,763	-	-	-	-
Deposits And Placements With Financial Institutions	2,800,541	-	-	-	-	-	2,800,541
Trade Receivables	3,838,346	-	-	-	-	-	3,838,346
Sundry Debtors And Deposits	243,688	-	-	-	-	-	243,688
Cash And Bank Balances	3,288,810	-	-	-	-	-	3,288,810
	162,673,111	95,258,327	28,826,368	11,179,551	3,131,250	13,599,596	10,678,019
Financial Liabilities							
Borrowings	1,772,666	-	-	-	-	-	1,772,666
Payables And Accruals	479,778	-	-	-	-	-	479,778
Derivative Financial Liabilities	50,633	-	50,633	-	-	-	-
	2,303,077	-	50,633	-	-	-	2,252,444

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

35. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

(c) Fair value hierarchy (continued)

KWAP

	2023						
	Total RM'000	Fair Value of Financial Assets Carried At Fair Value			Fair Value of Financial Assets Not Carried At Fair Value		
		Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
Financial Assets							
Loans And Receivables	760,829	-	-	-	-	-	760,829
Debt Instruments At Amortised Cost	16,730,846	-	-	-	3,131,250	13,599,596	-
Debt Instruments At Fair Value Through Profit Or Loss	1,072,575	573,115	197,294	302,166	-	-	-
Equity Instruments At Fair Value Through Profit Or Loss	57,387,958	46,264,180	49,543	11,074,235	-	-	-
Debt Instruments At Fair Value Through Other Comprehensive Income	42,675,911	14,279,762	28,396,149	-	-	-	-
Equity Instruments At Fair Value Through Other Comprehensive Income	34,295,157	34,138,538	156,619	-	-	-	-
Derivative Financial Assets	3,374	2,732	642	-	-	-	-
Deposits And Placements With Financial Institutions	2,800,541	-	-	-	-	-	2,800,541
Trade Receivables	3,379,591	-	-	-	-	-	3,379,591
Sundry Debtors And Deposits	105,813	-	-	-	-	-	105,813
Cash And Bank Balances	2,521,813	-	-	-	-	-	2,521,813
	161,734,408	95,258,327	28,800,247	11,376,401	3,131,250	13,599,596	9,568,587
Financial Liabilities							
Payables And Accruals	301,846	-	-	-	-	-	301,846
	301,846	-	-	-	-	-	301,846

(d) Policy of transfer between levels

The fair value of an asset to be transferred between levels is determined by the Group and KWAP as of the date of the event or change in circumstances which resulted in the transfer. There were no transfers between the Level 1 and Level 2 fair value measurements during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

35. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

(e) Reconciliation of Level 3 fair valuation

The reconciliation of the opening and closing balances of the Level 3 financial instruments carried at fair value, including movements is summarised below:

Group and KWAP

	Equity Instruments At Fair Value Through Profit or Loss Unquoted Shares RM'000
At 1 January 2024	11,074,235
Net addition and disposal	2,696,320
Net fair value gain recognised in Profit or Loss	(174,745)
At 31 December 2024	13,595,810

Group

	Debt Instruments At Fair Value Through Profit or Loss Redeemable Convertible Preference Shares RM'000
At 1 January 2024	105,316
Net fair value gain recognised in Profit or Loss	42
At 31 December 2024	105,358

KWAP

	Debt Instruments At Fair Value Through Profit or Loss Redeemable Convertible Preference Shares RM'000
At 1 January 2024	302,166
Net fair value gain recognised in Profit or Loss	(18,570)
At 31 December 2024	283,596

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

35. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

(f) Sensitivity analysis

Sensitivity analysis of the Level 3 fair valuation is as follows:

