

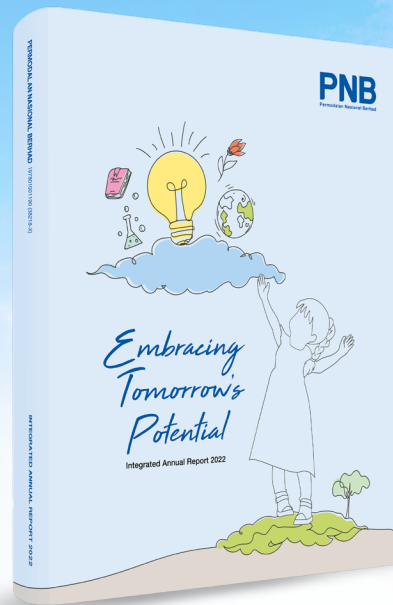


# Embracing Tomorrow's Potential

Integrated Annual Report 2022







## EMBRACING TOMORROW'S POTENTIAL

'Embracing Tomorrow's Potential' represents PNB's anticipation of growth and reflects a proactive approach to exploring new possibilities and capitalising on innovative opportunities. With this theme, PNB not only demonstrates its commitment to continuous improvement and advancement but also highlights its dedication to sustainability and the future generation.

PNB recognises that the future is shaped by the actions we take today and is deeply committed to creating a sustainable and inclusive future that benefits not only its stakeholders but also the communities it serves. By prioritising sustainability and responsible practices, PNB aims to empower every community with the tools and resources needed to thrive in an ever-changing world.

'Embracing Tomorrow's Potential' embodies PNB's vision of a sustainable future that not only benefits the present but also ensures a prosperous tomorrow for generations to come. With a focus on innovation, sustainability and the aspirations of the young generation, PNB remains dedicated to shaping a better future for all.

# Inside This Report

## BASIS OF THIS REPORT

## WE ARE PNB

Key Highlights - Financial + Non-Financial	04
A Sustainable Value Chain	08
Our Approach to Sustainability	10
Our Organisational Structure	12

## TRUST BUILT THROUGH STRONG LEADERSHIP

Board of Trustees of Yayasan Pelaburan Bumiputra	15
Board of Directors	16
Leadership Team	20

## STRATEGIC REVIEW

Message from the Group Chairman	25
The President & Group Chief Executive's Review	30

## CREATING VALUE

Market Overview: Global Footprint, Investment Philosophy and Process	39
Engaging with Our Stakeholders	42
Determining What is Material to Us	43
Our Value Creating Business Model	44
Our Focus 4 Strategy	46
The Risks We Consider	50

## PORTFOLIO PERFORMANCE

Strategic Asset Allocation	53
Strategic Investments	55
Public Markets	60
Private Markets	68
Real Estate	72
ASNB Unit Trusts	76



## PROGRESSING WITH OUR SUSTAINABILITY COMMITMENTS

### ENABLE TRANSITION TO A GREEN ECONOMY 80

- Net Zero Enterprise by 2025 81
- Net Zero Portfolio by 2050 83
- RM10 Billion in New Green and Transition Assets by 2030 84

### PROMOTE EQUITY AND INCLUSION 85

- Living Wage in PNB by 2023 85
- Labour Rights Policy Paper by 2022 85
- 40% Women in PNB Leadership by 2025 94
- Balancing Profitability and Social Investments 94

### ADVOCATE STRONG GOVERNANCE PRACTICES 103

- Triple Bottom Line Stewardship Model 103
- Transparency in Voting 104
- TCFD-Aligned Disclosure 105



## CONTINUED STRENGTH IN GOVERNANCE

Corporate Governance Overview Statement	<b>114</b>
• Principle A : Board Leadership and Effectiveness	<b>120</b>
• Principle B : Effectiveness of Audit and Risk Management	<b>124</b>
• Principle C : Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders	<b>141</b>
Statement on Risk Management and Internal Control	<b>142</b>

## SUSTAINING FINANCIAL VALUE

PNB Group 5-Year Consolidated Coterminal Proforma Financials	<b>158</b>
Independent Auditors' Report	<b>159</b>
Unit Trust Funds	<b>160</b>



## BASIS OF THIS REPORT

**We welcome our stakeholders to Permodalan Nasional Berhad's (PNB) inaugural Integrated Annual Report (IAR) which represents our efforts to enhance our reporting practices and disclosures in line with global best practices. We shall strive to deliver a concise, transparent and holistic report that details both our financial and sustainability-related objectives, strategies and progress to our stakeholders. The preparation of our IAR is guided by the principles under the Integrated Reporting Framework set out by the International Integrated Reporting Council.**

### SCOPE AND BOUNDARIES

This Report outlines our financial and non-financial performance from 1 January 2022 to 31 December 2022. The performance of our investments, strategic asset allocation and investment portfolios are discussed together with the assessment of the challenges, opportunities and risks we encountered during the year under review that has impacted our performance.

### REFERENCES AND GUIDELINES

PNB's Integrated Annual Report 2022 is prepared in accordance with the following frameworks and disclosure requirements:

- Malaysian Code on Corporate Governance (MCCG 2021)
- Malaysian Financial Reporting Standards, International Financial Reporting Standards
- Task Force on Climate-related Financial Disclosures (TCFD) recommendations and;
- Other regulatory requirements as applicable

We are also guided by the Global Reporting Initiative to ensure our sustainability disclosures meet the established criteria of consistency and comparability.

All information provided in this Report is as at 31 December 2022 unless stated otherwise.



### NAVIGATIONS

- 📖 Tells you where you can find more information within the report
- 🌐 Tells you where you can find more information online at [www.pnb.com.my](http://www.pnb.com.my)

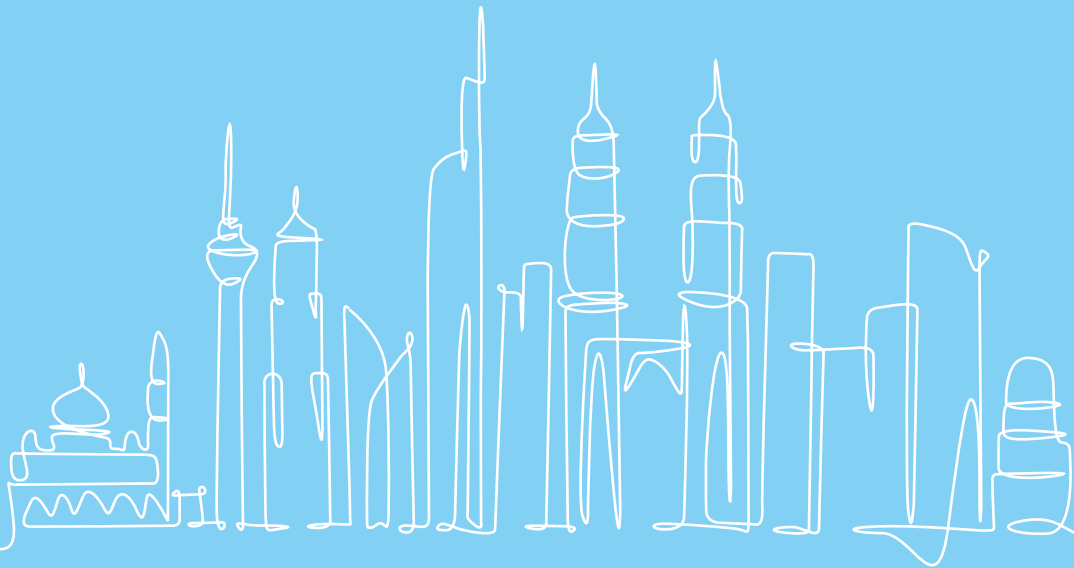
### FORWARD-LOOKING STATEMENTS

This Report contains certain forward-looking statements with respect to the business' future performance. These statements are derived from realistic measures based on current assumptions and at the time of the issuance of this Report. However, actual results may differ materially as they are dependent on circumstances that may or may not occur in the future and may be affected by uncertainties shaped by global or national economic conditions and other factors.

### FEEDBACK

Your comments and feedback are valuable to us and we appreciate any enquiries with regards to this Report. To interact with us, please reach out to [info@pnb.com.my](mailto:info@pnb.com.my).

# We Are PNB



**Key Highlights - Financial + Non-Financial**

**04**

**A Sustainable Value Chain**

**08**

**Our Approach to Sustainability**

**10**

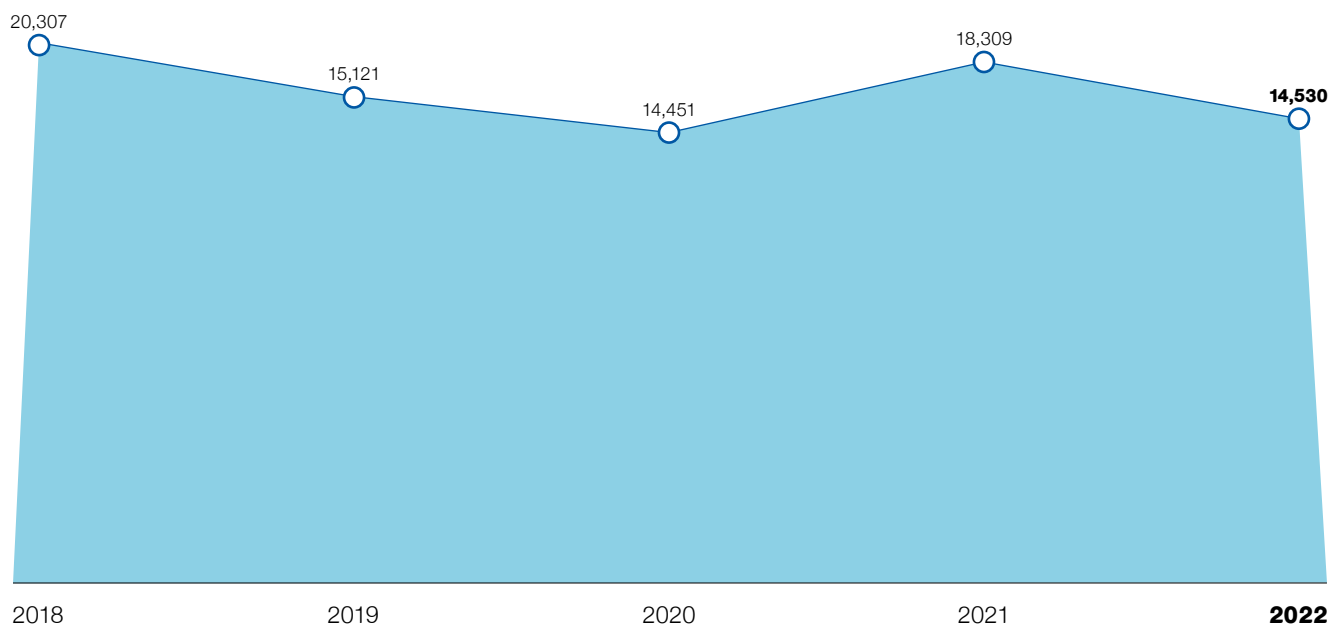
**Our Organisational Structure**

**12**

## KEY FINANCIAL HIGHLIGHTS

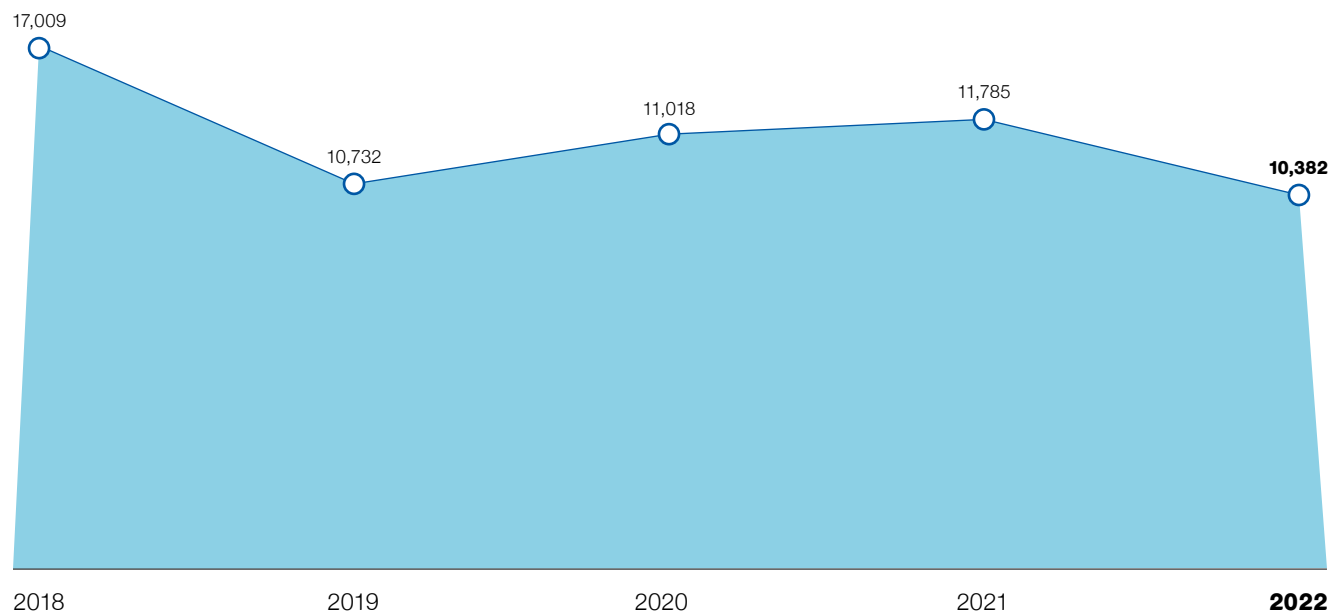
### PNB GROUP 5-YEAR CONSOLIDATED COTERMINOUS PROFORMA GROSS INCOME

(RM Million)



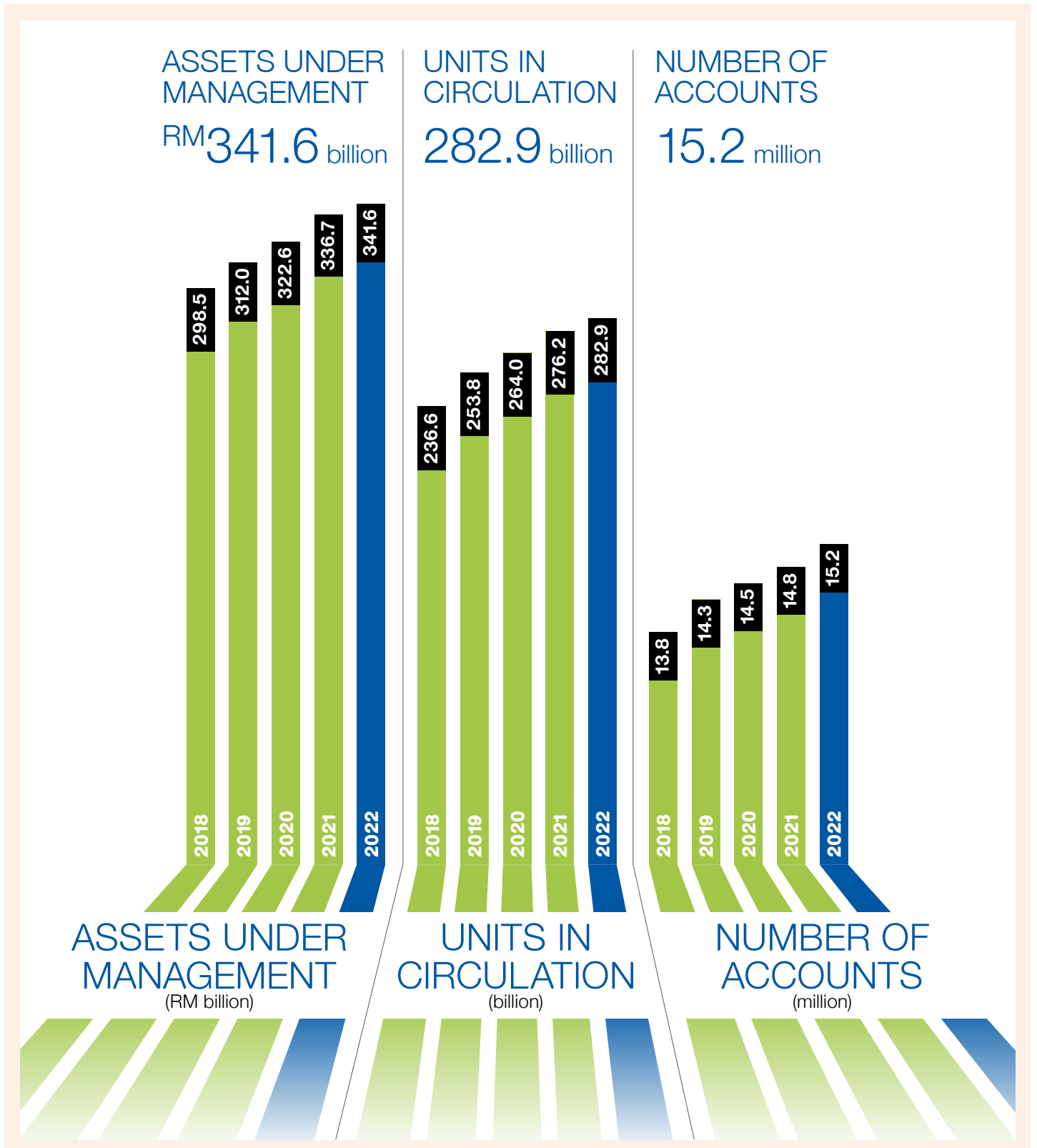
### PNB GROUP 5-YEAR CONSOLIDATED COTERMINOUS PROFORMA NET INCOME

(RM Million)





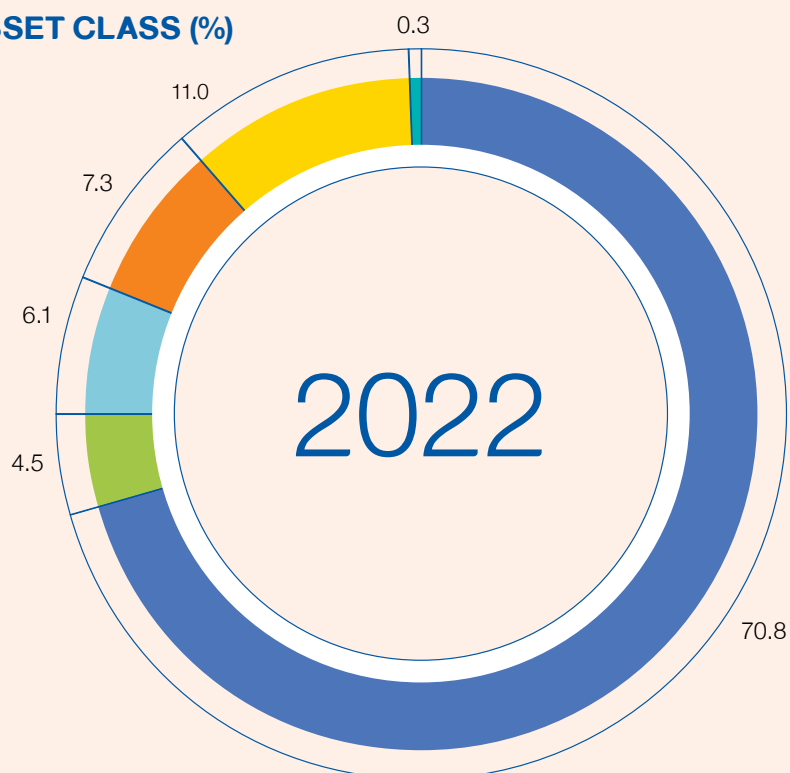
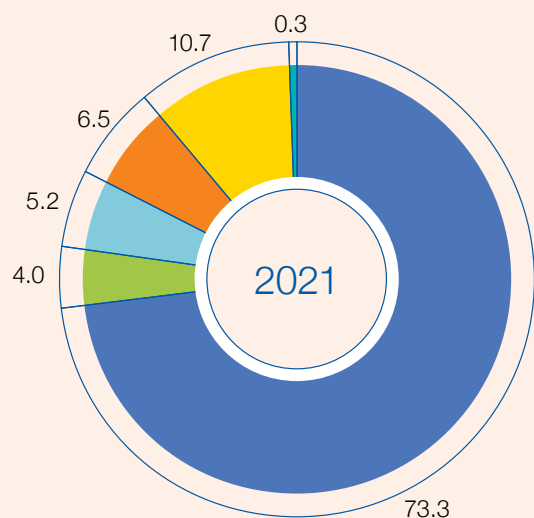
## KEY FINANCIAL HIGHLIGHTS













## KEY FINANCIAL HIGHLIGHTS

### PNB GROUP ASSET ALLOCATION BY ASSET CLASS (%)

- Public Equity
- Private Markets
- Real Estate
- Fixed Income
- Cash and Money Market
- Others



### PERFORMANCE OF THE UNIT TRUST FUNDS

	Equity					Mixed Asset Balanced			Mixed Asset Conservative	
	 ASN	 ASN Equity 2	 ASN Equity 3	 ASN Equity 5	 ASN Equity Global	 ASN Imbang 1	 ASN Imbang 2	 ASN Imbang 3 Global	 ASN Sara 1	 ASN Sara 2
Financial Year End (FYE)	31 Dec	30 Jun	31 Mar	30 Sep	31 Dec	30 Nov	31 Mar	31 Dec	31 Mar	30 Sep
Distribution yield (%)	2.98	2.78	2.96	2.83	-	3.07	2.85	0.50	2.75	2.94
Total return (%)	(5.66)	(18.27)	(0.34)	(10.77)	(17.21)	(4.28)	(0.10)	(11.45)	0.10	(7.20)
Net income* (RM million)	31.4	13.9	52.7	9.8	(90.7)	25.4	35.3	8.8	75.9	75.2
Units in circulation FYE (billion units)	1.7	1.2	2.0	0.4	1.0	0.9	1.3	1.5	2.4	1.6

\* Realised portion of total comprehensive income, including Distribution Equalisation Reserve (DER)

## KEY FINANCIAL HIGHLIGHTS

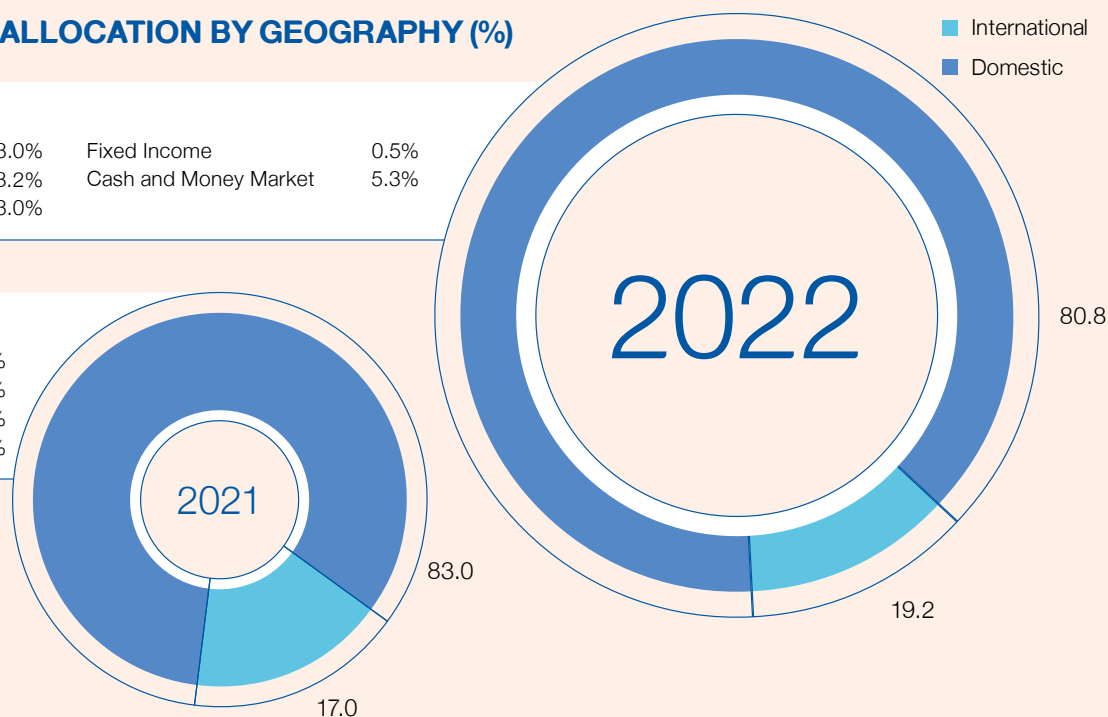
## PNB GROUP ASSET ALLOCATION BY GEOGRAPHY (%)

## International

Public Equity	63.0%	Fixed Income	0.5%
Real Estate	18.2%	Cash and Money Market	5.3%
Private Markets	13.0%		

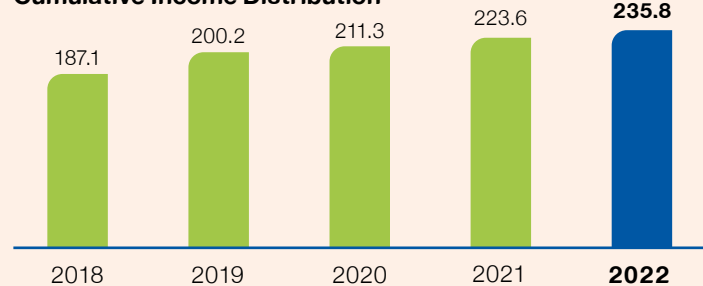
## International

Public Equity	69.2%
Real Estate	16.4%
Private Markets	11.4%
Cash and Money Market	3.0%



## INCOME DISTRIBUTION (RM BILLION)







## Cumulative Income Distribution



## Annual Income Distribution Payout



## PERFORMANCE OF THE UNIT TRUST FUNDS

	 ASB	 ASB 2	 ASB 3 Didik	 ASM	 ASM 2 Wawasan	 ASM 3
Financial Year End (FYE)	31 Dec	31 Mar	30 Jun	31 Mar	31 Aug	30 Sep
Distribution (sen per unit)	4.60*+0.5**	4.30	4.25	4.00	3.75	3.75
Net income (RM million)	6,193.1	515.7	273.6	786.6	774.1	608.1
Units in circulation FYE (billion units)	186.2	12.0	7.1	22.1	23.5	15.3

\* Comprising income distribution of 3.35 sen per unit and bonus of 1.25 sen per unit

\*\* Special bonus of 0.5 sen for balances up to 30,000 units

WE ARE PNB

# A SUSTAINABLE VALUE CHAIN

1 Unitholders invest in ASNB's products

2 PNB manages the investments of the unit trust funds



### Fixed Price Unit Trust Funds



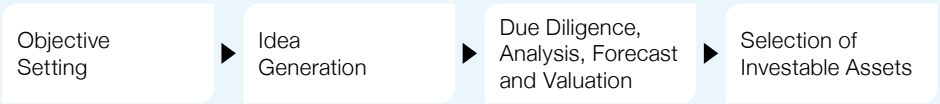
### Variable Price Unit Trust Funds



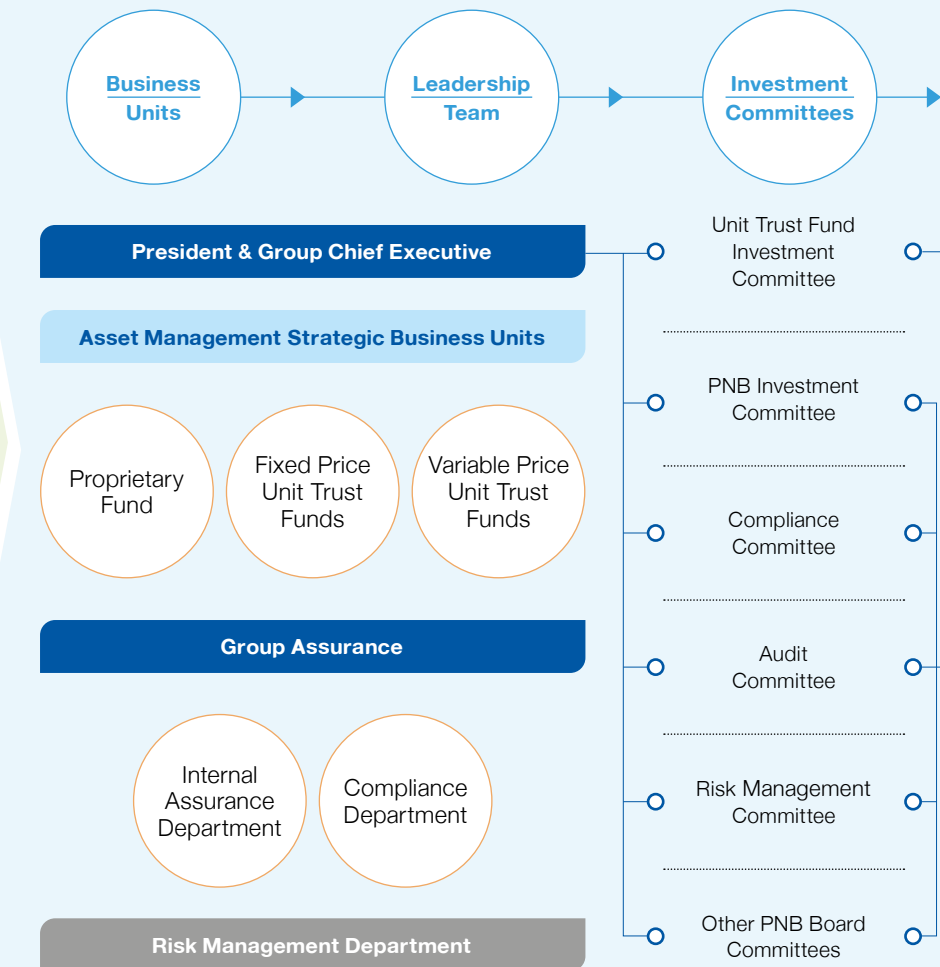
Enabling the sharing of corporate wealth to unitholders

6

## PNB RUNS A ROBUST END-TO-END PROCESS FOR INVESTMENT SELECTION



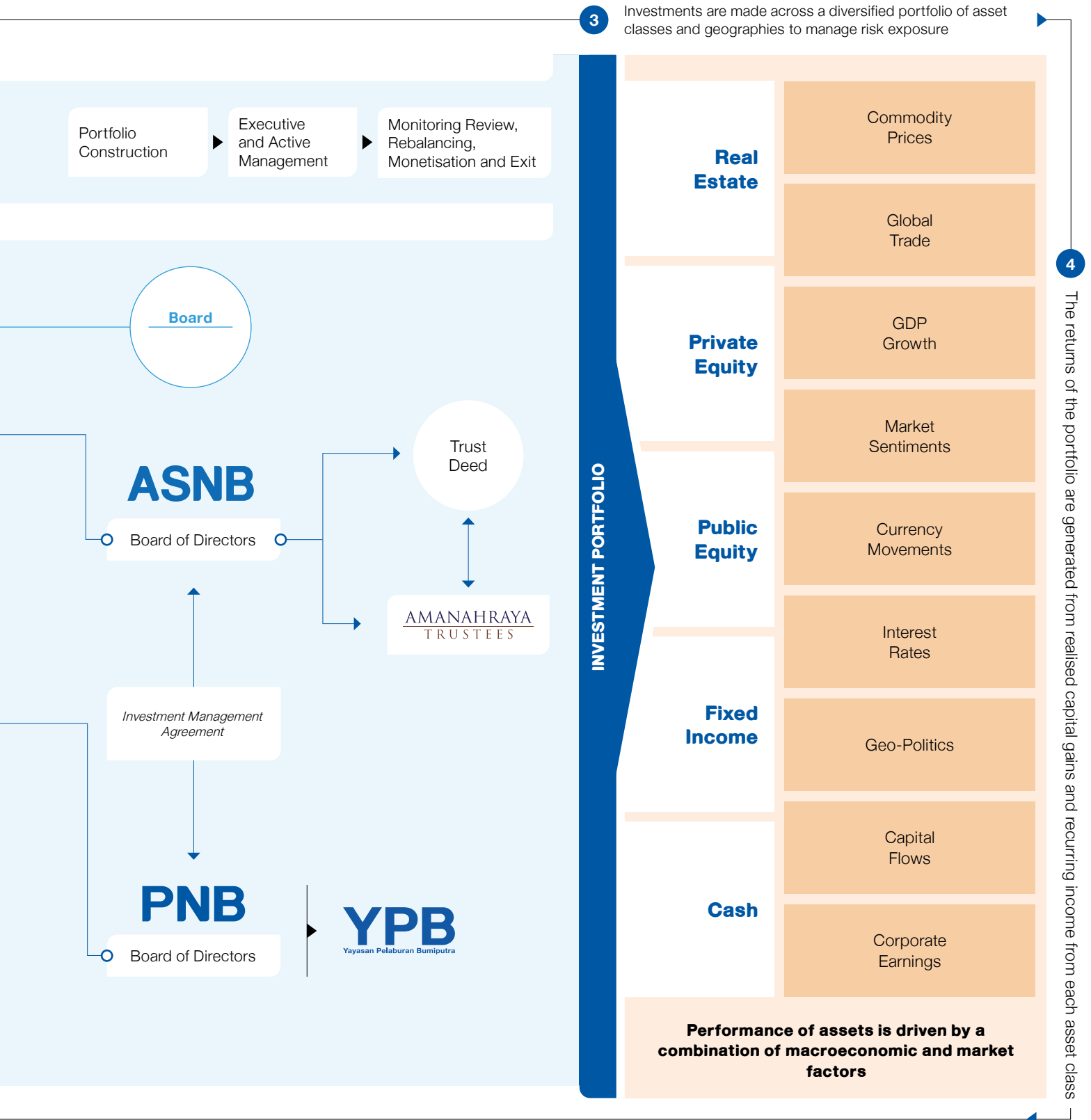
## WITH AN EFFECTIVE GOVERNANCE OPERATING MODEL



Annual income distribution to unitholders is derived from the performance of the portfolio

5

## A SUSTAINABLE VALUE CHAIN



# OUR APPROACH TO SUSTAINABILITY

**Since our inception, we have been a strong proponent of long-term sustainable value creation. We recognise our role in enabling the nation to grow sustainably by identifying opportunities while mitigating and minimising environmental and social risks.**

As the world evolves, businesses, communities and the environment are impacted by various factors such as macroeconomic shifts and climate change. We are cognisant of the need to adapt to new risks and challenges to ensure continuous value creation for our stakeholders. As such, we are constantly reviewing and refreshing our approach to sustainability to adapt to the ever-changing business environment ESG landscape.

In April 2022, we established PNB's Sustainability Framework with three pillars and 10 ESG commitments to pave the way for us to create positive impacts, while also generating long-term value and sustainable returns for our stakeholders. The framework will also guide us in strengthening our relationships with our investee companies to enable us to harness and deliver sustainable value through aligned strategies and goals. Fulfilling the commitments will allow us to contribute to the transition towards a green economy and build an equitable society with sound governance practices.

## ALIGNING TO UNITED NATION SUSTAINABLE DEVELOPMENT GOALS (SDGs)

Building a sustainable future necessitates a collective endeavour involving all stakeholders. At PNB, we are committed to contributing to the nation's sustainable development by aligning our 10 ESG commitments with the relevant Sustainable Development Goals (SDGs) by the United Nations. Adopted by all UN Member States in 2015, the SDGs consist of 17 global goals which form a blueprint for global peace and prosperity for people and the planet by 2030.

Our efforts are in line with the following relevant global goals, which recognise that ending poverty, inequality and other deprivations must be implemented simultaneously with measures to stimulate economic growth, address climate change and conserve natural resources. As such, we have mapped the relevant SDGs against our 10 ESG commitments.



# 10 ESG Commitments

- 1 **Net Zero Enterprise by 2025**
- 2 **Net Zero Portfolio by 2050**
- 3 **RM10 billion in New Green and Transition Assets by 2030**
- 4 **Living Wage in PNB by 2023**
- 5 **Labour Rights Policy Paper by 2022**



12 RESPONSIBLE CONSUMPTION AND PRODUCTION



13 CLIMATE ACTION



12 RESPONSIBLE CONSUMPTION AND PRODUCTION



13 CLIMATE ACTION



7 AFFORDABLE AND CLEAN ENERGY



9 INDUSTRY INNOVATION AND INFRASTRUCTURE



11 SUSTAINABLE CITIES AND COMMUNITIES



13 CLIMATE ACTION



8 DECENT WORK AND ECONOMIC GROWTH




10 REDUCED INEQUALITIES



5 GENDER EQUALITY



8 DECENT WORK AND ECONOMIC GROWTH



10 REDUCED INEQUALITIES

## OUR APPROACH TO SUSTAINABILITY

### ENVIRONMENT

#### Enable Transition to a Green Economy

The crux of this pillar is decarbonisation. Under Net Zero Enterprise, PNB will strive to achieve net zero GHG emissions of Scope 1 and Scope 2 by 2025. More importantly, under Net Zero Portfolio, PNB's commitment will be to gradually reduce overall financed emissions contained in our portfolio by 2050. This will involve some rebalancing of our portfolio over time and active engagement with investee companies to encourage them to reduce their GHG emissions. Both these commitments are in line with the government's aim of making Malaysia a net zero emissions nation as early as 2050. PNB also aims to invest RM10 billion in new green and transition assets by 2030. This includes exploring investment opportunities such as lower-carbon and energy efficient practices, investments with low GHG emitters or intensities and voluntary carbon markets among others.

### SOCIAL

#### Promote Equity and Inclusion

PNB will focus on labour rights issues in our engagements with investee companies, including concerns relating to migrant workers. We firmly believe labour rights issues can pose a significant risk capable of impeding the performance of companies as well as potentially impacting both revenue and company valuations. We will also continue to encourage greater diversity in our leadership team and uphold our commitment to CSR programmes via educational sponsorships and supporting the communities around us.

### GOVERNANCE

#### Advocate Sound Governance Practices

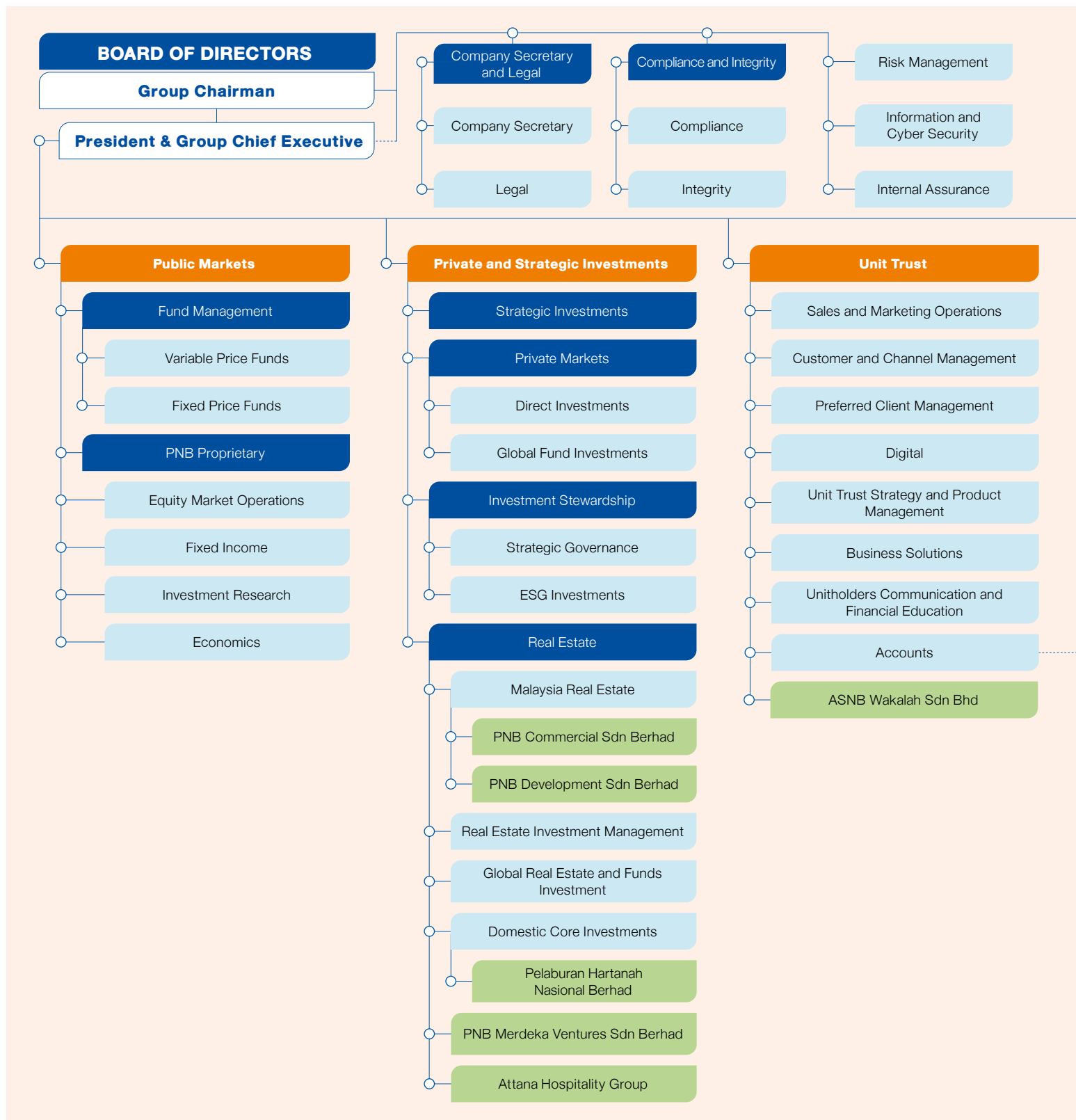
Governance has been an important foundational building block for PNB and will continue to play a crucial role in our sustainability journey. We take the view that governance goes beyond compliance or adherence to practices, but also involves proper and effective engagement with our investee companies. This is where we plan to make our voting choices and rationales clear to the public and investee companies to provide transparency to the marketplace about our position, which is important considering our position as a large investor in many Malaysian public companies.

<p><b>6</b> 40% Women in PNB Leadership by 2025</p>					
<p><b>7</b> Balancing Profitability and Social Investments</p>					
<p><b>8</b> Triple Bottom Line Stewardship Model</p>					
<p><b>9</b> Transparency in Voting</p>					
<p><b>10</b> TCFD-aligned Disclosure</p>					



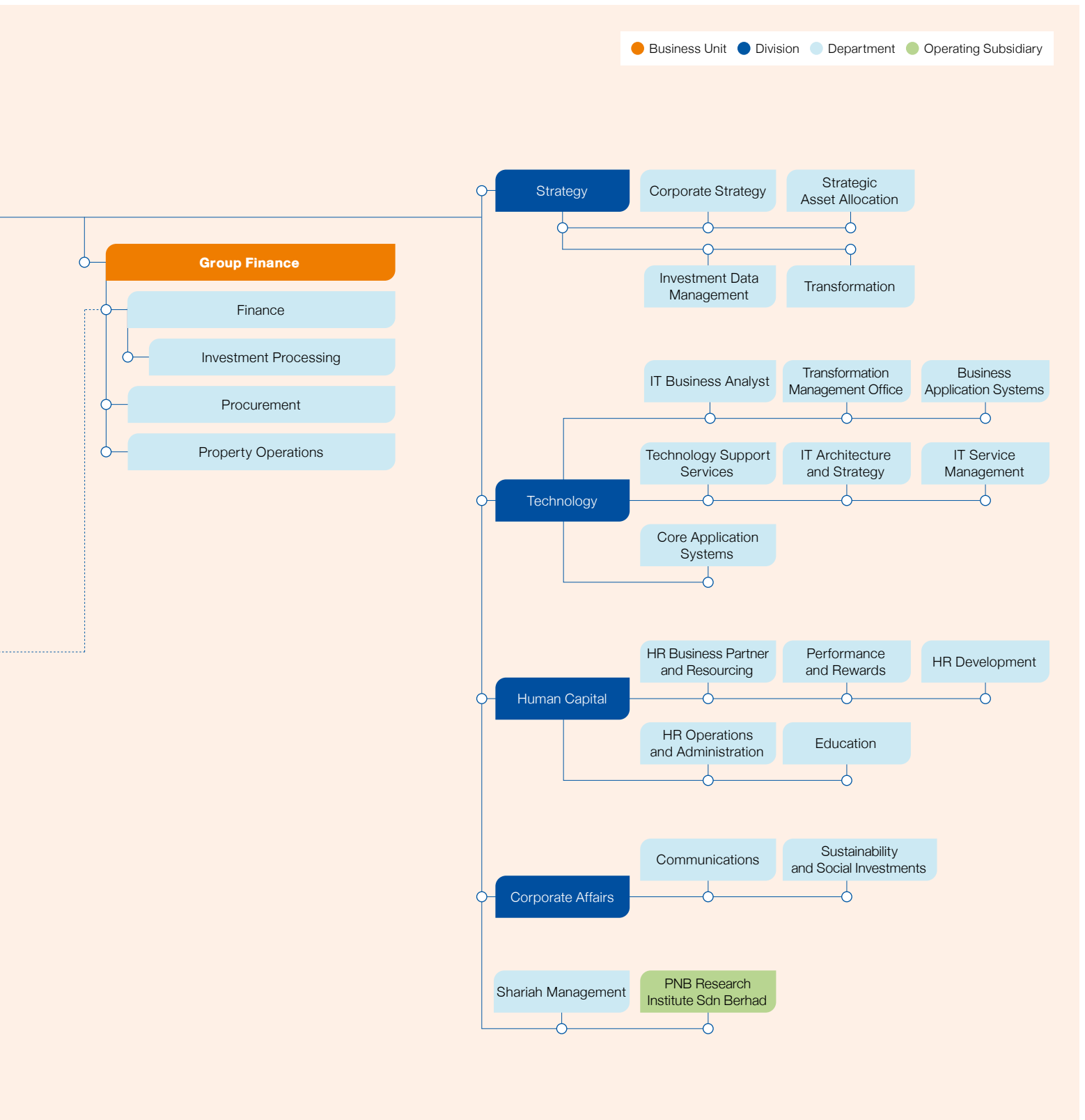
**THE GLOBAL GOALS**  
For Sustainable Development

# ORGANISATIONAL STRUCTURE





# ORGANISATIONAL STRUCTURE



# Trust Built Through Strong Leadership



**Board of Trustees of Yayasan Pelaburan Bumiputra**

**15**

**Board of Directors**

**16**

**Leadership Team**

**20**

## BOARD OF TRUSTEES OF **YAYASAN PELABURAN BUMIPUTRA**



**YAB DATO' SERI ANWAR IBRAHIM**

Chairman of YPB /  
Prime Minister of Malaysia



**YABHG TUN ARIFIN ZAKARIA**

Retired as Group Chairman of PNB with effect from 6 May 2023



**YABHG TAN SRI DATO' SETIA HAJI AMBRIN BUANG**

# BOARD OF DIRECTORS

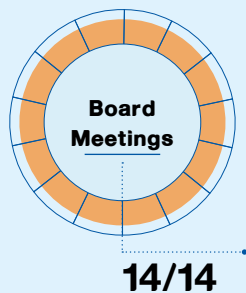


## TUN ARIFIN ZAKARIA

Group Chairman  
 Non-Independent Non-Executive Director  
 Retired as Group Chairman of PNB with effect from 6 May 2023

Gender : **Male**  
 Age : **73**  
 Nationality : **Malaysian**

Date of Appointment:  
**6 May 2021**



### QUALIFICATION

- LLB (Hons) from the University of Sheffield, United Kingdom
- Master of Laws from the University of London, University College, United Kingdom
- Called to the English Bar at Lincoln's Inn
- Honorary Bencher of Lincoln's Inn

### DIRECTORSHIP

- Chairman of Amanah Saham Nasional Berhad and Microlink Solutions Berhad (Vertice Berhad resigned w.e.f. 22 August 2022)
- Trustee of Yayasan Pelaburan Bumiputra
- President of the Inns of Court Malaysia
- Chancellor of Quest International University

### WORKING EXPERIENCE

Tun Arifin Zakaria was appointed as the Group Chairman of PNB on 6 May 2021. Prior to the appointment, Tun Arifin had a long and highly distinguished career in the judicial and legal service. He served as the Chief Justice of Malaysia from November 2011 to April 2017. His illustrious legal career began when he joined the Malaysian Judicial and Legal Service in 1974, before being posted as Federal Counsel in the Advisory Division of the Attorney General's Chambers and later as Magistrate, Session Court Judge, Senior Assistant Registrar and Senior Federal Counsel in the Inland Revenue Department.