	Group	KWAP	Group	KWAP
	Effect On	Effect On	Effect On	Effect On
	Equity	Equity	Profit Before	Profit Before
			Tax	Tax
	RM'000	RM'000	RM'000	RM'000
2024				
Debt Instruments At Fair Value				
Through Profit Or Loss				
Increase Of 5% In Equity Price	14,180	14,180	14,180	14,180
Decrease Of 5% In Equity Price	(14,180)	(14,180)	(14,180)	(14,180)
Equity Instruments At Fair Value				
Through Profit Or Loss				
Increase Of 5% In Equity Price	679,791	679,791	679,791	679,791
Decrease Of 5% In Equity Price	(679,791)	(679,791)	(679,791)	(679,791)
2023				
Debt Instruments At Fair Value				
Through Profit Or Loss				
Increase Of 5% In Equity Price	15,108	15,108	15,108	15,108
Decrease Of 5% In Equity Price	(15,108)	(15,108)	(15,108)	(15,108)
Equity Instruments At Fair Value				
Through Profit Or Loss				
Increase Of 5% In Equity Price	553,712	553,712	553,712	553,712
Decrease Of 5% In Equity Price	(553,712)	(553,712)	(553,712)	(553,712)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

36. RELATED PARTY TRANSACTIONS

The related parties and their relationship with the Group and KWAP are as follows:

Related Parties	Relationships
Capsquare Tower Sdn Bhd	Subsidiary
Harta Integra Berkat Sdn. Bhd.	Subsidiary
Harta Kulim Sdn. Bhd.	Subsidiary
Harta Rini Sdn. Bhd.	Subsidiary
Harta Residensi Sdn. Bhd.	Subsidiary
KWAP Managed Investment Trust 3	Subsidiary
KWAP Managed Investment Trust 4	Subsidiary
KWEST Sdn Bhd	Subsidiary
Prima Ekuiti (UK) Limited	Subsidiary
Prima Harta (Jersey) Unit Trust	Subsidiary
Prima Harta U (Jersey) Limited	Subsidiary
Prima Harta 2 (Jersey) Unit Trust	Subsidiary
Prima Harta 3 (Lux) S.à r.l.	Subsidiary
Prima Harta 4 (Jersey) Unit Trust	Subsidiary
Prima Harta 4 U (Jersey) Limited	Subsidiary
Prima Harta 5 (Jersey) Unit Trust	Subsidiary
Prima Harta 5 (Jersey) Limited	Subsidiary
Prima Harta 6 (Jersey) Unit Trust	Subsidiary
Prima Harta 6 (Jersey) Limited	Subsidiary
Aerodyne Ventures Sdn Bhd	Associate
Asia Pacific Education Group	Associate
Bateriku (M) Sdn. Bhd.	Associate
EDOTCO Group Sdn. Bhd.	Associate
Lapasar Sdn Bhd	Associate
Vantage Solar Investments S.à r.l.	Associate
Compass IP Sdn. Bhd.	Associate
Persada Mentari Sdn Bhd	Joint venture
Tap Crunch Sdn Bhd	Joint venture

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

36. RELATED PARTY TRANSACTIONS (CONTINUED)

Subsidiaries, associates and joint ventures

The information above is consistent with the list of subsidiaries, associates and joint ventures of the Group and KWAP as set out in Note 11, Note 12 and Note 13, respectively.

Significant related party balances and transactions

	KWAP Subsidiaries	
	31 December 2024 RM'000	31 December 2023 RM'000
Net Income		
Interest Income	13,102	22,184
Administrative Fee	359	1,765
Dividend On Income	208,146	172,356
Rental Income	16,234	11,628
	237,841	207,933
Amount Due From		
Loan And Receivables	-	275,008
Debt Instrument At Fair Value Through Profit Or Loss	206,017	224,587
Trade Receivables	3,413	11,761
	209,430	511,356
Amount Due To		
Other Payables and Accruals	11,180	1,890
	11,180	1,890

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

36. RELATED PARTY TRANSACTIONS (CONTINUED)

Between KWAP and the Government of Malaysia and entities related to the Government Of Malaysia

KWAP is an agency under the Ministry of Finance that reports directly to the Federal Government of Malaysia.