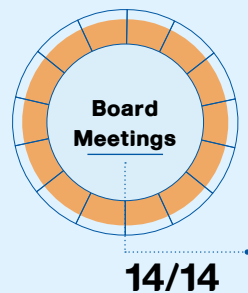


## AHMAD ZULQARNAIN ONN

President & Group Chief Executive  
 Non-Independent Executive Director

Gender : **Male**  
 Age : **51**  
 Nationality : **Malaysian**

Date of Appointment:  
**1 July 2020**



### QUALIFICATION

- Bachelor of Arts (Economics) from Harvard University, USA

### WORKING EXPERIENCE

Ahmad Zulqarnain was appointed as the President & Group Chief Executive and Director of PNB on 1 July 2020. Prior to his appointment, he was the Deputy Managing Director of Khazanah Nasional Berhad. He has also led Khazanah's Financial Institutions Group and Strategic Management Unit during his tenure. Prior to Khazanah, he was the Managing Director/Chief Executive Officer of Danajamin Nasional Berhad between 2009 and 2014, where he established Malaysia's first financial guarantee insurer. He has also held roles in various financial institutions and corporations, including Pengurusan Danaharta Nasional Berhad, the national asset management company established in 1998 as a policy response to the Asian financial crisis.

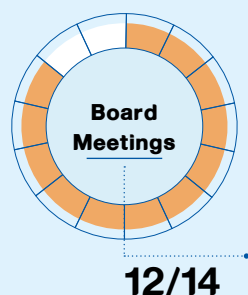
## BOARD OF DIRECTORS



**TAN SRI DATUK ZAINUN ALI**  
Independent Non-Executive Director

Gender : **Female**  
Age : **71**  
Nationality : **Malaysian**

Date of Appointment:  
**1 January 2019**

**QUALIFICATION**

- Master of Laws degree (LLM) (Cantab) from University of Cambridge, United Kingdom
- Bachelor of Laws (LLB) (Hons) from University of Malaya

**DIRECTORSHIP**

- Allianz Malaysia Berhad

**OTHER INFORMATION**

- Member of the United Nations' Advisory Board of the Global Judiciary Integrity Network
- Appointed as Vice Chairman of Enforcement Agency Integrity Commission effective from 1 July 2020
- Judge in the Administrative Tribunal of the Islamic Development Bank (IsDb) Group of Jeddah
- Consultant at Messrs Zain & Co
- Arbitrator registered with the Asian International Arbitration Centre, Kuala Lumpur
- Member of the International Association of Women Judges based in Washington D.C.

**WORKING EXPERIENCE**

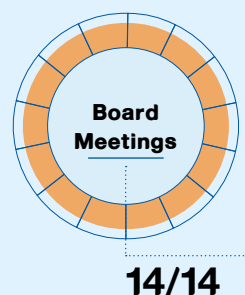
Tan Sri Datuk Zainun was appointed as a member of the Board of Directors of PNB on 1 January 2019, after having served the Government in various capacities in the Legal and Judicial Services since 1976. After her stint as Legal Adviser to Ministries which included her service as the Registrar of Companies and Chief Registrar of the Federal Court, she was elevated to the Bench in 1996 as a High Court Judge. She was subsequently promoted to the Court of Appeal Bench and later reached the apex court in 2012, as a Federal Court Judge.



**DATUK DR. MOHD. YAAKUB HAJI JOHARI**  
Independent Non-Executive Director

Gender : **Male**  
Age : **68**  
Nationality : **Malaysian**

Date of Appointment:  
**1 January 2017**

**QUALIFICATION**

- PhD in Sociology from University of Salford, United Kingdom
- Master of Science (Liberal Studies) from University of Manchester, United Kingdom
- Bachelor of Science (Honours) from University of Sussex, United Kingdom

**WORKING EXPERIENCE**

Datuk Dr. Mohd. Yaakub was appointed as a member of the Board of Directors of PNB on 1 January 2017. He began his career as a part-time lecturer in Political Science at the MARA Institute of Technology and in 1983, he joined the Sabah State Civil Service as an Assistant Director (Research and Consultancy) in the Chief Minister's Department. He was made the Principal Assistant Director (Management Development) in 1984.

He joined the Institute of Development Studies, Sabah (IDS), the State's official think tank as an Associate Director (Social Affairs) in 1985 and later moved up to Deputy Chief Executive/Senior Research Fellow in 1991-1994. He served as the Executive Director/Chief Executive of the IDS for 15 years from 1994-2009 prior to his appointment as the Chief Executive of the Sabah Economic Development and Investment Authority (SEDIA) from 2009-2020. He was the Chairman of IDS effective from 14 December 2020 and had relinquished the position with effect from 30 November 2021. On 1 April 2022, he was appointed as the Chairman of University College Sabah Foundation (UCSF) Board of Governors and Board of Directors.

## BOARD OF DIRECTORS

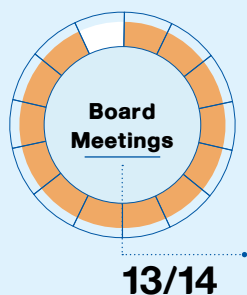


**DATU HAJI SOEDIRMAN HAJI AINI**

Independent Non-Executive Director

Gender : **Male**  
 Age : **67**  
 Nationality : **Malaysian**

Date of Appointment:  
**1 January 2017**



**QUALIFICATION**

- Fellow of the Association of Chartered Certified Accountants (UK)
- Chartered Accountant (Malaysia) of Malaysian Institute of Accountants (MIA)
- Attended Macro Economic Policy and Management Programme at Harvard University

**DIRECTORSHIP**

- Sarawak Plantation Berhad, Amanah Saham Sarawak Berhad, Sara Worldwide Vacations Berhad and Damai Golf & Country Club Berhad

**WORKING EXPERIENCE**

Datu Haji Soedirman Haji Aini, aged 67, was appointed as a member of the Board of Directors of PNB on 1 January 2017. He started his career with Petroliam Nasional Berhad in 1982, and after serving 13 years with the company, he resigned in 1995, to join the Sarawak State Government.

Prior to his retirement from the Sarawak State Government on 31 December 2018, Datu Haji Soedirman held the position of General Manager of Sarawak Economic Development Corporation. His previous employment in the Sarawak Civil Service includes being the Permanent Secretary of the Ministry of Social Development, Director of State Implementation Monitoring Unit, Permanent Secretary of the Ministry of Industrial Development, Deputy State Financial Secretary and State Accountant-General. Between November 2002 and September 2003, he was seconded to Amanah Saham Sarawak Berhad as its Chief Executive Officer. During his tenure of service with the Sarawak State Government, he served on many Boards, including Malaysia Liquefied Natural Gas Tiga and Malaysian Investment Development Authority. He currently sits on the Board of public listed companies and various Government-linked companies and non-government organisations.

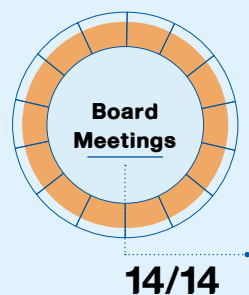


**DATO DR. NIK RAMLAH NIK MAHMOOD**

Independent Non-Executive Director

Gender : **Female**  
 Age : **67**  
 Nationality : **Malaysian**

Date of Appointment:  
**1 January 2019**



**QUALIFICATION**

- PhD in Law from University of London, United Kingdom
- Master of Laws from University of London, United Kingdom
- Bachelor of Laws from University of Malaya

**DIRECTORSHIP**

- United Malacca Berhad, Axiata Group Berhad, Edotco Group Sdn Bhd, Institute for Capital Market Research Malaysia (ICMR), INCEIF University, Perbadanan Insurans Deposit Malaysia and Dialog Axiata PLC

**WORKING EXPERIENCE**

Dato Dr. Nik Ramlah was appointed as a member of the Board of Directors of PNB and Amanah Saham Nasional Berhad on 1 January 2019 and 1 January 2017 respectively. She retired in March 2016 having worked at Securities Commission Malaysia (SC) for almost 23 years holding various positions from Manager for Law Reform to Deputy Chief Executive. Throughout her years in the SC, Dato Dr. Nik Ramlah was directly involved in most areas of capital market development and regulations, providing strategic and legal guidance in product and market development, bond market, fund management, corporate governance and Islamic Finance. Prior to joining the SC, Dato Dr. Nik Ramlah was an Associate Professor at the Faculty of Law, University of Malaya, where she had also served as Deputy Dean.

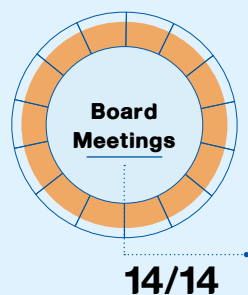
## BOARD OF DIRECTORS

**DATO' JOHAN ARIFFIN**

Independent Non-Executive Director

Gender : **Male**  
 Age : **64**  
 Nationality : **Malaysian**

Date of Appointment:  
**1 January 2019**

**QUALIFICATION**

- MBA (Marketing) from University of Miami, Coral Gables, Florida, USA
- Bachelor of Arts Degree in Economics from Indiana University, Bloomington Indiana, USA

**DIRECTORSHIP**

- Chairman of Pelaburan Hartanah Nasional Berhad (PHNB), Mitraland Group of Companies, Etiqa Insurance Pte Ltd and Etiqa Life Insurance (Cambodia) Plc
- Etiqa Family Takaful Berhad and Maybank Ageas Holdings Berhad

**WORKING EXPERIENCE**

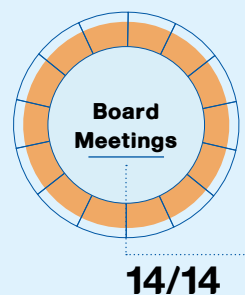
Dato' Johan was appointed to the Board of Directors of PNB on 1 January 2019. He started his career in the real estate division of Citibank. Thereafter, he held various senior positions in several subsidiaries of public listed companies before venturing into his own successful marketing and advertising consultancy and property development business. He then headed Danaharta's Property Division as Senior General Manager before moving on to head TTDI Development Sdn Bhd up to January 2009. He also served on the Board of Malayan Banking Berhad for nine years up to April 2018, and Sime Darby Property Berhad until June 2020. He was the Chairman of Battersea Project Holding Company Limited from September 2015 to September 2018.

**DATIN NORAZAH MOHAMED RAZALI**

Independent Non-Executive Director

Gender : **Female**  
 Age : **53**  
 Nationality : **Malaysian**

Date of Appointment:  
**6 May 2021**

**QUALIFICATION**

- Master of Business Administration in Management, Imperial College Business School, University of London, United Kingdom
- Bachelor of Laws (LLB) (Hons), International Islamic University Malaysia
- Diploma in Management, Imperial College, United Kingdom

**DIRECTORSHIP**

- Independent Non-Executive Director of Sime Darby Property Berhad and MISC Berhad

**OTHER INFORMATION**

- Qualified as an Advocate and Solicitor of the High Court of Malaya
- Having been called to the Malaysian Bar in 1994.

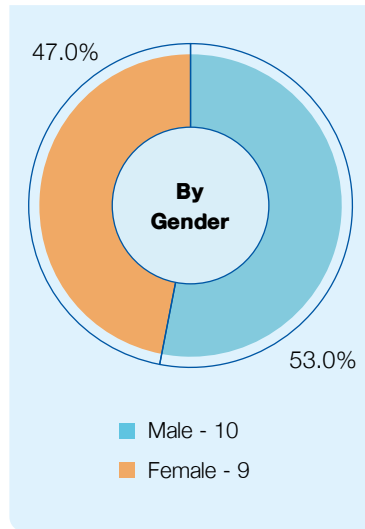
**WORKING EXPERIENCE**

Datin Norazah was appointed as a member of the Board of Directors of PNB on 6 May 2021. She began her career with Messrs. Sidek, Teoh, Wong & Dennis as a solicitor in 1994. After obtaining her MBA in the United Kingdom, she returned to Southeast Asia and joined the management consulting firm of Booz, Allen & Hamilton in Singapore. She then joined the Boston Consulting Group (BCG) in 2000 as a consultant based in Kuala Lumpur. At BCG, Datin Norazah was promoted to Principal in 2007. Just prior to that, she assumed the role of Project Leader as well as alternating as the Asia Pacific Recruiting Head.

She was elected as Partner and Managing Director of BCG in 2010 as well as a member of its Executive Leadership team for Southeast Asia. As a Partner, she undertook a range of leadership roles within the firm including, leading BCG Malaysia from 2011 to 2014 and the Public Sector Practice in Malaysia from 2012 to 2017.

While no longer a Partner and Managing Director at BCG, Datin Norazah remains as a Senior Advisor (Public Sector Practice, BCG Malaysia), a role she took on from August 2017. She has more than 20 years of experience advising and working with private and public sector organisations on growth and transformation, restructuring as well as talent development.

# LEADERSHIP TEAM



**1**

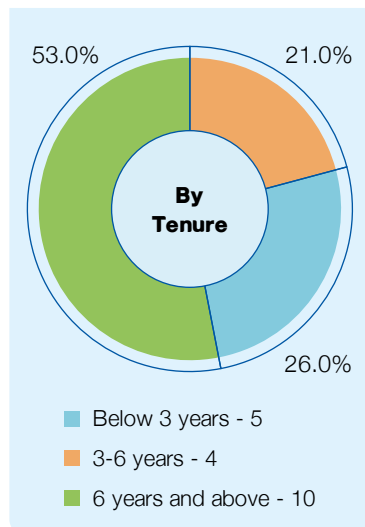
**AHMAD ZULQARNAIN ONN**  
President & Group Chief Executive

**2**

**DATO' MOHD NIZAM ZAINORDIN**  
Deputy President & Group Chief Financial Officer

**3**

**HANIZAN HOOD**  
Chief Investment Officer, Public Markets



**8**

**MOHD IRWAN AHMAD MUSTAFA**  
Group Head, Private Markets

**9**

**FADZIHAN ABBAS MOHAMED RAMLEE**  
Chief Strategy Officer

**10**

**NORHANIFAH A. JALIL**  
Chief Human Resource Officer

# DELIVERING OUR STRATEGY, DRIVING PERFORMANCE

**15**

**HARTINI ZAINAL ABIDIN**  
Group Head, Company Secretary and Legal



## LEADERSHIP TEAM



**4**  
**RICK RAMLI**  
Chief Investment Officer,  
Private and Strategic Investments



**5**  
**MUZZAFFAR OTHMAN**  
Chief Executive Officer &  
Executive Director, ASNB



**6**  
**SHAHIN FAROUQUE JAMMAL AHMAD**  
Group Head, Strategic Investments



**7**  
**MOHAMAD IDROS MOSIN**  
Group Head, Real Estate



**11**  
**ROSE ANITA JALIL**  
Head, Fund Management



**12**  
**NURHALINI AZLY MINHAT**  
Head, PNB Proprietary



**13**  
**SUZANA AHMAD**  
Chief Risk Officer



**14**  
**NIMMI KAMAL**  
Group Head, Corporate Affairs



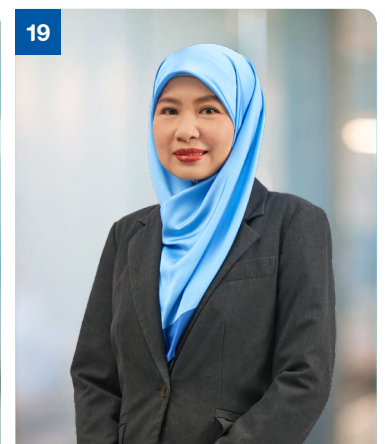
**16**  
**FAIRUZ SUZANA HJ KAMARUDDIN**  
Group Head, Compliance and Integrity



**17**  
**NORAMLY BACHOK ABDUL AZIZ**  
Group Head, Internal Assurance



**18**  
**DR. AHMAD BASRI IBRAHIM**  
Head, Shariah Management



**19**  
**AISHAH FARHA MOHD RAIH**  
Chief Information Security Officer

## LEADERSHIP TEAM

### 1 Ahmad Zulqarnain Onn

President & Group Chief Executive

Steers the overall investment, financial, operational and strategic direction of PNB to ensure business growth and sustainability in achieving the mandate of enhancing the economic wealth of the Bumiputera community and all Malaysians. Ensures implementation of the company's vision and mission to safeguard the long-term interests of unitholders, shareholders, employees and other stakeholders.

### 2 Dato' Mohd Nizam Zainordin

Deputy President &  
Group Chief Financial Officer

Leads and directs PNB's financial planning, budgeting, reporting and recovery processes, in addition to overseeing all procurement policies and processes towards ensuring PNB possesses the financial strength and sustainability to execute the company's Strategic Plan and overall business operations.

### 3 Hanizan Hood

Chief Investment Officer, Public Markets

As the Designated Fund Manager, has overall responsibility for the fund management function of the unit trust funds under PNB's management. Spearheads the management of the domestic and global public equity, fixed income and cash asset classes for PNB and the funds. Leads and oversees end-to-end investment functions, including economic and investment research, portfolio management, execution, hedging, treasury, operations and oversight, as well as project management.

### 4 Rick Ramli

Chief Investment Officer,  
Private and Strategic Investments

Spearheads overall investment and operational activities within four key areas namely Strategic Investments, Investment Stewardship, Real Estate and Private Markets investments. Main responsibility includes leading overall engagement with PNB's Strategic and Core Companies, whilst steering all investment decisions for sub-asset classes under Real Estate and Private Markets portfolios to achieve their intended long-term investment objectives.

### 5 Muzzaffar Othman

Chief Executive Officer &  
Executive Director, ASNB

Leads ASNB in developing and executing overall business strategy to mobilise savings of Bumiputera community and Malaysians that enable the sharing of corporate wealth to unitholders. This is undertaken through comprehensive product and service offerings as well as an extensive range of channels throughout the country that aim to increase the reach of ASNB's products and services and enhance the experience of unitholders.

### 6 Shahin Farouque Jammal Ahmad

Group Head, Strategic Investments

Leads engagement with PNB's Strategic and Core Companies in relation to the formulation and execution of value creation plans including transactional, operational and organisational initiatives with a view to further strengthen their overall performance and enhance sustainability of returns for PNB's stakeholders.

### 7 Mohamad Idros Mosin

Group Head, Real Estate

Leads and oversees PNB's real estate investments and operations, which include land banking activities, developments projects, investment properties, hospitality, turnaround assets in the country, as well as in international property and real estate funds.

### 8 Mohd Irwan Ahmad Mustafa

Group Head, Private Markets

Leads and manages all PNB's Private Markets and infrastructure investments under structured Private Investment Framework and Infrastructure Investment Framework, which enables effective and consistent deployment into these asset classes through direct investments and global fund investments.

### 9 Fadzihan Abbas Mohamed Ramlee

Chief Strategy Officer

Leads the development of PNB's Strategic Plan as well as monitors its execution to ensure the organisation maintains its strategic focus. Also leads the Strategic Asset Allocation and Transformation functions, which are responsible for overseeing PNB's overall long-term asset allocation, performance evaluation and aligning key management processes to strategy.

### 10 Norhanifah A. Jalil

Chief Human Resource Officer

Spearheads development of PNB's Human Capital strategies and drives the implementation of Human Capital frameworks aimed at growing talent and delivering competencies. Ensures a continuous flow of talent that supports PNB's leadership agenda through scholarship programmes and talent management frameworks. Leads culture initiatives to further develop a high performance workforce in PNB.

## LEADERSHIP TEAM

### 11 **Rose Anita Jali** Head, Fund Management

Leads the management of the investment portfolios of the unit trust funds, comprising multi-asset fixed-price and variable-price funds. Responsible for developing and executing asset allocation plans and investment strategies in order to deliver the funds' objectives and mandates, including overseeing public equity external fund managers and working closely with asset class managers, as well as managing the funds' investments within established risk parameters.

### 12 **Nurhalini Azly Minhat** Head, PNB Proprietary

Leads the PNB Proprietary Fund's overall integrated asset-liability strategy, in close collaboration with Strategy and other asset class managers. Directly oversees the management of the Proprietary Fund's public equity, fixed income and money market portfolios. Responsible for PNB's treasury function, encompassing the management of PNB's liquidity and funding requirements across multiple asset classes.

### 13 **Suzana Ahmad** Chief Risk Officer

Leads the implementation of a sound Enterprise Risk Management (ERM) across PNB Group. This is accomplished by formulating a coherent risk appetite and infrastructure to support risk management strategies, planning and developing a system of prevention and recovery from potential threats, as well as reporting on Enterprise-wide risk management issues to support effective decision-making and risk oversight.

### 14 **Nimmi Kamal** Group Head, Corporate Affairs

In charge of uniting the organisation's strategic communications, sustainability efforts and social investments. As the custodian of PNB's corporate brand, she upholds its reputation as a distinctive world-class investment house and drives the formulation and execution of its branding initiatives. Further, she leads the change of the organisation's ESG Enterprise practices, collaborating and integrating as the organisation progresses towards a Net Zero Future.

### 15 **Hartini Zainal Abidin** Group Head, Company Secretary and Legal

Spearheads and oversees the provision of legal advisory function in addressing legal issues and risks of the business units within PNB Group. Also, leads PNB Group's corporate secretarial functions in providing adequate support to the Board and its Committees for all Board-related administrative and governance matters.

### 16 **Fairuz Suzana Hj Kamaruddin** Group Head, Compliance and Integrity

Leads the Compliance and Integrity Division and assumes the key responsibility in planning and executing the Compliance and Integrity Programme for the PNB Group in ensuring full compliance with all relevant regulatory requirements, internal policies and procedures in business operations while maintaining good corporate governance and highest ethical standards.

### 17 **Noramly Bachok Abdul Aziz** Group Head, Internal Assurance

Leads the internal audit function to provide independent and objective assurance and consulting activity, by assessing the adequacy, efficiency and effectiveness of governance processes, risk management, internal controls and quality management systems within the PNB Group.

### 18 **Dr. Ahmad Basri Ibrahim** Head, Shariah Management

Leads the Shariah Management Department which assumes the role of Secretariat to PNB's Shariah Advisory Committee, and manages all Islamic finance and Shariah related matters within the PNB Group as well as undertakes initiatives to further enhance the Shariah compliance of ASN's unit trust products.

### 19 **Aishah Farha Mohd Raih** Chief Information Security Officer

Spearheads the overall information and cyber security strategy, programme, and function. Oversees identification, development, implementation, and maintenance of policies, processes, or controls across the organisation to reduce IT risks in alignment with business objectives. Leads the security management of information assets and technology for safeguarding the data of our unitholders, stakeholders, and employees.

# Strategic Review



Message from the Group Chairman

25

The President & Group Chief Executive's Review

30

## MESSAGE FROM THE GROUP CHAIRMAN

Dear Unitholders,

In what has been an incredibly challenging year marked by possibly the most difficult market conditions that the Group has ever faced, I am pleased to report that PNB has stayed the course in delivering our mandate to enhance the wealth of the Bumiputera community and all Malaysians. This year, we continued to deliver reasonable returns to our unitholders by successfully navigating through uncertain market conditions with sound strategies. In addition, we advanced a range of initiatives to enhance the overall resilience, governance and sustainability of the Group.

Tun Arifin Zakaria  
Group Chairman



# PROGRESSING WITH PURPOSE

**This year, we aim to showcase a comprehensive overview of our progress, challenges and opportunities, highlighting our commitment to value creation. To this end, we have adopted the Integrated Reporting Framework and embarked on a journey towards transparency and accountability. I am honoured to present PNB's inaugural Integrated Annual Report for the year 2022, which details our value creation efforts and our performance in both financial and non-financial contexts, as we endeavour to continue generating positive returns for our unitholders.**

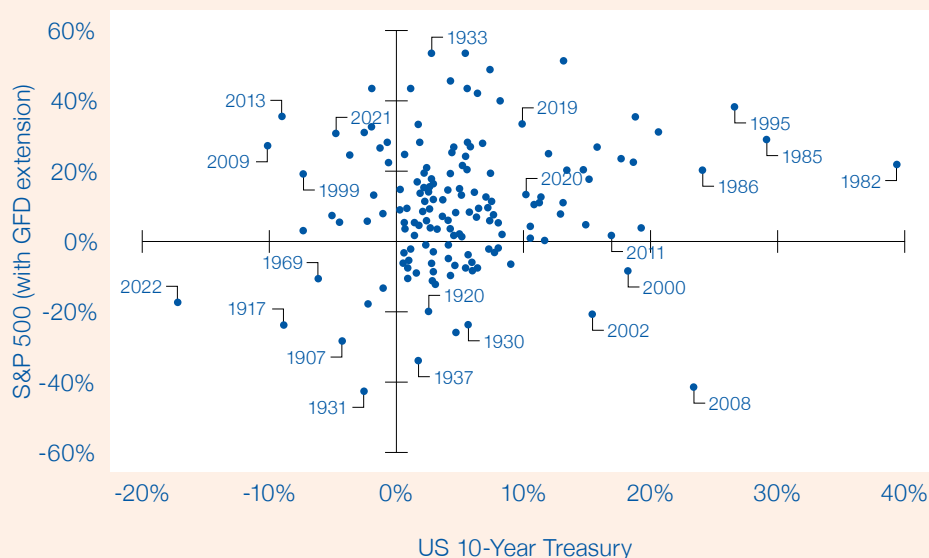
### Market Overview

The year 2022 presented unprecedented challenges for PNB, even in light of the numerous financial crises we have faced since our establishment in 1978. From Black Monday in 1987 to the 1997-1998 Asian financial crisis and 2008-2009 global financial crisis, we have endured our fair share of market volatility. However, the year 2022 saw a rare occurrence, with both the bond and equity markets declining, something that has only happened seven times since record-keeping began in 1872, with the last instance occurring more than half a century ago.

## MESSAGE FROM THE GROUP CHAIRMAN

**In fact, the magnitude of the declines seen in 2022 was the worst on record, highlighting the gravity of the situation.**

**Figure 1:** Annual total return performance of the S&P 500 and US 10-Year Treasury since 1872



Source: GFD, Deutsche Bank

The COVID-19 pandemic sowed the seeds of this rare financial event. The initial response to the pandemic included ultra-loose monetary policy and a significant fiscal injection, but this approach backfired in 2022 as COVID-19 began to recede, and consumer demand surged, driving global inflation rates to multi-decade highs. Supply bottlenecks and the ongoing conflict between Russia and Ukraine further intensified inflationary pressures.

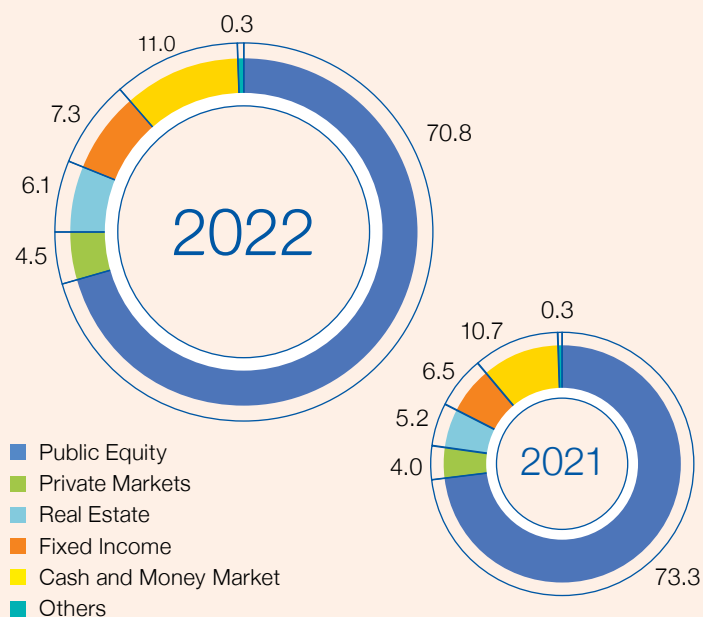
To combat the escalating inflation, the major central banks, including the Federal Reserve, European Central Bank and Bank of England, responded with rapid interest rate hikes. Unfortunately, this led to sharp declines in the value of bonds and stocks, and borrowing costs for corporations surged, compounding the financial turbulence. Additionally, foreign exchange markets experienced extreme volatility, with the Malaysian Ringgit hitting an all-time low against the US Dollar in November 2022.

### DELIVERING ON OUR STRATEGY

Despite the unprecedented market environment, the PNB Group was able to generate positive returns for its unitholders as we directed our efforts and resources to implementing the Group's Focus 4 strategy. As this report will outline in greater detail, each of these strategies has been instrumental in enabling PNB to navigate the turbulence of 2022 and has provided the solid foundations for us to be more resilient going forward.

On that note, I would like to use this opportunity to quickly recap our progress under the four strategies during the past year. Firstly, our diversification efforts were slightly impeded due to the weakened Malaysian Ringgit and while this has seen us taking a more cautious approach towards our investments going forward, we are already seeing meaningful progress thus far. For instance, PNB's international investments now form 19.2% of the portfolio in 2022 as compared to 17.0% in 2021, while investments in real estate have increased to 6.1% in 2022 from 5.2% in 2021. We also continue to review our Strategic Asset Allocation Framework to ensure our asset allocation is relevant and consistent with our risk appetite amid a constantly evolving marketplace.

### PNB GROUP ASSET ALLOCATION BY ASSET CLASS (%)



## MESSAGE FROM THE GROUP CHAIRMAN

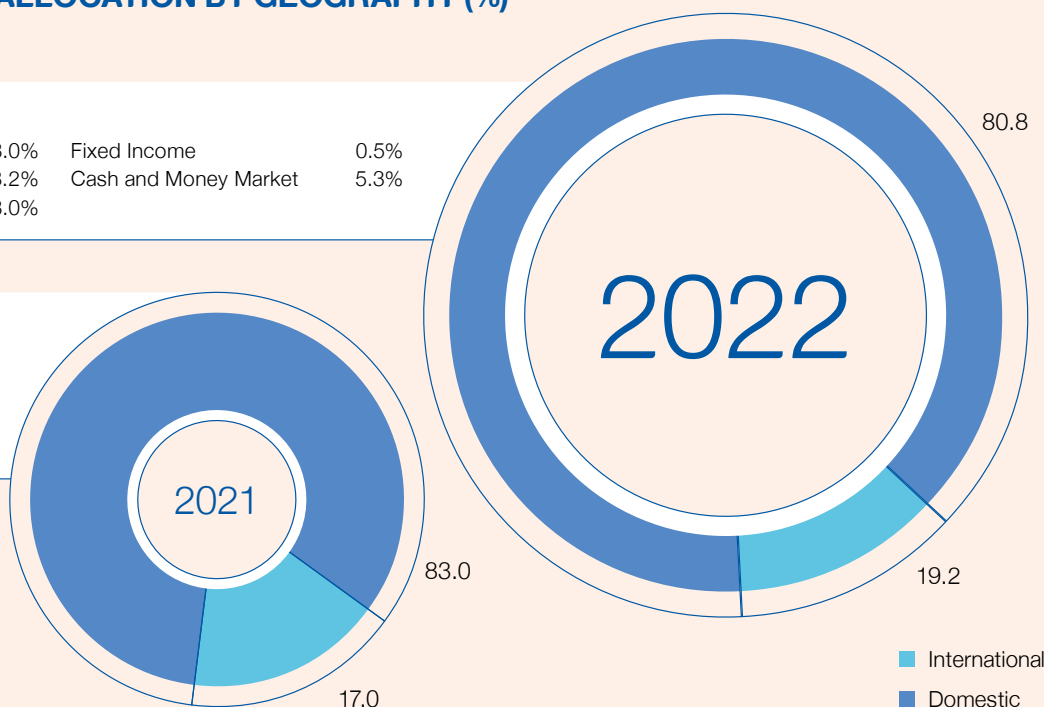
### PNB GROUP ASSET ALLOCATION BY GEOGRAPHY (%)

#### International

Public Equity	63.0%	Fixed Income	0.5%
Real Estate	18.2%	Cash and Money Market	5.3%
Private Markets	13.0%		

#### International

Public Equity	69.2%
Real Estate	16.4%
Private Markets	11.4%
Cash and Money Market	3.0%



Secondly, we have made significant strides in strengthening our risk management through a range of initiatives that include leveraging digitalisation to implement monitoring and reporting systems that enable us to handle risk proactively and effectively. Thirdly, our organisational transformation efforts have progressed well with the formation of special business units and the successful implementation of a new IT core system for ASNB and sustained efforts to develop talent within the Bumiputera community.

Lastly and most significantly, we have reaffirmed our commitment to value creation by reinforcing our role as the chief steward of our strategic and core companies. While the dividends we have garnered from these investments have been steadily rising, we believe that there is considerable potential to obtain better outcomes not only in terms of financial performance, but also in the non-financial context. We are driving this effort through two main platforms, the first being our Sustainability Framework and the second being our Investment Stewardship Division, both of which were established in 2022.



## Lebih pilihan untuk Akaun Pembiayaan!



## MESSAGE FROM THE GROUP CHAIRMAN

### STEWARDSHIP THROUGH BETTER SUSTAINABILITY PRACTICES

The ability of any business to create value over a sustained period is intrinsically linked to the sustainability of its business practices. At PNB, we recognise that the corporate landscape has evolved to a point where ESG performance has become as crucial as financial performance. In some instances, the focus on ESG has become the core priority of organisations, especially where their business activities have a significant impact on the environment. Given the unique space that we occupy in Corporate Malaysia, we are ideally positioned to not only drive better ESG performance among our investee companies, but to also take a stewardship role while doing so.

The establishment of PNB's Sustainability Framework in April 2022 with its 10 ESG commitments was a significant milestone for the Group. This framework not only demonstrates our dedication to responsible and sustainable business practices, but also highlights our role in driving positive change across the corporate landscape. Besides outlining our path towards achieving net zero GHG emissions at both the Enterprise and Portfolio level, we aim to positively influence labour policies and enhance governance in our investee companies. We believe that value creation and value preservation can also be strengthened by ensuring that our investee companies themselves have robust governance structures.

 Refer to Sustainability Commitments section.

Ultimately, the Sustainability Framework is poised to deliver benefits not just for our stakeholders, but also for the broader market and the nation. By instilling best practices across all our subsidiaries and associates, we aim to act as custodian, facilitator and value creation partner to our stakeholders. Nevertheless, we also recognise that there is always more to learn, and we actively seek out opportunities to expand our knowledge by engaging with practitioners around the world. By remaining open and receptive to new ideas and approaches, we can ensure that we continue to make progress and stay at the forefront of sustainable business practices.

We recognise that some of our investee companies may be further along in their sustainability journeys, and we believe that by fostering collaboration and knowledge-sharing among them, we can accelerate progress towards our collective goals. To this end, we established a 'community of practice' comprising Chief Sustainability Officers from our 12 strategic and core companies to exchange knowledge and best practices. This platform served as a collaborative space for companies to exchange best practices and practical lessons of integrating sustainability into their operations. In addition, we facilitated knowledge-sharing sessions focused on the voluntary carbon market. These sessions provided an opportunity for companies to gain a deeper understanding about carbon credits and Bursa Malaysia's efforts in launching a carbon exchange.

### STEWARDSHIP THROUGH BETTER GOVERNANCE

Recognising the diverse stakeholders and the intricacy of managing investments in a large portfolio of companies, we established our Investment Stewardship Division. This division, among others, plays a critical role in aligning interests and promoting sustainable long-term value creation. Our strategic and core companies, which constitute the largest component of

our investment portfolio, present the greatest potential for growth and, at the same time, carry the greatest risks.

To further enhance our ability to obtain positive outcomes from our investments, we have introduced the Stewardship Framework, which positions PNB as an active and engaged participant in enhancing the value creation process of our investee companies. While the Stewardship Framework focuses on four main areas, we believe that governance is the most critical aspect, as it is the foundation of all value creation activities. With a focus on good governance, we aim to drive better decision-making processes, foster ethical business practices and promote accountability among our investee companies.

PNB recognises the importance of governance as a key driver of value creation and therefore places great emphasis on ensuring transparency in voting and effective board leadership among our investee companies. We have made significant strides in 2022, developing an internal framework for evaluating the directors, chief executives and mission-critical employees of our investee companies. We prioritise evaluating the effectiveness of a board in terms of its composition, dynamics and skillsets, and intend to expand our assessments to include chairpersons going forward.

 Refer to Transparency in Voting Commitment for more details.

### STEWARDSHIP FRAMEWORK

Long-term Steward

Clear expectations and KPIs

Remuneration aligned with KPIs

Disciplined capital allocation

Accountability through transparency

Co-Investor engagements

Advocacy on behalf of investees

Complementary expertise

Platform for cross-pollination

Value-adding partner or investor



High Performance Expectations



Value-Adding Partner

Leading Investment Stewardship

ESG-focused



## MESSAGE FROM THE GROUP CHAIRMAN

As one of the largest institutional investors in Malaysia, PNB recognises our unique position in influencing positive change in the investment ecosystem. We aim to promote greater transparency and disclosure among our investee companies, starting with our own commitment to publishing our voting decisions at least five days prior to an annual general meeting. By doing so, we hope to encourage open dialogue and constructive engagement with investee companies, and provide ample time for shareholders to consider and understand any proposed resolutions.

 Refer to Triple Bottom Line Stewardship Model Commitment for more details.

### OUTLOOK

The global economy is expected to face yet another challenging year in 2023, marked by interest rate hikes that have exposed the fragility of the banking system. In March 2023, the Silicon Valley Bank (SVB) failed following a disastrous bank run, and two other American banks, Silvergate Bank and Signature Bank, with significant exposures to cryptocurrency, also collapsed. The biggest shock was the fall of Credit Suisse, a designated Globally Systemically Important Bank (G-SIB), which was entirely acquired by its larger rival, UBS.

The International Monetary Fund (IMF) predicts slower growth of 2.8% for the world economy in 2023, compared to 3.4% in 2022, with the slowdown more pronounced in advanced economies, which are expected to grow by a mere 1.3% in 2023, down from 2.7% in 2022. Despite central banks worldwide hoping to engineer a soft landing

and curb inflation without economic decline, history suggests caution and prudence. On the geopolitical front, the conflict between Russia and Ukraine remains unresolved, and tensions between the US and China persist, particularly over issues related to Taiwan. These factors could potentially lead to increased volatility in the financial markets.

In this highly uncertain environment, PNB remains vigilant and steadfast in serving our unitholders. As long-term investors, we are committed to seizing opportunities that arise during financial crises. With our strengthened risk management capabilities, we are confident in minimising any downside impact on our investment, while continuing to provide sustainable and competitive returns for our unitholders.

### ACKNOWLEDGEMENTS

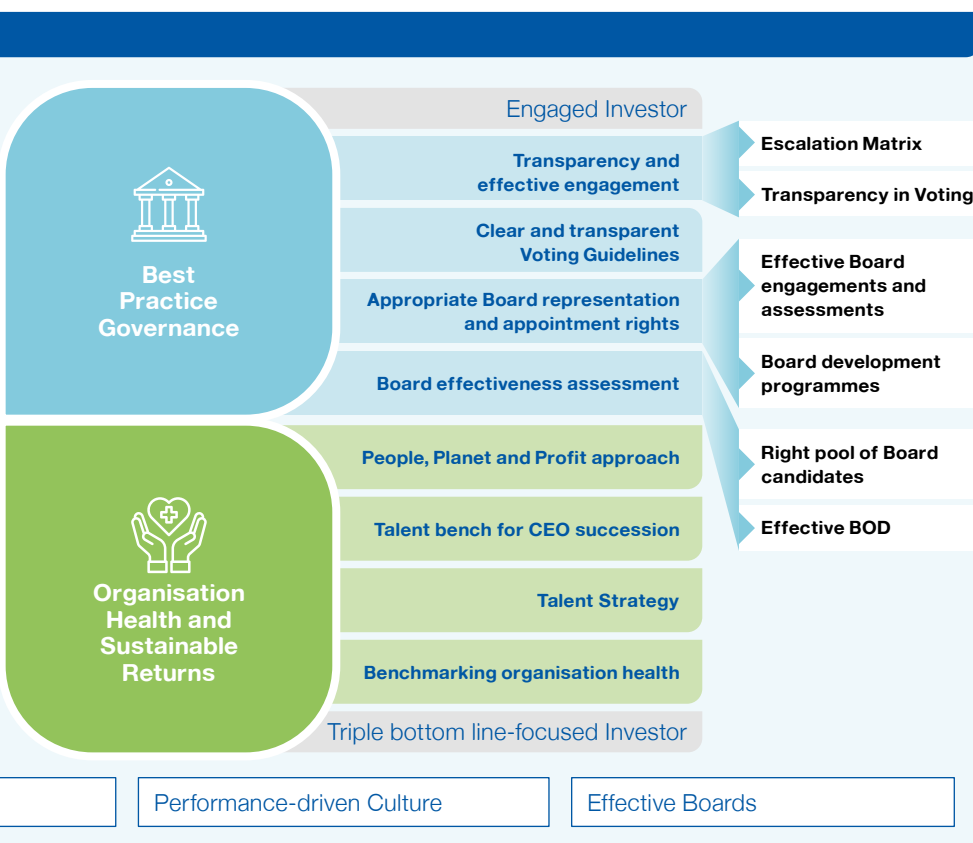
I would like to express my heartfelt gratitude to the entire PNB team for their unwavering dedication and commitment, especially during these challenging times. Despite facing numerous challenges, the Directors, senior management and employees have displayed remarkable resilience and remained focused on serving our unitholders.

We are determined to uphold our commitment to serving our unitholders and striving for the best possible outcomes despite the challenges we may face. We acknowledge that there may be obstacles along the way, but we are resolute in our pursuit of excellence and will persevere in delivering our best efforts.

I also want to take this opportunity to express my utmost appreciation to our unitholders for placing their trust in PNB and for their steadfast support during these difficult times. Your confidence in us is a humbling reminder of our responsibility to work tirelessly to meet your expectations and to continue earning your trust.

Lastly, I would like to inform all stakeholders that my tenure as Group Chairman has ended with effect from 6 May 2023. I would like to warmly welcome YM Raja Tan Sri Dato' Seri Arshad and wish him all the best as he takes over the reins in a challenging operating environment.

**Tun Arifin Zakaria**  
Group Chairman



## THE PRESIDENT & GROUP CHIEF EXECUTIVE'S REVIEW

Dear Unitholders,

The year 2022 was the third year of the COVID-19 pandemic. It has been both an unexpected and remarkable year, as the pendulum swung from optimism of a world re-opening from COVID-19 restrictions to a year where inflation and risks of recession were high on investors' minds.