The significant transactions between KWAP and the Government of Malaysia and other entities controlled by the Government are as follows:

	KWAP	
	31 December 2024 RM'000	31 December 2023 RM'000
Interest Income And Profit On Investments	1,758,665	1,737,271
Purchase Of Malaysian Government Securities And Bonds	4,061,241	9,370,875
Sale Of Malaysian Government Securities And Bonds	2,688,768	4,741,006
Repayment Of Loans	112,935,000	531,653

Key management personnel

Key management personnel are defined as the Board and senior management of KWAP whereby their remuneration are included as part of the staff costs.

	Group		KWAP	
	31 December 2024 RM'000	31 December 2023 RM'000	31 December 2024 RM'000	31 December 2023 RM'000
<u>Board and Investment Panel</u>				
Wages, Salaries, Honorarium And Remuneration	1,747	1,603	1,556	1,552
Benefit in Kind	103	28	103	28
<u>Senior Management</u>				
Wages, Salaries, Honorarium And Remuneration	19,288	16,769	18,616	16,139
Benefit in Kind	40	54	40	38
Statutory Contribution To The Employees Provident Fund	3,603	3,131	3,485	3,021
	24,781	21,585	23,800	20,778

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

37. CAPITAL COMMITMENT

	Group and KWAP	
	31 December 2024 RM'000	31 December 2023 RM'000
Authorised and contracted for:		
Computer Software	12,796	552
	12,796	552
Authorised and not contracted for:		
Paintings, Office Furniture and Equipment	-	7
Computer Software	1,765	580
	1,765	587
	14,561	1,139

38. SUBSEQUENT EVENT DISCLOSURE

Withdrawal by the Government of Malaysia

On 22 November 2024, the Ministry of Finance (“MOF”) issued a formal letter to KWAP to request for a withdrawal of RM4.0 billion to partially finance the Government of Malaysia’s pension obligations in accordance with Section 13 (5) of the Retirement Fund Act 2007 (Act 662). The MOF requested the withdrawal to be gradually disbursed in three (3) tranches, with the first tranche of RM2.0 billion in August 2025, the second tranche of RM1.0 billion in September 2025 and the final tranche in October 2025.

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ADDITIONAL INFORMATION

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GLOSSARY OF TERMS

APEXJ (Asia Pacific Ex-Japan)

The FTSE APEXJ is one of a range of indices designed to help investors to benchmark their Asia Pacific investments.

ARR (Accounting Rate of Return)

ARR is a measurement of the rate of return based on the formula that divides the net income over the average fund size.

ASSA (ASEAN Social Security Association)

ASSA was formed to provide a forum for member institutions to exchange views and experiences on social security issues.

BMJ (Bantuan Mengurus Jenazah or Funeral Arrangement Assistance)

BMJ is given to the heirs of Malaysian Government retirees who passed away on and after 15 October 2010, including retirees who opt for the EPF scheme (prior to this date, no refund was given if the pensioner passed away).

BPS (Basis Points)

BPS refers to a common unit of measure for interest rates and other percentages in finance. One basis point is equal to 1/100th of 1%, or 0.01%, or 0.0001, and is used to denote the percentage change in a financial instrument. The relationship between percentage changes and basis points can be summarised as follows: 1% change = 100 basis points and 0.01% = 1 basis point.

Buyout

A buyout is the acquisition of a controlling interest in a company and is used synonymously with the term acquisition. If the stake is bought by the firm's management, it is known as a management buyout and if high levels of debt are used to fund the buyout, it is called a leveraged buyout. Buyouts often occur when a company is going private.

CAPEX (Capital Expenditure)

CAPEX are funds used by a company to acquire, upgrade, and maintain physical assets such as property, plants, buildings, technology, or equipment.

Derivative Pension

A monthly pension derived due to the death of a civil servant/civil pensioner that is paid to eligible beneficiaries, as stated in the relevant Pension Act.

ESG (Environmental, Social and Governance)

ESG investing refers to a set of standards for a company's behaviour used by socially conscious investors to screen potential investments.