Ahmad Zulqarnain Onn  
President & Group Chief Executive



# CREATING VALUE AND DELIVERING RESULTS

**The world started the year with a positive outlook as governments all over the world began to remove restrictions on movement and travel. In Malaysia, the economy was fully reopened on 1 April 2022 when international border restrictions were lifted and many of the pandemic era rules and restrictions were removed. The prospect of stronger economic and trade activity boded well for the economy. While the country delivered on this by recording Gross Domestic Product (GDP) growth of 8.7% in 2022, its fastest pace of growth since 2000, there were other factors in play that impacted the capital markets and asset prices.**

After 14 years of low to zero interest rates and supply shocks from the Russia-Ukraine war, inflation finally reared its ugly head. Central banks around the world began to aggressively raise interest rates. The pace and magnitude of interest rate hikes led to one of the worst annual performances for both bonds and equity markets.

## THE PRESIDENT & GROUP CHIEF EXECUTIVE'S REVIEW

Amidst a very challenging 2022, I am pleased to report that Warga PNB rose to the challenge, and we were able to successfully navigate these choppy waters and ensured that income distribution to our unitholders remained competitive. I would like to commend the efforts of the team who worked hard to achieve our targets as we became nimbler and more proactive, while exercising prudence in line with the market environment.

The year also brought our Focus 4 strategy to a close, allowing us the opportunity to look back at what we have achieved. Through Focus 4, we have distributed more than RM35 billion in income between 2020 to 2022, by carefully implementing our strategies of diversification, value creation, risk management and organisational transformation. We have also made significant headway in our sustainability journey with the launch of our Sustainability Framework. We made good progress in the 10 ESG commitments outlined in this framework, which I will describe in further detail in this statement.

In addition, we have delivered operational improvements to better serve our unitholders, expanded our product offerings with the launch of a sukuk unit trust fund and continued reaching out to Malaysians in the area of financial and sustainability literacy.

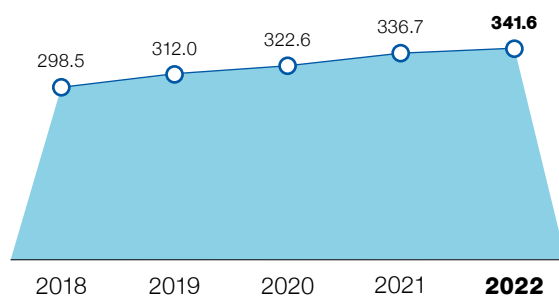
 For further information on our Focus 4 achievements, please turn to pages 46 to 47.



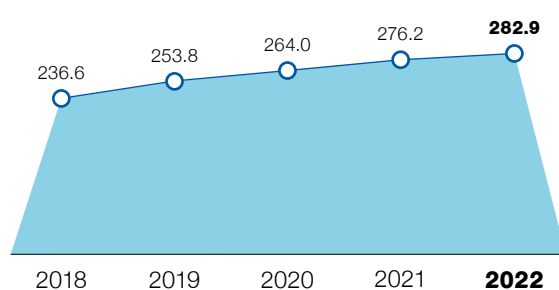
### FUND PERFORMANCE

Our assets under management (AUM) continue to grow, reflecting the faith that unitholders have in our investment and stewardship capabilities. Units in circulation (UIC) for all funds grew to 282.9 billion units while the number of new accounts increased by 400,000 to 15.2 million accounts.

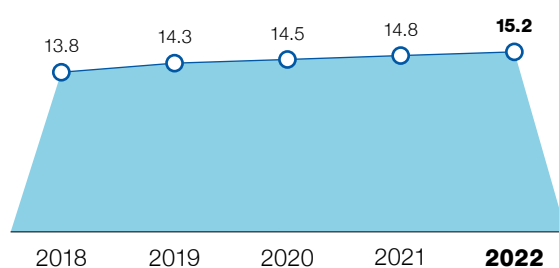
**AUM (RM billion)**



**UIC (bil units)**



**No. of accounts (mil)**



## THE PRESIDENT & GROUP CHIEF EXECUTIVE'S REVIEW

### KEY ACCOMPLISHMENTS IN 2022

I am pleased to report that this year, we made substantial progress in building a more resilient organisation.

### OUR SUSTAINABILITY FRAMEWORK

We launched the PNB Sustainability Framework in April 2022, which represents our guiding beliefs and ambitions surrounding the ESG agenda. We laid out 10 commitments, clearly articulating what we believe will help drive the decarbonisation of our business and portfolio, with ESG-aligned investments serving as the foundation for long-term sustainable and competitive returns. Due to our unique position as one of the largest institutional investors in Malaysia, this framework is groundbreaking as it is designed to influence the strategies of our investee companies, with the objective of aligning them with our sustainability ambitions. Since the launch, we have made very good progress in embedding sustainability in all facets of our business and investment processes.

#### Environment

It is widely recognised that climate change is one of the most pressing issues the world faces today. We have conducted a comprehensive GHG emissions baselining exercise covering scopes 1, 2 and 3, to establish a baseline: our portfolio emissions are estimated to be 11.8 million tCO<sub>2</sub>e while our enterprise emissions is 27,495 tCO<sub>2</sub>e. Using the 2022 estimate as the baseline, we will be able to attribute and monitor our GHG emissions annually against the baseline, an integral component in our journey to net zero.

PNB was also a pioneer participant and bidder in Bursa Carbon Exchange's inaugural carbon credit auction, demonstrating our support for the development of the domestic voluntary carbon market. We have begun incorporating emissions considerations in our procurement process, starting with purchasing of renewable energy via the Green Electricity Tariff (GET) offered by Tenaga Nasional Berhad (TNB).

In this inaugural Integrated Annual Report, we have adopted the Task Force of Climate-Related Financial Disclosures (TCFD) framework, which will enhance our disclosures on climate-related financial information and inform our stakeholders on climate governance, risks and opportunities. Over time, this will enable us to identify any gaps in our climate action plans and bolster our climate resilience.

#### Social

We developed and published PNB's Labour Rights Policy which defines our expectations on key labour rights issues such as fair wages and benefits, diversity and inclusion as well as safety and health. Considering our diversified investment portfolio, we believe that this policy will encourage improved business conduct and labour relations across our investee companies.

We have committed, as we have for the past four decades, to balance our profitability with social responsibility by contributing to society, particularly through education programmes. We continue to invest in the leaders of tomorrow through our scholarship programmes, and we have contributed RM392.9 million to 5,539 students since 1996. This



## THE PRESIDENT & GROUP CHIEF EXECUTIVE'S REVIEW

year, we contributed more than RM13 million to various community improvement projects such as the upgrading of the Port Dickson Hospital's hemodialysis unit and providing grants to projects that support and enhance the community surrounding Merdeka 118.

### Governance

We have adopted a triple bottom line stewardship model to ensure that value creation activities of our investee companies are aligned with PNB's goals and aspirations. We enhanced our engagement with our investee companies by increasing the transparency of our votes at company general meetings, which is now searchable on our website. We have also started to publish our intended votes ahead of general meetings, to allow companies to understand our position on resolutions being tabled and for the investment community, PNB's position on matters being deliberated. We are the first Malaysian institution to adopt this practice.

### DELIVERING OPERATIONAL EXCELLENCE

Two years ago, our team embarked on an ambitious upgrade of our core system that serves our 12 million unitholders and powers thousands of daily transactions across our channels. We have successfully completed and delivered this upgrade in 2022. It was a mammoth undertaking, involving 261 personnel across PNB and ASNB and the migration of 12 million unitholder profiles and 308 million transaction records. This upgrade enables our customers and agents to enjoy faster transaction processing times, while providing us with operational efficiencies, improved processing time and seamless integration between current and future digital channels.

We are extremely pleased that careful and early planning, close project monitoring and the team's sheer determination has led to the successful "go-live" status in June 2022.

### DRIVING FINANCIAL AND SUSTAINABILITY LITERACY

Minggu Saham Amanah Malaysia (MSAM), our flagship financial literacy event, returned to its original, in-person format after two years of conducting it digitally. MSAM showcases our role in nation building, by empowering Malaysians to make sound decisions in their personal financial management and providing greater access to financial knowledge through various physical and digital channels.

Held in Port Dickson, Negeri Sembilan from 24 to 30 November 2022, with the theme "Responsible Investment towards a Net Zero Future", PNB collaborated with 50 exhibitors who offered edutainment and engaging programmes. The event was a success, attracting over 143,600 visitors, which would not have been possible without the active participation and dedicated support of our group of companies.

We also launched various initiatives with ASNB to promote financial literacy, mobilise savings and contribute to the nation's economic growth. These included 'Sembang-Sembang ASNB' which educated employees, students and the public on financial management via webinars, physical seminars and talk shows. Our quiz show 'Kuiz Pelaburan PNB 2022' garnered over 313,514 participants nationwide while 'Fiesta Labor PNB @ Home' shared knowledge on topics related to investment and financial management. Kelab Pelaburan Bijak PNB (KPBPNB) focused on cultivating good saving habits among students in 155 secondary schools while 'Ramah Mesra ASNB' engaged the community by providing financial advice and raising awareness on ASNB's services.



## THE PRESIDENT & GROUP CHIEF EXECUTIVE'S REVIEW

### LAUNCH OF ASN SUKUK

We introduced ASN Sukuk, our first sukuk fund, in line with our efforts to expand our product offerings to cater the growing needs of Malaysian investors. ASN Sukuk is designed for investors with lower risk appetites seeking medium to long-term income. Launched during MSAM, the fund continues the attractive features of ASNB's existing funds such as a favourable entry price point of RM10 with the price of additional investment units being as low as RM1.00.

With this latest addition, ASNB now offers products ranging from fixed price funds, equity funds, mixed asset balance and conservative funds and fixed income funds. ASN Sukuk is another example of ASNB's effort in building a resilient investment portfolio while enabling our unitholders to complement and diversify their existing investments in ASNB.

### LAUNCH OF THE BATTERSEA POWER STATION

PNB achieved a historic milestone with the official unveiling of the Battersea Power Station (BPS) in London in October 2022. Officiated by the DYMM Seri Paduka Baginda Yang di-Pertuan Agong XVI, Al-Sultan Abdullah Ri'ayatuddin Al-Mustafa Billah Shah Ibni Almarhum Sultan Haji Ahmad Shah Al-Musta'in Billah, this project rejuvenated the decommissioned power station located along the south bank of the River Thames.

The restored icon attracted over 250,000 visitors during the opening weekend, generating remarkable buzz and attracting extensive press coverage. The development encompasses both office and retail space of 516,446 sq ft and 513,559 sq ft respectively. The station also accommodates Apple Inc.'s new headquarters, accounting for approximately 46% of the total space of the development and is the largest office tenant.



Credit: twobytwo



## THE PRESIDENT & GROUP CHIEF EXECUTIVE'S REVIEW

### STRATEGIC ASSET ALLOCATION

We have progressed in diversifying our portfolio globally and across multiple asset classes as we supplemented our domestic public equity exposure with investments in international public equity, private markets, real estate, and fixed income.

#### Public Equity - Domestic



#### Public Equity - International



#### Private Markets



#### Real Estate



#### Fixed Income



#### Cash and Money Market



#### Others



During the year, we embarked on a comprehensive SAA review to optimise future growth. The revised SAA was approved in December 2022 with implementation commencing in January 2023. One of the key outcomes is that we remain committed to our diversification strategy which includes introducing Infrastructure as a new asset class in recognition of its relative stability.

### PORTFOLIO PERFORMANCE

#### PUBLIC EQUITY

PNB continued to have access to a number of selective IPO opportunities both domestically and globally. This included listings on both the Main Market and ACE Market, as well as several of ASEAN and European names in a variety of sectors including consumer staples, e-commerce, automotive, semiconductors and new energy.

In 2022, PNB deployed additional allocation to the nine external fund managers selected under the Public Equity Outsourcing Framework. The proportion of the global public equity portfolio of PNB and the UTFs that is outsourced has therefore increased to 15%, from 11% in 2021.

#### REAL ESTATE

PNB continued to build a diversified portfolio of high-quality assets in various real estate segments and geographies by delivering its strategic asset allocation targets through selective deployment in global funds of about USD500 million or equivalent to RM2 billion throughout 2022.

#### PRIVATE MARKETS

The Private Markets Division has a targeted annual deployment and commitment of close to USD1 billion, with about 40% to be channelled through a Direct or Co-investments Programme, and about 60% through fund commitment in Global Fund Investments (GFI) Programme. In terms of market value, approximately 45% of our Private Investment Portfolio in FY2022 was in domestic investments, and 55% in global investments primarily through the GFI Programme. In an effort to further diversify our asset base, the Private Markets Division has formulated the Infrastructure Investment Framework (IIF) to guide the strategy and investment deployment plan into a new asset class - Global Infrastructure.

## THE PRESIDENT & GROUP CHIEF EXECUTIVE'S REVIEW

### OUTLOOK AND PROSPECTS

Looking ahead, we remain optimistic about the future and will continue to explore new green and transition investment opportunities in this ever-changing environment, to ensure sustainable returns to our unitholders whilst safeguarding their investments.

The year 2023 is going to be an important year of change for PNB. Firstly, we will be relocating to Menara Merdeka 118 from our present location in Menara PNB, which we have occupied since 1985. The move will begin in the fourth quarter of 2023 and we will be fully operational in the new office by the end of the year.

Secondly, the demands of the current and future operating environment require us to adapt to make the most of future opportunities, which is why we are focusing on five key areas over the next few years.

We plan to expand our advisory offerings and enhance our digital channels. One of the many planned initiatives is the launch of a robo-advisor that will be part of the myASNB application. The robo-advisor will, through its algorithm, facilitate the process of selecting suitable investments based on an individual's risk tolerance and investment goals.

We have completed a strategic asset allocation review that will be the basis of our continued diversification strategy.

We also begin a 27 year journey towards Net Zero for our portfolio. This will be one of the most complex undertakings for all asset owners and managers and will require a confluence of initiatives to take place that will include re-balancing the portfolio towards low emissions companies and industries, direct engagement with our investee companies, and changes in public policy.



Artist's impression of 118 Mall



## THE PRESIDENT & GROUP CHIEF EXECUTIVE'S REVIEW

### ACKNOWLEDGEMENTS

**On behalf of Warga PNB, I would like to extend my sincerest appreciation to Tun Arifin Zakaria who has retired on 6 May 2023 and thank him for his contributions. Tun Arifin assumed the Chair in the midst of great uncertainties arising from the pandemic and the economic dislocations that ensued. He was instrumental in guiding the institution during a period of uncertainty, and always did so with grace and humility.**



I would like to also take this opportunity to welcome Raja Tan Sri Dato' Seri Arshad to the PNB Board, bringing with him extensive experience in the stewardship of companies and institutions. We look forward to his leadership as we execute our new strategic plan and to deliver on our mandate in enhancing the economic wealth of the Bumiputera community and all Malaysians.

I would also like to extend my heartfelt appreciation to the Board of Directors of PNB and ASNB for their dedication and invaluable counsel. Their wisdom and support have been crucial in helping us navigate yet another extraordinary year.

Furthermore, I would like to extend my gratitude to the various Government Ministries, Agencies, Regulators, Fatwa Councils, and Committees for their cooperation and support. Your engagement and assistance have played a pivotal role in advancing our ambitions and fulfilling our social mandate.

I am also deeply grateful to the leadership and staff of our investee companies. Your unwavering support and commitment have been instrumental to drive for our progress.

Lastly, I want to pay tribute to our exceptional Warga PNB who have gone above and beyond. Despite facing the most difficult and unprecedented market environment, you have demonstrated remarkable resilience and dedication. I am truly grateful for your exceptional contributions.

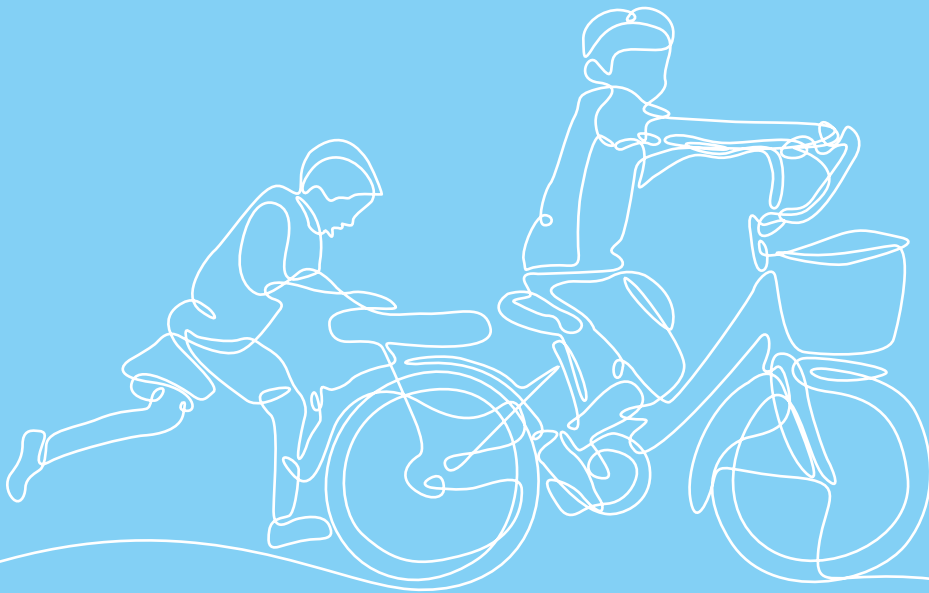
Together, we have overcome obstacles and achieved commendable results. Your collective efforts and unwavering commitment are deeply appreciated. Thank you all for your outstanding contributions to PNB's success.

**Ahmad Zulqarnain Onn**

President & Group Chief Executive

- \*Notes: i. PRI refers to Principles for Responsible Investment, a UN-supported network of investors that promotes sustainable investment through the incorporation of ESG factors into investments.  
 ii. UNGC refers to UN Global Compact, the world's largest corporate sustainability initiative that aims to promote responsible business practices and sustainable development.  
 iii. PCAF refers to Partnership for Carbon Accounting Financials, a global partnership of financial institutions and other stakeholders that developed a standardised methodology for carbon accounting in the financial sector.

# Creating Value



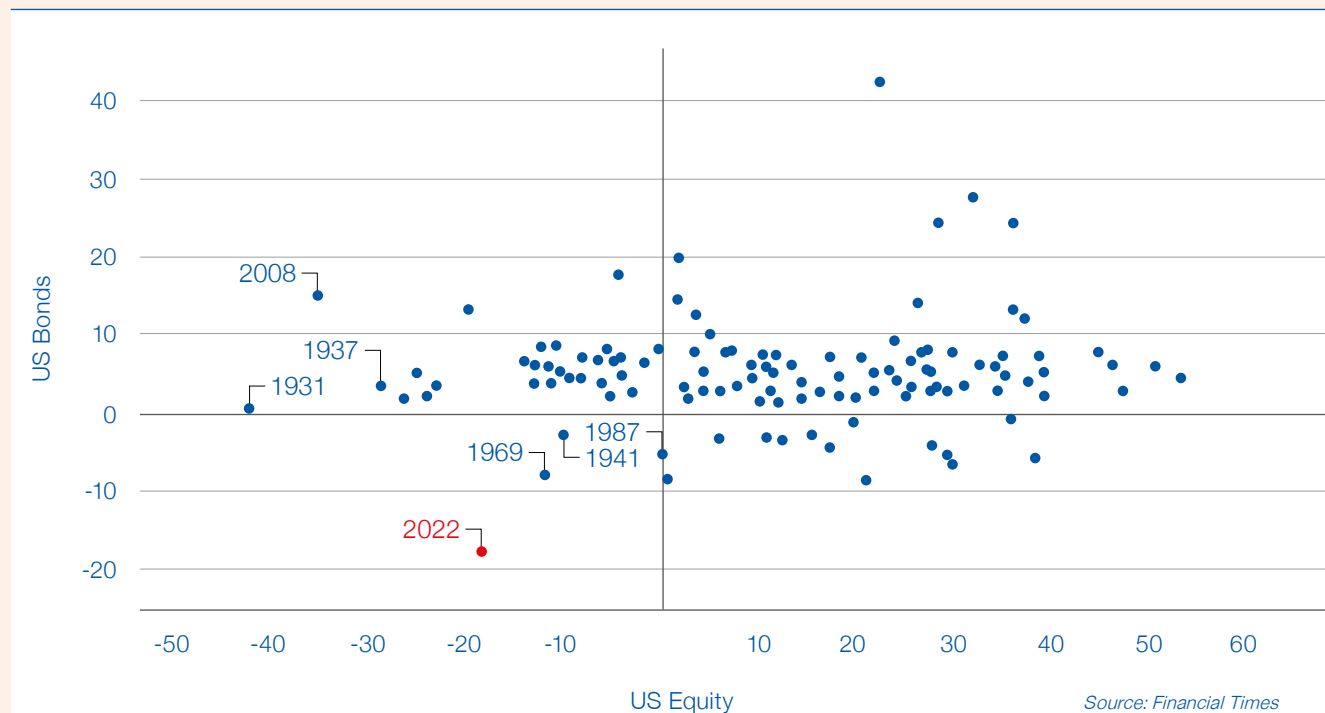
<b>Market Overview: Global Footprint, Investment Philosophy and Process</b>	<b>39</b>
<b>Engaging with Our Stakeholders</b>	<b>42</b>
<b>Determining What is Material to Us</b>	<b>43</b>
<b>Our Value Creating Business Model</b>	<b>44</b>
<b>Our Focus 4 Strategy</b>	<b>46</b>
<b>The Risks We Consider</b>	<b>50</b>

# MARKET OVERVIEW: GLOBAL FOOTPRINT, INVESTMENT PHILOSOPHY AND PROCESS

## INVESTMENT AND MARKET LANDSCAPE

### Challenging and Volatile Environment in 2022

**Graph 1: Total nominal return in US Stocks for each year 1871 to 2021 (%)**

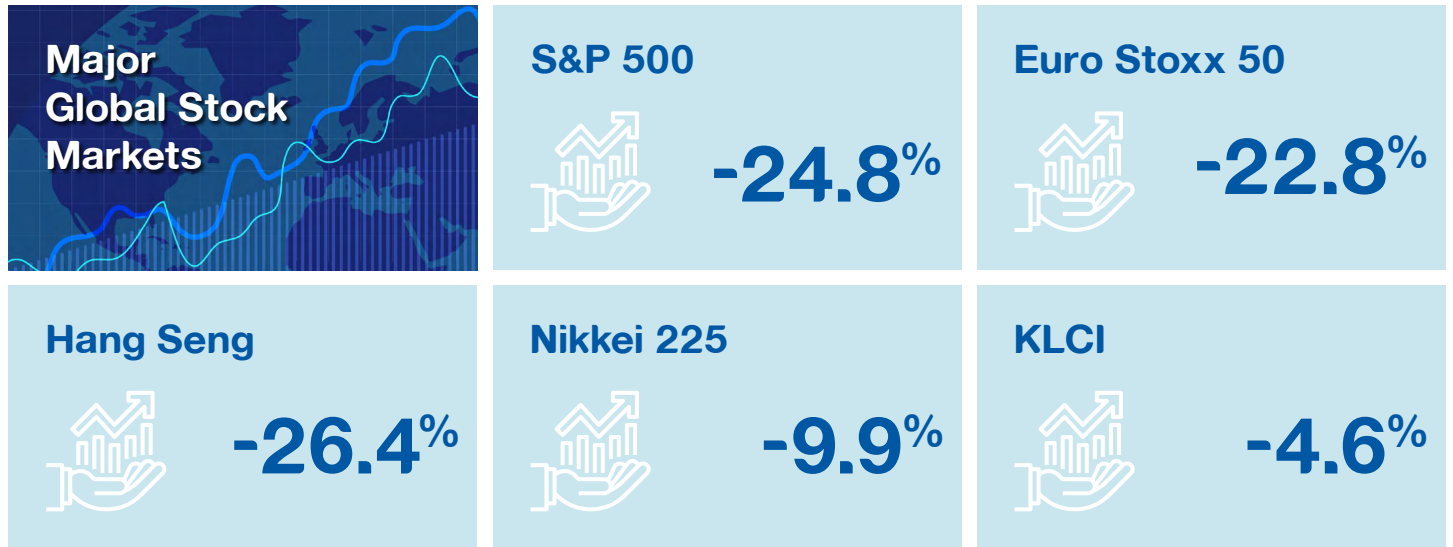


The year 2022 witnessed global challenges involving major asset classes including stocks, bonds and commodities. Factors included geopolitical instability primarily due to the Russian-Ukraine war, persistent inflation, and rising interest rates. Inflation surged to a 40-year high for the United States and Japan and a 41-year high for the United Kingdom, affecting prices globally and severely hampering economic growth. In response, central banks around the world have raised interest rates in an almost synchronised manner to combat inflation, further weighing on economic growth. For Malaysia, in particular, the aggressive hikes by the US Federal Reserve caused a period of sustained depreciation in the Ringgit.

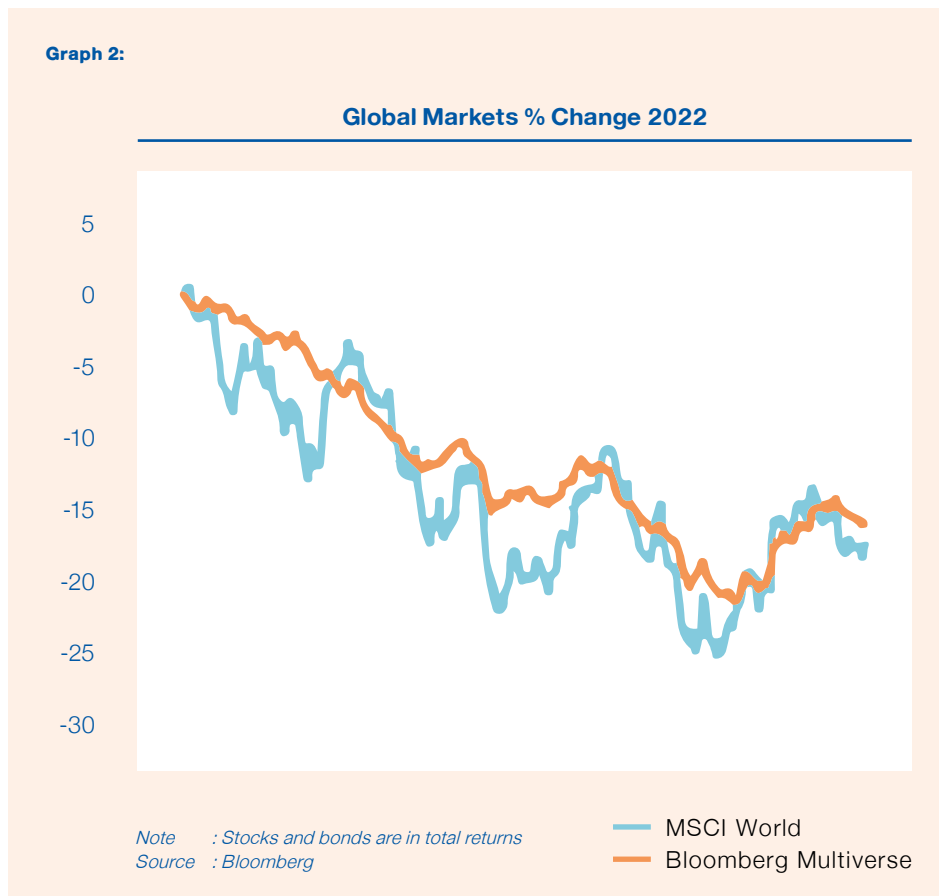
Higher inflation and the response by central banks to hike interest rates were largely the result of cheap credit that originated when governments were trying to support and revitalise their economies during the pandemic. Consequently, global stocks and bonds lost more than US\$3 trillion in 2022, where total returns for both equity and bonds were both negative. It was a clear market anomaly and also the biggest outlier event in markets history when considering the magnitude of losses.

## MARKET OVERVIEW: GLOBAL FOOTPRINT, INVESTMENT PHILOSOPHY AND PROCESS

Major global stock markets registered negative returns:

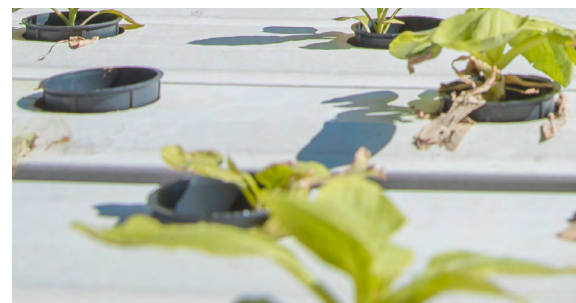


(Refer to Graph 2 for world markets performance for equity and bonds)



### IMPACT AND RESPONSE

For PNB, the weaker Ringgit against the US Dollar caused a slowdown in our diversification efforts and called for an even more prudent approach to ensure we were making the right investment decisions. Going forward, prudent stock and sector selection will remain key to ensure long-term value can be obtained when the forex market recovers. We will also continue to judiciously advance our diversification efforts both globally and in other asset classes to take advantage of opportunities present during this downturn for long-term gains.



## MARKET OVERVIEW: GLOBAL FOOTPRINT, INVESTMENT PHILOSOPHY AND PROCESS

### ESG IS SOARING AND BECOMING A GLOBAL THEME

Investors are now more concerned than ever about the sustainability practices of corporations, predicated on the evidence that higher returns can be obtained from ESG-focused investing. Globally, ESG-oriented assets under management (AUM) is expected to increase to US\$33.9 trillion by 2026 and is projected to chart a compound annual growth rate of 12.9%. This shift in capital has also redefined the concept of fiduciary duty, where corporates are now expected to drive alignment between risk, returns and client objectives with ESG and sustainability commitments.



### IMPACT AND RESPONSE

ESG will continue to play a bigger part in the investment and operational landscape and has also resulted in increased demands for companies to operate with greater transparency. On PNB's part, we have established various policies and frameworks as part of our 10 ESG commitments. We have restructured our policies and frameworks to align with our 10 ESG commitments which include achieving Net Zero Enterprise by 2025 and Net Zero Portfolio by 2050. We managed to determine our emission footprint as an initial step towards our pathway to achieve net zero. In addition, we have aligned our reporting with recommendations of the Taskforce for Climate-related Financial Disclosures (TCFD). Socially, we continuously strive to balance social investments against profit. From the governance perspective, we are the first in Malaysia to publish our voting decisions, for our investee companies at their general meetings on our website.

### OUTLOOK FOR THE INVESTMENT AND ASSET MANAGEMENT LANDSCAPE

From an investment perspective, global growth is projected to moderate to 2.9% in 2023 from the 3.2% recorded in 2022, according to the International Monetary Fund. While rising interest rates and the war between Russia and Ukraine will continue to affect the global economy as a whole, China's reopening is expected to soften the impact. Global inflation is also expected to taper down as the effects of tighter monetary policy takes hold. At PNB, we will continue with our diversification efforts in a judicious manner and will ensure the prudent selection of new investments based on stock, sector and geographical location.

Meantime, on the asset management landscape, PNB will continue to oversee the market evolve and shift. Overall, ESG and decarbonisation will persist as main themes for the foreseeable future while digital offerings will be the distribution trend moving forward. There are also opportunities to offer differentiated value propositions either through solutions-based or goal-based investing. In addition, we are building up our automation capabilities to offer customised solutions via robo-advisors.

# ENGAGING WITH OUR STAKEHOLDERS

**We believe that transparent and productive interactions with our stakeholders are crucial as it contributes to our knowledge in managing societal expectations, recognising problems as well as finding ways to effectively serve and promote growth in our communities.**

We maintain respect, responsiveness, openness and authenticity in all communications with stakeholders in matters that involve both parties. PNB's strategy in addressing our stakeholders is captured below:



Engaging with our diverse group of stakeholders is a key aspect of our strategy. By fostering transparent and effective dialogues, we are able to establish potential concerns, manage risks, and seek opportunities in order to enhance our performance. Furthermore, it also enables us to gain insights of community expectations and seek collaborative opportunities with our partners for matters that mutually affect us.

# DETERMINING WHAT IS **MATERIAL TO US**

**Determining our material matters is integral to our journey of value creation. It enables us to identify opportunities and mitigate risks as we seek to create continuous sustainable value for our stakeholders. We are guided by our Sustainability Framework to identify the ESG issues that are significant to us and our stakeholders. In FY2022, we conducted a materiality validation to determine the key sustainability issues that would impact our business and our stakeholders.**

The process included a peer-to-peer assessment of comparative material issues alongside an assessment against ESG frameworks to guide our disclosures. Following the assessments, an internal review was held based on our risk management principles, with a particular focus on two key issues, namely Climate Change and Inclusion & Equality. The findings of the review were assessed and deliberated to determine the significance of the prioritised material matters to our business and to external stakeholders. The material matters were then categorised according to environment, social and governance and aligned with our sustainability pillars, as shown in the infographics on the right.

We will review our material matters from time to time to stay relevant with the evolving business and ESG landscape. The results of our materiality validation, together with our ongoing materiality approach, will serve as a guide in our ESG reporting and disclosures. This will also ensure that we implement strategic sustainability initiatives to manage opportunities and mitigate risks.



## ENVIRONMENT

- **Climate-related Risks and Opportunities**

Promoting decarbonisation initiatives internally within the PNB Group and externally through our investee companies.



## SOCIAL

- **Social Impact**

Developing and providing access to financial products and services, including technology solutions for the underserved investors, communities that have limited access to investment opportunities as well as the wider community, including the ageing baby boomers. Strategic investing and philanthropy will be part of the efforts to support community economic development and consumer financial security programmes such as financial literacy, products and services development to improve financial security.

- **Diversity and Inclusion**

Driving a diverse and inclusive culture within our workforce to fulfil our commitment to equity and inclusion. This includes providing a decent wage and keeping our people safe from all forms of discrimination.

- **Talent Management**

Attracting and retaining the best talent through supporting employees' professional growth and improving employee satisfaction.



## GOVERNANCE

- **Responsible Investing**

Integrating ESG analysis in our investment decision-making based on a systematic process across all asset classes.

- **Governance and Ethics**

Upholding the highest standards of ethics and business conduct with business partners and combating all forms of bribery and corruption in all the markets where the Group operates or conducts its business.

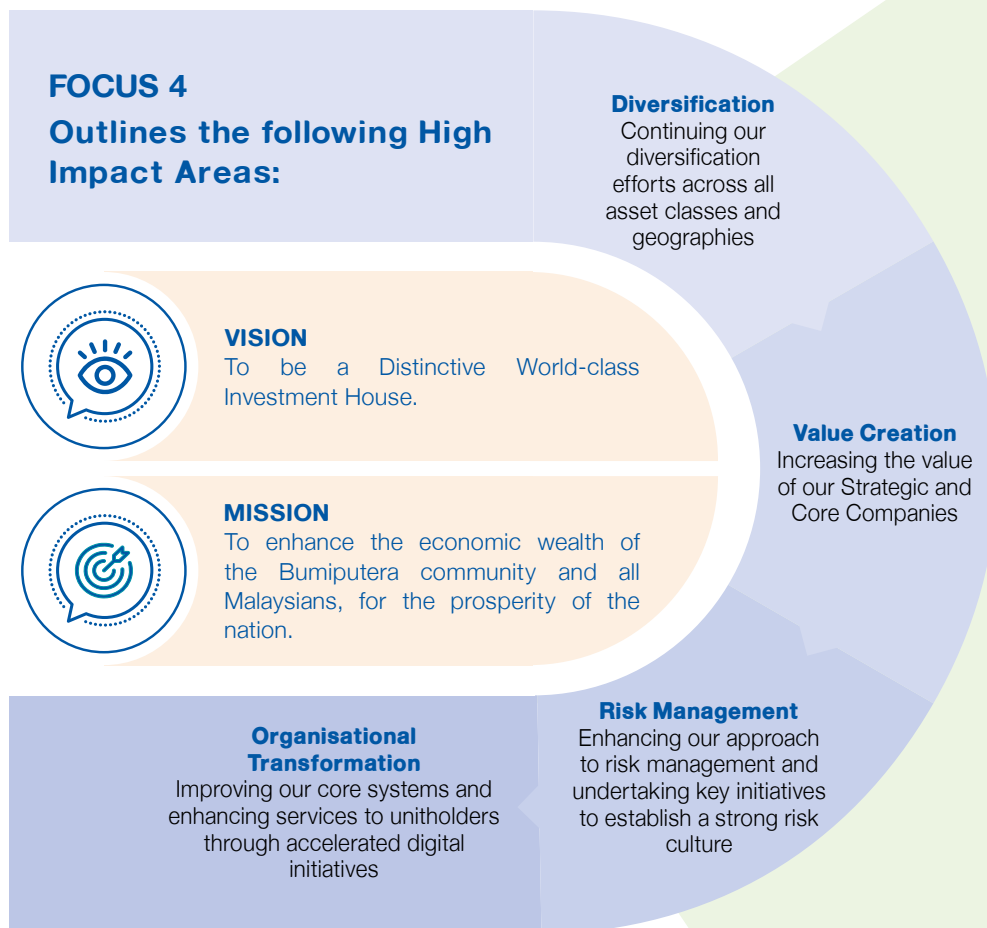
- **Transparent Information and Fair Practices**

Providing access to clear and comparable business and sustainability information about PNB. This includes ensuring transparency, honesty and fairness in marketing and communicating our products and services to mitigate and minimise risks to customers.

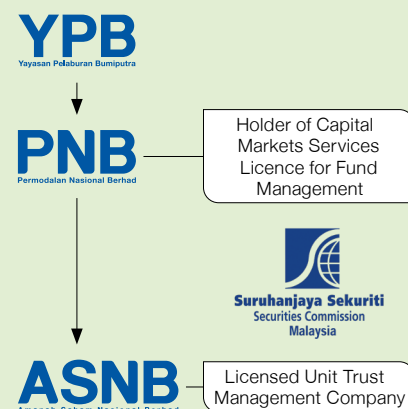
# OUR VALUE CREATING BUSINESS MODEL

We create value premised on a clear vision and mission, aided by robust governance structures as well as investment processes and strategies to deliver optimal returns for our stakeholders.

## WHAT WE DO



## OUR UNIT TRUST FUNDS



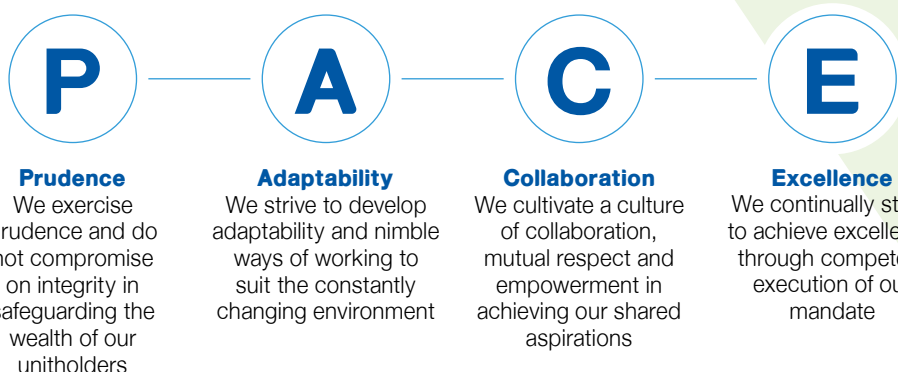
## FIXED PRICE UNIT TRUST FUNDS

- Amanah Saham Bumiputera  
Amanah Saham Bumiputera 2  
Amanah Saham Bumiputera 3 - Didik
- Amanah Saham Malaysia  
Amanah Saham Malaysia 2 - Wawasan  
Amanah Saham Malaysia 3

## VARIABLE PRICE UNIT TRUST FUNDS

- Amanah Saham Nasional  
ASN Equity 2  
ASN Equity 3  
ASN Equity 5  
ASN Equity Global  
ASN Imbang (Mixed Asset Balanced) 1  
ASN Imbang (Mixed Asset Balanced) 2  
ASN Imbang (Mixed Asset Balanced) 3 Global  
ASN Sara (Mixed Asset Conservative) 1  
ASN Sara (Mixed Asset Conservative) 2  
ASN Sukuk

## OUR VALUES





## OUR VALUE CREATING BUSINESS MODEL

### HOW WE CREATE VALUE OVER THE LONG-TERM

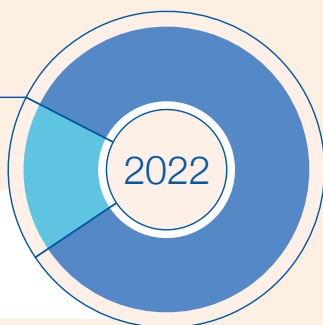
#### PNB Group Asset Allocation by Geography

Domestic  
**80.8%**

International  
**19.2%**

2022

Public Equity	63.0%
Private Markets	13.0%
Real Estate	18.2%
Fixed Income	0.5%
Cash and Money Market	5.3%



#### INVESTMENT PHILOSOPHY

PNB, at its core, employs a value-based investment philosophy that balances various types of investment strategies in different asset classes, from long-term holdings recurring yields to momentum-driven investment with capital gains through trading activities.

In achieving our goals, we combine a top-down perspective, which is informed by long-term macro views and optimal asset allocation targets, with a bottom-up fundamental-driven approach in asset selection to create value.

Diversification is an integral aspect of our strategy which seeks to further broaden the asset and geographical mix of our portfolios. Altogether, this allows us to construct a well balanced and resilient portfolio with a prudent risk profile in delivering sustainable returns to our unitholders.

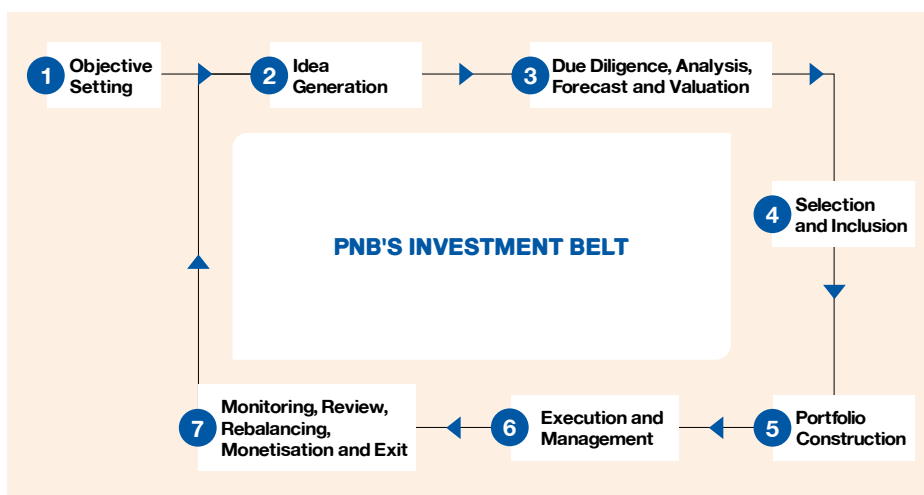
#### INVESTMENT GOVERNANCE

Investment recommendations go through a multi-layer governance process to facilitate effective decision-making through robust checks and balances.



#### INVESTMENT PROCESS

Robust end-to-end investment process across planning, implementation and monitoring stages.



### WHAT MAKES US DIFFERENT

Since our inception, we have been a strong proponent of long-term sustainable value creation. We recognise our role in enabling the nation to grow sustainably by identifying opportunities while mitigating and minimising environmental and social risks. As such, we are guided by the three pillars of sustainability - Environment, Social and Governance. For more information on our Sustainability Framework, refer to page 10 to 11 of this Report.

For more information about how we create value for our unitholders, please refer to page 8 to 9.

## OUR FOCUS 4 STRATEGY

Since 2020, PNB has been guided by our Focus 4 strategy which aimed to steer the organisation to rally and focus on high-impact areas based on four key elements:



The Focus 4 strategy has since come to a close in 2022 and we have made significant progress in making PNB more resilient from both an investment and organisational perspective.

### KEY INITIATIVES UNDER FOCUS AREAS AND RESULTS

Diversification		
<p><b>PUBLIC EQUITY</b></p> <p>International investment exposure increased <b>8.7% in 2019 to 19.2% in 2022</b> with higher allocation in international public equity from 8.5% in 2019 to 12.1% in 2022.</p> <hr/> <p>Participation in selected Initial Public Offerings (IPOs) within and outside of Malaysia. Some of the notable IPOs we participated in were Farm Fresh, LG Energy Solutions, Bilibili and Coupang.</p>	<p><b>PRIVATE MARKETS</b></p> <p>Geographical shift international exposure from <b>7.3% in 2019 to 55.4% in 2022</b></p> <hr/> <p>Investments throughout <b>North America, Europe and Asia Pacific</b></p>	<p><b>REAL ESTATE</b></p> <p>Geographical shift international exposure from <b>33.6% in 2019 to 57.9% in 2022</b></p> <hr/> <p>Opening of <b>Battersea Power Station</b> on 13 October 2022, a historic redevelopment of a former power station into a mixed residential and office space.</p>

## OUR FOCUS 4 STRATEGY

### Value Creation

Total dividends from Strategic Companies between 2020 and 2022  
**= RM13.6 billion**

Proceeds from the divestment of Chemical Company of Malaysia at  
**69% premium was reinvested**

Launched our Sustainability Framework in April 2022 to preserve and support the continuity of balance between people, planet and profit via 10 ESG-driven commitments.

To ensure more robust governance over our investments, the Stewardship Framework was developed to better align our strategic companies with our aspirations. The framework covers the four key components of High-Performance Expectations, Value-adding Partner, Best Practice Governance and Organisational Health & Sustainable Returns.

To implement our Stewardship efforts - the Investment Stewardship division was established. The framework, voting guidelines and proxy voting has been published on PNB's website for the public and investors' reference.



## OUR FOCUS 4 STRATEGY

### Risk Management

The following are areas of focus within risk management to better manage risk in PNB amid increasing complexities in today's market landscape.