FTSE (The Financial Times Stock Exchange Index)

FTSE 100 Index is a share index of the 100 companies listed on the London Stock Exchange with (in principle) the highest market capitalisation.

Gross Domestic Product (GDP)

GDP is the standard measure of the value added created through the production of goods and services in a country during a certain period.

IPG (Investment Policy and Guidelines)

IPG serve to clearly communicate to all relevant parties the procedures, investment philosophy, guidelines and constraints to be adhered to by the parties.

IRS (Interest Rate Swap)

An exchange of one set of cash flows (based on interest rate specifications) for another. It is often an exchange of a fixed payment for a floating payment that is linked to interest rate.

IT (Information Technology)

IT is the acquisition, processing, storage and dissemination of vocal, pictorial, textual and numerical information by a microelectronics based combination of computing and telecommunications.

LEED Certification (Leadership in Energy and Environmental Design Certification)

LEED is one of the most popular green building certification programmes used worldwide.

MENA (Middle East and North Africa)

An acronym for the Middle East and North Africa (MENA) region.

MXWD (The MSCI World Index)

MXWD captures large and mid-cap representation across 23 Developed Markets (DM) countries. With 1,509 constituents, the index covers approximately 85% of the free float-adjusted market capitalisation in each country.

OPEX (Operating Expenditure)

An operating expenditure is an expense that a business incurs through its normal business operations.

OPR (Overnight Policy Rate)

OPR is an overnight interest rate set by BNM used for monetary policy direction. It is the target rate for the day-to-day liquidity operations of the BNM.

ORE (Operational Risk Event)

ORE arises from failure of the people, systems or processes in an organisation.

Quasi-Government Bonds

Bonds issued by non-government entities, but they are usually backed by the government.

SAA (Strategic Asset Allocation)

The primary goal of a SAA is to create an asset mix that will provide an optimal balance between expected risk and returns for a long-term investment horizon.

SLA (Service-Level Agreement)

The service contract component between a service provider and customer.

SUKUK

Islamic bonds, structured in a way to generate returns without infringing Islamic law which prohibits interest or riba. Sukuk represents undivided shares in the ownership of tangible assets relating to particular projects or investment activity.

Shariah-compliant Funds

Shariah-compliant funds are investment funds governed by the requirements of Shariah law and the principles of the Islamic religion. Shariah-compliant funds are considered to be a type of socially responsible investing.

TAA (Tactical Asset Allocation)

It is a method in which an investor takes a more active approach to position a portfolio into those assets, sectors or individual stocks that show the most potential for gains.

Total Return

Total return, when measuring performance, is the actual rate of return of an investment or a pool of investments over a given evaluation period. Total return includes interest, capital gains, dividends and distributions realised over a given period of time.

GLOSSARY OF TERMS

TWRR (Time-Weighted Rate of Return)

TWRR is a measure of return based on changes in values of investments over a specific time period.

UNSDG (United Nations Sustainable Development Goals)

The Sustainable Development Goals (SDGs), also known as the Global Goals, were adopted by the United Nations in 2015 as a universal call to action to end poverty, protect the planet, and ensure that by 2030 all people enjoy peace and prosperity.

VaR (Value at Risk)

A risk metric used to estimate the quantum of loss to a portfolio over a given probability value within a pre-defined period.

Volatility

Volatility is a statistical measure of the dispersion of returns for a given security or market index. In most cases, the higher the volatility, the riskier the security. Volatility is often measured from either the standard deviation or variance between returns from that same security or market index.

WGBI (FTSE World Government Bond Index)

A broad index providing exposure to the global sovereign fixed income market, the index measures the performance of fixed-rate, local currency, investment-grade sovereign bonds. It comprises sovereign debt from over 20 countries, denominated in a variety of currencies. Sub-indices are available by currencies and terms.

KWAP Integrated Annual Report 2024

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MyPesara Application

Scan QR code to download on Apple App Store,
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KWAP Digital and Social Media Platforms

 www.kwap.gov.my

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