Risk Focus Area	Outcomes
-----------------	----------

#### Governance

Enhance integration for effective monitoring and communication.	Established Transversal Risk Sub-Committees such as the Investment Risk Sub-Committee, Operational Risk Sub-Committee and Technology Risk Sub-Committee to better manage common risks.
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#### Digitalisation

Increased the capability and functionality of our risk management system by onboarding systems for Financial & Operational Risk Management, as well as data warehousing.	Implemented SAI360 for Operational Risk Management, a dedicated integrated risk management solution as one of the steps to digitalising our risk management workflow (risk reporting and monitoring).  Implemented Factset for Financial Risk Management, an up-to-date system equipped with broader functionalities.
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#### Framework & Processes

Enhance risk participation supported by interactive dashboards as part of management's toolkit.	Adopted and implemented Enterprise Risk Management 5-Year Blueprint to enhance the four key elements.  Established the Investment Concentration Risk Management to manage concentration and risk exposures based on security size and market liquidity.  Enhanced Technology Risk Management Framework to strengthen technology enablement controls and security features.  Continued enhancement on risk reporting and dashboard to provide insight for better decision-making.  Established the Information and Cybersecurity function to strengthen security controls through security initiatives.  Established the Risk Culture Framework to support PNB's efforts towards inculcating a sound risk culture across the organisation.  Engaged further with employees through the Integrity, Risk, Assurance & Compliance (IRAC) week that was introduced in 2021 to raise awareness and build a strong governance culture among employees.
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### Organisational Transformation

To achieve organisational excellence and propel PNB towards achieving its Vision and Mission, we aspire to become the Employer of Choice by focusing on Learning & Capability Development, Talent & Succession Management, Culture Alignment and Enhanced Employee Experience.

#### Learning & Capability Development

- Development of comprehensive core and leadership curriculum, as well as structured learning pathways to facilitate functional competency build-up.

#### Talent & Succession Management

- Embarked on talent assessment and succession planning exercise to build successor bench strength.
- Development of Individual & Career Development Plan (IDP/CDP) Framework.

#### Enhanced Employee Experience

- Provided mental and wellbeing support to employees through various programmes organised by the Wellbeing Unit. We also provide in-house psychological services in striving to normalise the importance of maintaining and protecting mental wellbeing.
- Launched PNBFlexes, our flexible working arrangement and also introduced a Return-to-Work hybrid working arrangement in the transition to the endemic stage.
- Adopted a digital working environment to support these arrangements such as Microsoft Teams, OneDrive, Sharepoint, Digital Signature and the one-stop centre for PNB's information, Knowledge Hub.

#### Achievements

Ranked in the Top 5 for two consecutive years on LinkedIn's Best Company in Malaysia rankings, achieving #2 and #4 in the year 2021 and 2022, respectively.



## OUR FOCUS 4 STRATEGY

### VALUE CREATED FOR STAKEHOLDERS

Through Focus 4, we have created positive benefits for various stakeholders, especially our unitholders. In total, we have paid more than RM35 billion in income distribution between 2020 and 2022. Diversification, value creation and risk management have enabled us to enhance returns to our unitholders whilst safeguarding the portfolio at the same time.

Through the strategy, we have also solidified our commitments towards ESG, improved governance and transparency in ways we vote for our investee companies and further developed our internal capacity in areas such as Investment Stewardship.

### BEYOND FOCUS 4

We have also introduced a range of new products and services as well as greater engagement with unitholders as below:

Date of Launch	Product or Service
<b>Expansion of online services</b>	
April 2020	Online redemption through myASNB.
July 2020	Launch of Raiz, micro-investing platform with more than 108,000 active users to date and more than RM39 million AUM.
December 2020	Zakat Calculator
October 2021	Target Labor - for unitholders to set their financial goals and work towards it.
	Digital onboarding e-KYC to enable new users to set up accounts with ASNB online.
<b>Financial Literacy Programme</b>	
2020	Launch of Minggu Saham Digital that was held virtually in 2020 and 2021, before it resumed as Minggu Saham Amanah Malaysia that was held physically in 2022.
<b>Launch of New Funds</b>	
September 2020	ASN Iimbang 3 Global - Unitholders: 36,812, AUM: RM1,356 mil
September 2021	ASN Equity Global - Unitholders: 24,146, AUM: RM790 mil
October 2021	Wakaf ASNB - Amount as at December 2022 has reached RM29.8 mil
November 2022	ASN Sukuk - Unitholders: 3,042, AUM: RM193 mil

# THE RISKS WE CONSIDER

## Risk Type

At PNB, we recognise the risks inherent in our business and have put in place the appropriate controls and mitigations to safeguard our mandate of enriching the lives of Bumiputeras and all Malaysians whilst meeting our strategic objectives. We adopt a proactive and holistic approach to managing our existing and emerging risks in order to optimise value creation for our stakeholders and deliver on our investment objectives. The key risks considered are as follows:

### 1 Market Risk

#### Description of Risk

Market risk refers to the possibility that an investment will lose value because of a general decline in financial markets due to economic, political and/or other factors.

#### Implication on PNB

The unfavourable market conditions could result in the decline of the fund's Net Asset Value.

#### Mitigations Conducted

- Active monitoring of market conditions
- Optimal portfolio allocation and diversification
- Active portfolio rebalancing
- Scenario analysis/stress testing

Day-to-day monitoring of market risk as guided by Market Risk Management Framework.

[Link to Strategy](#)



### 2 Liquidity Risk

#### Description of Risk

Liquidity risk is described as the inability to obtain sufficient funding sources to meet financial obligations in full as they fall due, on acceptable terms, under all market conditions.

#### Implication on PNB

A liquidity shortfall may be disruptive, as failure to provide sufficient liquidity during stress conditions, may negatively affect the Value of Fund.

#### Mitigations Conducted

- Active monitoring of market conditions
- Optimal portfolio allocation and diversification
- Active portfolio rebalancing
- Maintain sufficient level of liquid assets
- Scenario analysis/stress testing

Day-to-day monitoring of liquidity risk as guided by Liquidity Risk Management Framework.

[Link to Strategy](#)



### 3 Investment Concentration Risk

#### Description of Risk

Investment concentration risk is the probability of loss arising from lack of diversification, investing too heavily in one industry, one geographic area or one type of security.

#### Implication on PNB

Excessive concentration could give rise to liquidity risk or stock specific risk losses.

#### Mitigations Conducted

- Optimal portfolio allocation and diversification via investing into different asset classes and securities in different sectors, or different geographical location within the approved limits.
- Active monitoring of market conditions
- Active portfolio rebalancing
- Scenario analysis/stress testing

Day-to-day monitoring of investment concentration risk as guided by Investment Concentration Risk Management Framework.

[Link to Strategy](#)



## THE RISKS WE CONSIDER



Diversification



Risk Management



Value Creation



Organisational Transformation

### 4 Strategic Risk

#### Description of Risk

Strategic risk is usually not to be seen in isolation and may often be triggered by consequences of other risk factors such as market, liquidity or operational risk due to misjudged decisions.

#### Implication on PNB

- Misjudged decisions:
- Could result in deviation from PNB's business plan and strategic objectives.
  - Could result in direct or indirect losses and operational disruptions due to inadequate or failed internal processes, people and systems, or from external events.

#### Mitigations Conducted

Periodical monitoring of the established risk tolerances & metrics and/or escalation, where necessary, to the relevant stakeholders as guided by the PNB ERM Framework and other relevant policies/frameworks/guidelines established by the business units.

[Link to Strategy](#)


### 5 Technology Risk

#### Description of Risk

The risk arising from technology failures or cyber intrusion of IT systems, applications, platforms or infrastructures.

#### Implication on PNB

Could result in financial losses, disruptions in services or operations, or reputational harm to organisation.

#### Mitigations Conducted

- Continuously assess various technology enablement measures or tools to strengthen existing risk controls in mitigating technology and cybersecurity risks.
- Enhancing cybersecurity tools and features, building up system reliability, improving resiliency and enhancing technology governance.

Day-to-day monitoring of technology related risk as guided by Technology Risk Management Framework.

[Link to Strategy](#)


# Portfolio Performance



<b>Strategic Asset Allocation</b>	<b>53</b>
<b>Strategic Investments</b>	<b>55</b>
<b>Public Markets</b>	<b>60</b>
<b>Private Markets</b>	<b>68</b>
<b>Real Estate</b>	<b>72</b>
<b>ASNB Unit Trusts</b>	<b>76</b>



## PORTFOLIO PERFORMANCE STRATEGIC ASSET ALLOCATION

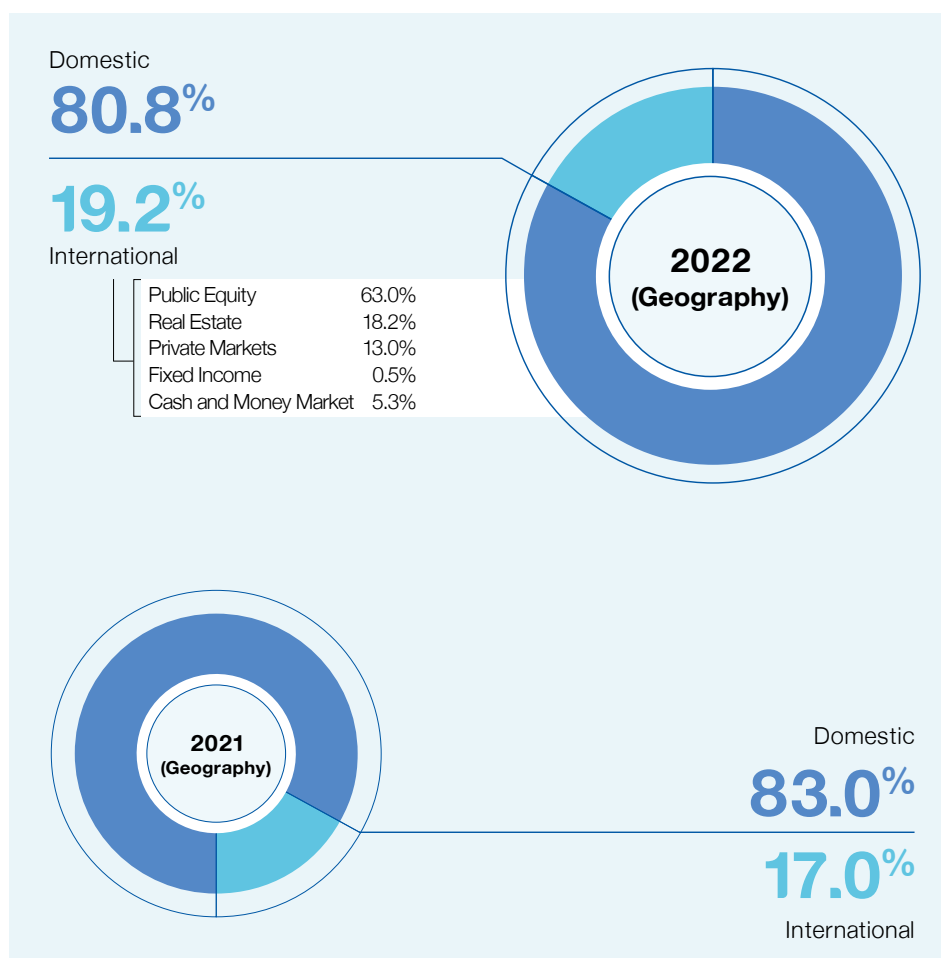
**PNB employs the Strategic Asset Allocation (SAA) Framework to aid in determining the ideal long-term capital allocation targets, which is crucial to our strategy to diversify risk across the portfolio of investments in various asset classes. Customised SAA targets for each fund under PNB's management were developed, taking into account risk appetites, return targets, and investment constraints. In addition, short and long-term outlooks, including anticipated risk and return levels for investable asset classes, contribute to the objectives.**

A collaborative and accountable SAA process is cultivated across the organisation to ensure the alignment of resources and skills towards achieving fund objectives for the benefit of unitholders. Through this structured and inclusive approach, PNB continuously gains a more informed and current understanding of the underlying factors that impact expected investment risks and returns, leading to more optimal long-term allocation decisions.

Despite our unwavering focus on constructing portfolios that generate sustainable growth in the long run, we acknowledge that our funds operate within a complex global environment. Therefore, we supplement our long-term SAA targets with medium-term and short-term tactical tilts, achieved through Dynamic Asset Allocation (DAA) and Tactical Asset Allocation (TAA), respectively. This approach allows us the flexibility to make deliberate, temporary shifts within the approved asset allocation ranges. Furthermore, all facets of our investment strategies, such as asset-mix selection and liquidity management, are founded on robust risk management policies that ensure the resilience and adequate liquidity of our funds at all times to meet any liabilities while pursuing suitable investment opportunities. We continuously evaluate and assess each fund's deployment path as we prudently navigate our portfolio diversification journey, proactively managing evolving market conditions and immediate liquidity needs.

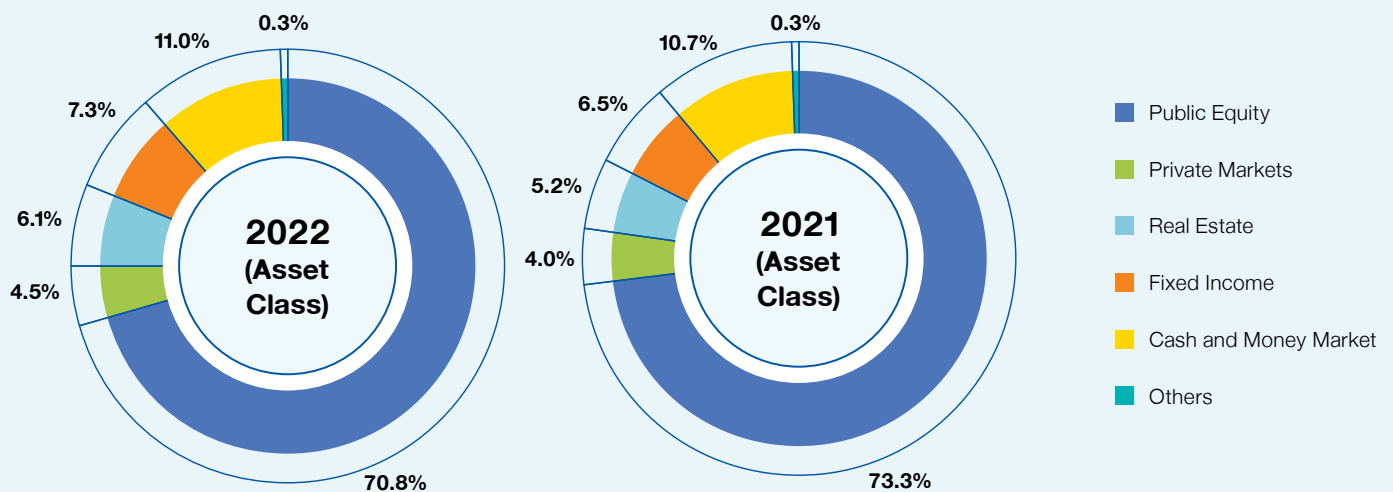
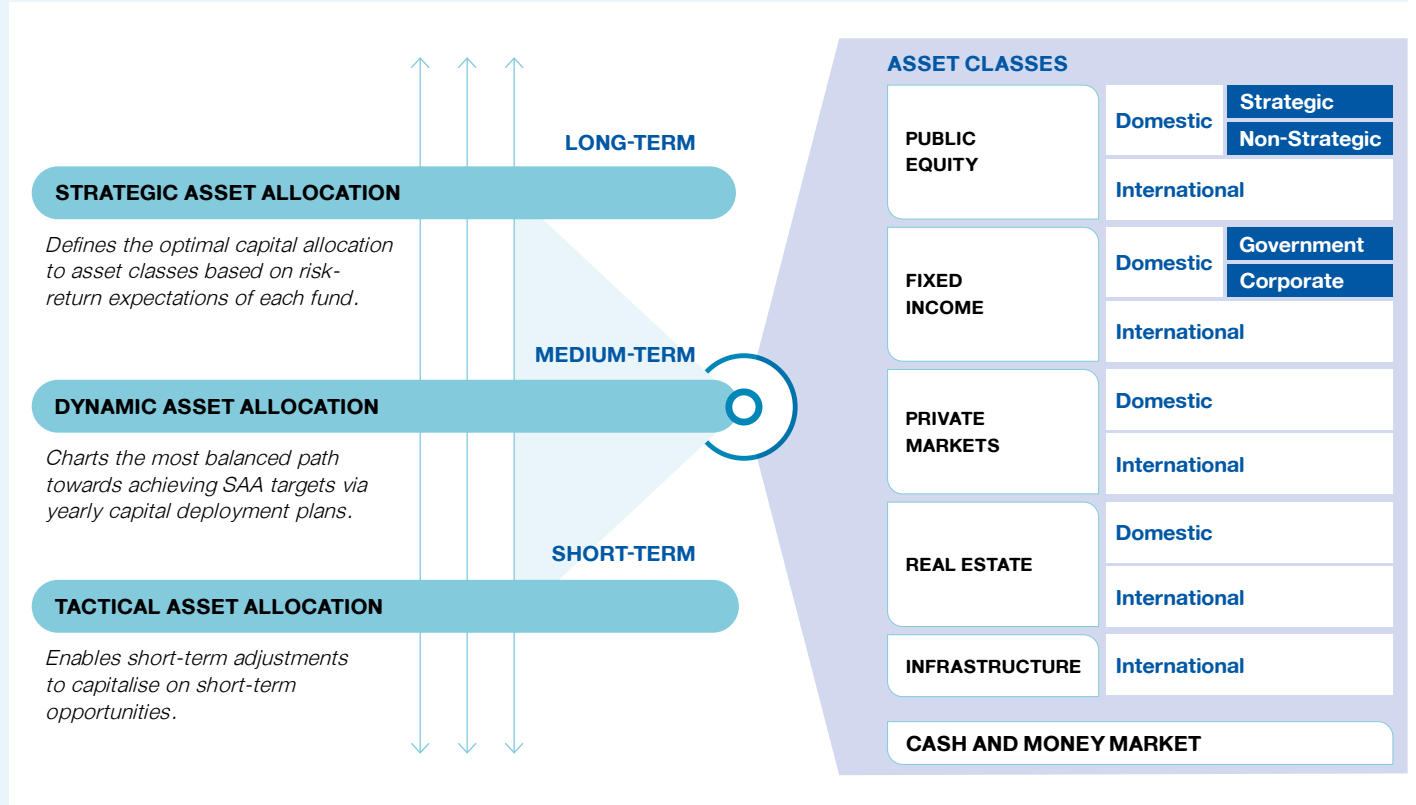
Since implementing the SAA Framework in 2017 and conducting a mid-term review in 2019, we have remained steadfast in our commitment to achieve fund objectives through a progressive asset diversification strategy. As part of our scheduled review in 2022, we thoroughly reevaluated our SAA to ensure sustainable wealth creation for our unitholders, taking into account the challenging market environment and incorporating lessons learned from our diversification journey thus far. Our efforts include gradually increasing our fixed income and alternative investments' exposures, introducing Infrastructure as a new asset class into our investment universe, and prudently building up our investments in global assets for our single proprietary fund and 17 unit trust funds. These investments shall complement our existing domestic equity holdings.

Ultimately, our capacity to uphold our mandate over the long-term depends largely on how quickly we adapt to the constantly evolving global environment. As a prominent and trusted entity, we understand our critical responsibility to invest in a responsible and sustainable manner. To this end, we aim to incorporate ESG considerations more comprehensively into our investment process. These efforts enable our funds to be optimally positioned to capitalise on new opportunities and reap the benefits of diversification while striking a balance between risk and return. Ultimately, this paves the way for consistent, sustainable returns in the years to come while creating a lasting positive impact on future generations.



# PORTFOLIO PERFORMANCE STRATEGIC ASSET ALLOCATION

## SAA FRAMEWORK

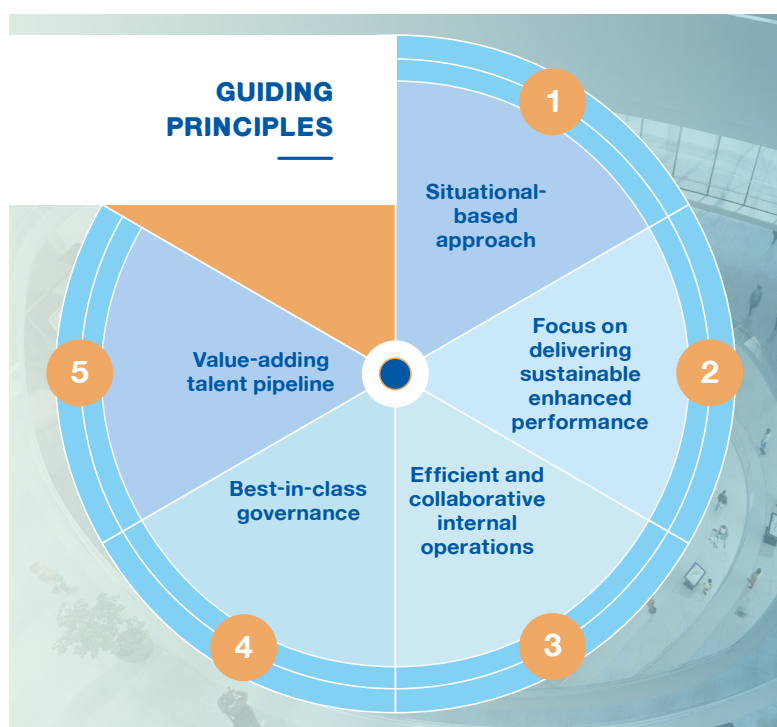


# PORTFOLIO PERFORMANCE

## STRATEGIC INVESTMENTS

The Strategic Investments Division at PNB remains dedicated to continuously enhancing shareholders' value and safeguarding the investments of PNB and the unit trust funds under our management. This goal is achieved by striving to secure optimal and sustainable returns for all stakeholders.

Our Strategic Investments Framework sets out the guiding principles on how PNB can best add value and transform the performance of our Strategic and Core companies. To this end, the framework advocates best-in-class governance as well as capacity building to enhance the Board and Management capabilities.



The Strategic Investments Division is committed to maximising returns for our valued stakeholders through a diligent and proactive approach to monitoring and managing our Strategic and Core investments. In line with our guiding principles of good governance, corporate stewardship, and shareholder activism, we operate in accordance with the PNB Stewardship Framework and Voting Guidelines to ensure that our investments are aligned with our values and goals.

Our focus on creating value is central to our mission and is achieved through a thorough and systematic process of analysis, evaluation, and implementation of strategic plans for our Strategic and Core companies. Our team is equipped to identify and recommend appropriate corporate exercises, such as mergers and acquisitions, restructuring, and rationalisation, to optimise returns and enhance shareholders value.

We recognise investment cycles and have developed a strategic approach to extracting value from our mature investments. We also actively deploy capital into our Strategic and Core companies through dividend reinvestment plans, sukuk, perpetual securities and other innovative means. This helps to ensure that our investments are realised at the optimal timing and maximises returns while minimising risk.

Some of the risks we consider in our strategy include market volatility, economic uncertainty, regulatory changes, geopolitical factors, and potential industry disruptions. In addition, specific risks may arise depending on the companies and sectors of our Strategic and Core companies.

We take pride in maintaining close and productive relationships with the Board, Management, and other stakeholders of our investee companies, including co-investors and policy makers. We believe that maintaining strong relationships with key parties is critical to safeguarding the investments of PNB and our managed unit trust funds, and to ensuring that value is being created in the most optimal manner possible. Through ongoing engagement and collaboration, we stay informed and provide relevant support as needed to further our mission of maximising returns and promoting good governance.

### KEY ACHIEVEMENTS


During the year under review, we continued to support PNB's broad efforts to rebalance our portfolio and diversify across different asset classes and geographical markets. We also provided required support to our Strategic and Core companies in their various exercises including but not limited to additional investment, divestment, capital restructuring, turnaround, and mergers and acquisitions (M&A) to ensure optimal return on investment, while safeguarding the interest of PNB and our 17 unit trust funds. The dividend income we generate also plays a significant role in enabling the unit trust funds to consistently offer competitive returns.

We have monetised about RM700 million worth of investments during FY2022. These enabled PNB to crystallise its long-held investments and reinvest the proceeds in a manner that is consistent with PNB's investment strategy of greater diversification across multiple asset classes. We also collaborated with the Investment Stewardship Division for sustainability related initiatives that involve PNB's Strategic and Core investee companies.

# PORTFOLIO PERFORMANCE STRATEGIC COMPANIES


## MALAYAN BANKING BERHAD

Audited FYE 31 December 2022

		<p>Maybank was established in 1960 and today is the largest company by market capitalisation on the Malaysian Stock Exchange (Bursa Malaysia), and among the top 500 companies in the Forbes Global 2000 leading companies of the world.</p>
<p>Revenue</p> <p><b>RM27,615</b> mil</p>	<p>PATAMI</p> <p><b>RM8,235</b> mil</p>	<p>The Maybank Group offers a comprehensive range of products and services, including commercial banking, investment banking, Islamic banking, offshore banking, insurance and takaful, trustee services, asset management, stockbroking, nominee services, venture capital, and internet banking.</p>
<p>Market Capitalisation</p> <p><b>RM104,871</b> mil</p>	<p>% Shareholding</p> <p><b>47%</b></p>	<p>In its efforts to realise a sustainable future for all, Maybank's mission is to humanise financial services by providing convenient access to financing in both digital and physical environments, reinforcing the importance of ethical banking.</p> <p>It strives to offer fair terms and pricing, advising customers based on their needs, prioritising customer experience using next-generation digital technologies, and always being at the heart of the community.</p>


## SIME DARBY BERHAD

Audited FYE 30 June 2022

		<p>Sime Darby Berhad is a partner of choice for some of the world's best brands in the Industrial and automotive sectors, with operations in 19 countries and territories across the Asia Pacific.</p>
<p>Revenue</p> <p><b>RM42,502</b> mil</p>	<p>PATAMI</p> <p><b>RM1,172</b> mil</p>	<p>Its subsidiary, Sime Darby Industrial, is a world leader in the heavy equipment space. Its core businesses provide earthmoving and industrial solutions for customers in the resources, infrastructure, oil and gas, power generation, marine, agriculture, and material handling sectors. These include selling and renting industrial equipment, providing after-sales product support and parts, and developing innovative industrial solutions.</p>
<p>Market Capitalisation</p> <p><b>RM15,052</b> mil</p>	<p>% Shareholding</p> <p><b>49%</b></p>	<p>Sime Darby Motors, the automotive arm of Sime Darby Berhad, is involved in the retail, distribution, assembly, and rental of commercial and passenger vehicles. With over 50 years of experience, its award-winning operations span nine markets across the Asia Pacific and represent more than 30 of the world's largest automotive brands, ranging from super luxury marques such as Rolls-Royce and Lamborghini, luxury brands such as BMW, Porsche, and Volvo, to electric vehicles (EV) specialists such as BYD, Tesla, and Polestar, as well as household names such as Hyundai, Ford, and Mazda.</p> <p>Through its joint-venture company, Ramsay Sime Darby Health Care, Sime Darby Berhad also delivers award-winning private healthcare in Malaysia and Indonesia.</p>

## SIME DARBY PLANTATION BERHAD

Audited FYE 31 December 2022

		<p>Two hundred years ago, enterprising colonials arrived in the Far East looking for fortune and adventure and planted the seeds for a future beyond anything they could have envisioned.</p>
<p>Revenue</p> <p><b>RM21,030</b> mil</p>	<p>PATAMI</p> <p><b>RM2,488</b> mil</p>	<p>Today, Sime Darby Plantation Berhad (SDP) stands tall as the world's largest producer of Certified Sustainable Palm Oil (CSPO), with a production of 2.15 million MT (as of December 31, 2021). With a planted hectareage approximately eight times the size of modern-day Singapore, it is also one of the largest plantation companies in the world.</p>
<p>Market Capitalisation</p> <p><b>RM32,158</b> mil</p>	<p>% Shareholding</p> <p><b>56%</b></p>	<p>SDP, a global plantation company, is fully integrated, both vertically and horizontally, operating along the entire palm oil value chain in 13 countries. Throughout its plantation operations, five R&amp;D centres, and 11 refineries around the world, planters, scientists, technologists, and refiners work side by side to develop and produce high-quality refined oils and fats products, oleochemicals, palm oil-based biodiesel, nutraceuticals, other palm oil derivatives, and agriproducts.</p> <p>Supported by a workforce of over 80,000 people, SDP has reinforced its leadership position with its ground-breaking R&amp;D into oil palm genomics to produce what is probably the world's best oil palm planting material, the GenomeSelect™; best-in-class labour standards, and cutting-edge innovation that is revolutionising work in plantations. In addressing the urgency of climate change, SDP has also committed to achieving net zero emissions across its entire value chain by 2050 and submitted both its near-term 2030 targets and longer-term 2050 targets to the Science Based Targets initiative for validation. SDP serves a diverse range of customers in over 90 countries and is a partner of choice for its key stakeholders. Its continued success is founded on resilience, adaptability, and dynamism, while its continuous pursuit of excellence in business, sustainability, research, and innovation is driving SDP's new phase of change and growth.</p>

## PORTFOLIO PERFORMANCE STRATEGIC COMPANIES

### SIME DARBY PROPERTY BERHAD

Audited FYE 31 December 2022



#### Property

Revenue

**RM2,742**  
mil

PATAMI

**RM316**  
mil

Market Capitalisation

**RM3,060**  
mil

% Shareholding

**58%**

Sime Darby Property is Malaysia's multi-award-winning and pioneering property developer with 50 years of success in the real estate industry. The Group has built over 100,000 homes across 25 townships and developments, with products spanning residential, commercial, as well as industrial and logistics properties.

Beyond property development, Sime Darby Property also has presence in other real estate segments, including Investment and Asset Management, as well as Leisure, where it owns the prestigious Kuala Lumpur Golf and Country Club, one of the top golf clubs in Southeast Asia. In the United Kingdom, Sime Darby Property is part of a consortium of Malaysian companies which rejuvenated the iconic Battersea Power Station in Central London.

Within its Investment and Asset Management business, the Group operates 5.4 million sq. ft. of net lettable area across commercial, retail, hospitality, education and industrial segments.

The Group is committed to uphold ESG principles throughout its business and continue its role as a Force for Good, guided by its own 2030 Sustainability Goals which are aligned with the United Nations' Sustainable Development Goals. Sime Darby Property is a constituent of the MSCI ACWI Small Cap Index with MSCI ESG Rating of BBB and is rated by the Carbon Disclosure Project. The Group contributes extensively towards social welfare development through its philanthropic arm, Yayasan Sime Darby. It is involved in many social impact activities nationwide, providing aid relief and entrepreneurial development programmes to underprivileged communities during the recent pandemic, as well as township community engagement and volunteering efforts which drive our corporate responsibility agenda.

Sime Darby Property is honoured to be recognised with numerous real estate industry awards throughout the years. In 2022, the Group remains a top property developer in 'The Edge Malaysia's Top Property Developers Awards', achieving the feat for the eleventh year running. The Group is also a consistent recipient of the 'BCI Asia Awards' for 'Top Ten Developers (Malaysia)' and was accorded a Platinum ranking in the Property Development category for Putra Brand Awards 2022, as well as named Top Ten in the 'Top-of-The-Chart (RM1 billion and above)' category under FIABCI-Malaysia and Star Media Group's 'Malaysia Developer Awards 2022'.

### S P SETIA BERHAD

Audited FYE 31 December 2022



Revenue

**RM4,454**  
mil

PATAMI

**RM308**  
mil

Market Capitalisation

**RM2,445**  
mil

% Shareholding

**61%**

S P Setia is the largest property developer, by sales, in Malaysia and has established a presence in seven countries globally.

The Group has a portfolio that encompasses townships, eco-sanctuaries, luxury enclaves, high-rise residences and niche developments. Its other businesses include construction, retail, wood-based manufacturing and soon to be healthcare and hospitality.

It holds the record for winning the top spot for both The Edge Top Property Developer Awards 14 times and FIABCI World Prix d'Excellence World Gold Awards 15 times.

### UMW HOLDINGS BERHAD

Audited FYE 31 December 2022



UMW

Revenue

**RM15,814**  
mil

PATAMI

**RM415**  
mil

Market Capitalisation

**RM4,054**  
mil

% Shareholding


**61%**

The UMW Group is a leading conglomerate with diverse and global interests in the Automotive, Equipment, Manufacturing and Engineering and Aerospace sectors. The Group carries market leading brands, which include Toyota, Komatsu and Grantt - Its own homegrown lubricant brand - and a host of other major brands.

## PORTFOLIO PERFORMANCE STRATEGIC COMPANIES


### VELESTO ENERGY BERHAD

Audited FYE 31 December 2022

		<p>Velesto is a Malaysia-based multinational provider of services for the upstream sector of the oil and gas industry.</p> <p>Velesto owns and operates six premium jack-up drilling rigs, which are capable of operating in water depths of up to 400 feet - ideal for the shallow waters of Southeast Asia. It is also a provider of workover services through its fleet of hydraulic workover units. In addition, it provides integrated drilling and workover services to meet its clients' requirements.</p> <p>Velesto's collaboration with PETRONAS Technical Training Sdn Bhd in establishing Velesto-INSTEP Drilling Academy (VIDA) reflects its commitment to developing high-quality talent and addressing the critical shortage of skilled local drilling professionals, contributing to the growth of the nation's human capital.</p> <p>Listed on the Main Board of Bursa Malaysia, Velesto is a constituent of FTSE4Good Bursa Malaysia Index, a testament to its sustainability performance and environmental, social and governance (ESG) practices.</p>
Revenue	PATAMI	
<b>RM581</b> mil	<b>RM(100)</b> mil	
Market Capitalisation	% Shareholding	
<b>RM1,232</b> mil	<b>54%</b>	


### DUOPHARMA BIOTECH BERHAD

Audited FYE 31 December 2022

		<p>Duopharma Biotech began with the establishment of Duopharma (M) Sendirian Berhad in 1978. Duopharma Biotech was incorporated in 2000 and is today one of Malaysia's leading pharmaceutical companies listed on the Main Market of Bursa Malaysia Berhad.</p> <p>Duopharma Biotech has core competencies in the pharmaceutical industry inclusive of manufacturing, research and development and commercialisation and marketing of over 300 generic drugs such as Crystorvas, Prelica and Omesec as well as consumer healthcare products including CHAMPS®, FLAVETTES®, PROVITON® and Uphamol, which are well-recognised and accepted by consumers in Malaysia, regionally and globally. The Company has also diversified into the biosimilars space with technology and commercialisation collaborations with credible and strong international partners. ERYSAA®, Basalog One®, and Zuhera are a few commercialised biosimilar brands.</p> <p>Headquartered in Kuala Lumpur, Malaysia, Duopharma Biotech owns and operates three manufacturing plants in Klang, Bangi and Glenmarie, Selangor. Duopharma Biotech also has subsidiary companies in the Philippines and Singapore. A subsidiary of Duopharma Biotech Berhad has a representative office in Jakarta, Indonesia.</p>
Revenue	PATAMI	
<b>RM697</b> mil	<b>RM70</b> mil	
Market Capitalisation	% Shareholding	
<b>RM1,533</b> mil	<b>52%</b>	

### MNRB HOLDINGS BERHAD

Audited FYE 31 March 2022

		<p>MNRB is an investment holding company, which provides reinsurance, takaful and retakaful products and services through its wholly owned subsidiaries. Amongst MNRB's wholly owned subsidiaries are Malaysian Reinsurance Berhad (Malaysian Re), Takaful Ikhlas Family Berhad (Takaful IKHLAS Family), Takaful Ikhlas General Berhad (Takaful IKHLAS General) and Malaysian Re (Dubai) Ltd.</p> <p>Malaysian Re is the leading national reinsurer in Malaysia.</p> <p>Takaful IKHLAS Family and Takaful IKHLAS General serve almost two million policyholders.</p>
Revenue	PATAMI	
<b>RM3,258</b> mil	<b>RM114</b> mil	
Market Capitalisation	% Shareholding	
<b>RM689</b> mil	<b>55%</b>	





## PORTFOLIO PERFORMANCE STRATEGIC COMPANIES

### SAPURA ENERGY BERHAD

Audited FYE 31 January 2023

		<p>Sapura Energy Berhad is a global integrated oil and gas services and solutions provider operating across the entire upstream value chain, including renewables. The Group's spectrum of capabilities covers exploration, development, production, rejuvenation, as well as decommissioning and abandonment.</p> <p>With a highly skilled and technically capable workforce, versatile strategic assets, and strong project management capabilities, the Group today delivers its integrated solutions and expertise in over 20 countries.</p>
Revenue	PATAMI	
<b>RM4,551</b> mil	<b>RM(3,203)</b> mil	
Market Capitalisation	% Shareholding	
<b>799</b> mil	<b>39%</b>	

### SELECTED CORE COMPANIES SHAREHOLDING

18%	20%	18%	17%	17%
				
Axiata Group Berhad	IJM Corporation Berhad	Tenaga Nasional Berhad	Gamuda Berhad	Telekom Malaysia Berhad
13%	11%	7%	11%	10%
		Key Associate Company 		
Bank Islam Malaysia Berhad	CIMB Group Holdings Berhad	CelcomDigi Berhad	Maxis Berhad	Petronas Gas Berhad

PATAMI : Profit After Tax and Minority Interest.

All Market Capitalisation and Shareholding figures are as at 31 December 2022.

# PUBLIC MARKETS

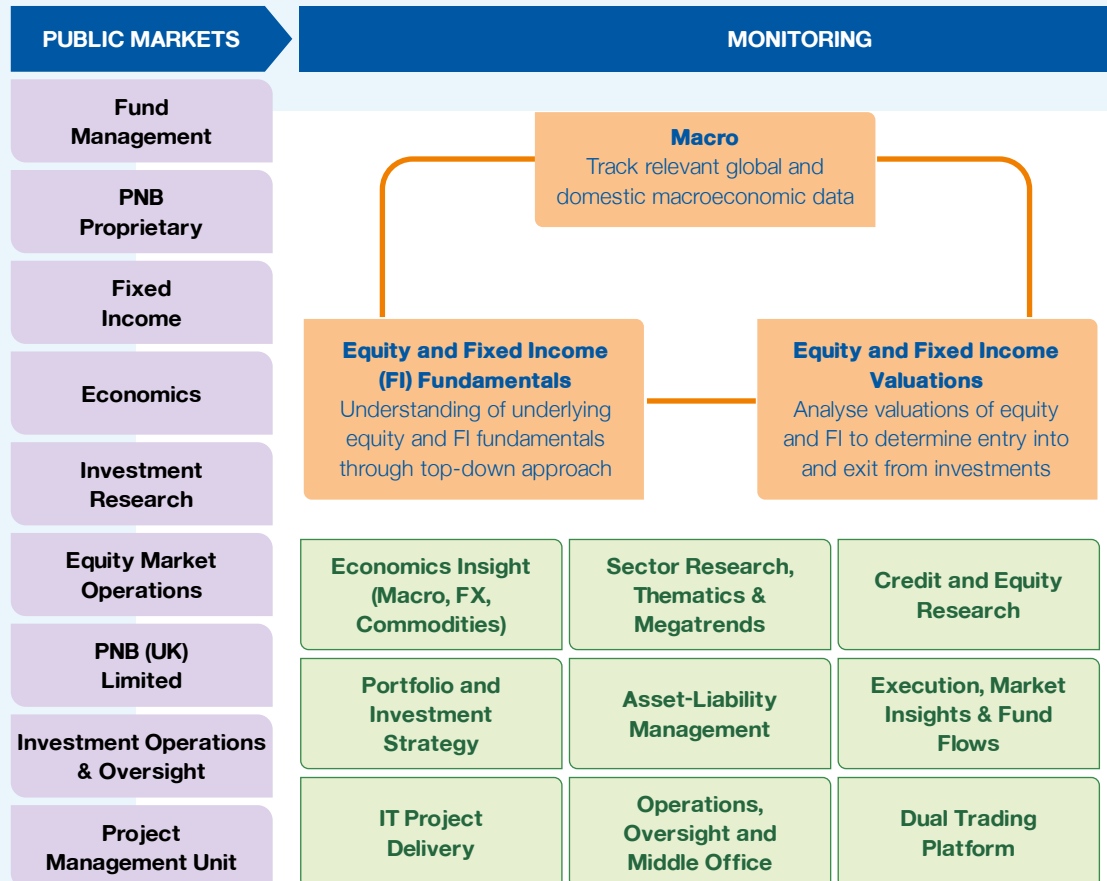
The Public Markets Strategic Business Unit oversees the overall investments of 17 ASNB unit trust funds (UTFs) and PNB's proprietary fund, with total assets under management (AUM) of RM341.6 billion. It is directly responsible for the management of the domestic and international public equity, fixed income and cash asset classes.

## INVESTMENT PHILOSOPHY

Our investment approach, across both equity and fixed income, is founded upon PNB's long-term, fundamentals-based investment philosophy:

### Cross-Collaboration Across End-to-End Investment Process

The different Divisions, Departments and Units within Public Markets work together as a team to deliver value across PNB's end-to-end investment process, so as to achieve the respective investment objectives of the 17 unit trust funds under PNB's management, for the benefit of all unitholders.





## PUBLIC MARKETS

- **Fundamentals-Based Approach** (Fair or intrinsic value investing guided by long-term fundamental parameters)
- **Asset Allocation** (Combining long-term Strategic Asset Allocation (SAA) with opportunistic investments and dynamic Tactical Asset Allocation (TAA))
- **Megatrends and Macro Drivers** (Driven by macroeconomic indicators and market trends or cycles)
- **Research-Based** (Investment decisions guided by comprehensive research across markets, sectors and companies)
- **Quantitative and Qualitative** (Qualitative judgement complemented by quantitative methodologies and techniques)
- **Risk and Shariah-Based** (Shariah-first approach and filtering; Risk-centric decision-making, including rigorous stress testing)

## PUBLIC MARKETS IS RESPONSIBLE FOR DELIVERING THE FUNDS' RESPECTIVE RISK-RETURN MANDATES

- 1 Public Markets is responsible for delivering the funds' respective mandates of annual income distributions above the average 12-month Fixed Deposit rate for the fixed price funds and competitive total returns for the variable price funds, within the respective risk tolerance levels of the funds.
- 2 Public Markets consists of two Divisions - Fund Management (comprising Fixed Price and Variable Price Funds) and PNB Proprietary - and several Departments - Fixed Income, Economics, Investment Research and Equity Market Operations. The Divisions and Departments work together as a larger team, with each core component making its own distinctive contribution to the investment value chain.
- 3 The teams provide global coverage with regional and sector specialisations, underpinning PNB's house view and portfolio strategy. The team also ensures best execution and undertakes continuous monitoring, review and rebalancing of the funds' portfolio.
- 4 PNB (UK) Limited is PNB's satellite trading platform in London, regulated by the UK's Financial Conduct Authority. It executes equity trades on the European and North American markets, and is also a multi-asset class representative office, covering Private Markets and Real Estate investments. PNB UK facilitates engagement and learning opportunities for both staff as well as sponsored students.
- 5 Public Markets has undertaken various intradepartmental projects and initiatives as well as collaborations with other business units in PNB, to increase operational efficiency and to continuously deliver competitive returns. Public Markets conforms to the highest standards of governance, with robust internal controls and regulatory oversight, which is internally monitored by the Investment Operations and Oversight Unit. The Project Management Unit also spearheads the development of two critical IT projects.

## PUBLIC MARKETS

### Building Capacity

#### Forecasting

Enhancing forecasting and modelling of leading and lagging macro indicators through the application of data science methodologies and exploring machine learning techniques.

#### Sustainability

Building up knowledge base and new competencies in ESG and climate risks and opportunities.

#### On-the-Ground Insights

With the easing of pandemic restrictions and the resumption of travel, exploring investment opportunities on-site, and engaging in person with stakeholders and management for deeper and more meaningful interactions.

#### Knowledge Transfer

Commencing attachments with global external fund managers in the UK and the US, and continuing engagements with our intermediaries and partners.

## Public Markets' 2022 Key Priorities and Initiatives



### Pursuing Innovation

#### ASN Sukuk

Managing PNB's first Sukuk fund to further diversify the product suite and provide unitholders with additional options to meet their respective risk appetites, given prevailing market conditions and long-term outlook.

#### Hedging

Introducing a new hedging desk within the Fixed Income Department, to enable PNB and the UTFs to effectively manage foreign exchange risk through hedging instruments.

#### Processes

Continuing to streamline and optimise internal processes.

### Embracing Digitalisation and New Ways of Working

#### Automation

Implementing pilot applications of robotic process automation to automate manual and repetitive processes.

#### Systems

Spearheading the commissioning of a new investment core management system spanning all asset classes, as well as a research management system and an investment data warehouse, to enable optimal portfolio management and enhanced data analytics, due to go live in 2024.

#### Trading

Embarking on algorithmic trading for equity trades through approved intermediary platforms, increasing usage of electronic trading for fixed income trades, and utilising transaction cost analysis to track best execution by intermediaries.

## PUBLIC MARKETS

## 2022 OVERVIEW

The year under review was the worst year in decades for public markets globally, with both public equities and fixed income assets simultaneously registering markedly negative returns. Nevertheless, PNB was able to continue generating competitive returns for our unitholders, with our diversification efforts bearing fruit in creating a more resilient portfolio. We also continued to invest for the future – launching a new fund, continuing to build capacity amongst our talents, and embarking on a major upgrade of our core systems. And as we look ahead to 2023, we will vigilantly navigate market volatility and remain committed to investing for the long-term.

## PUBLIC EQUITY

## Global Equity

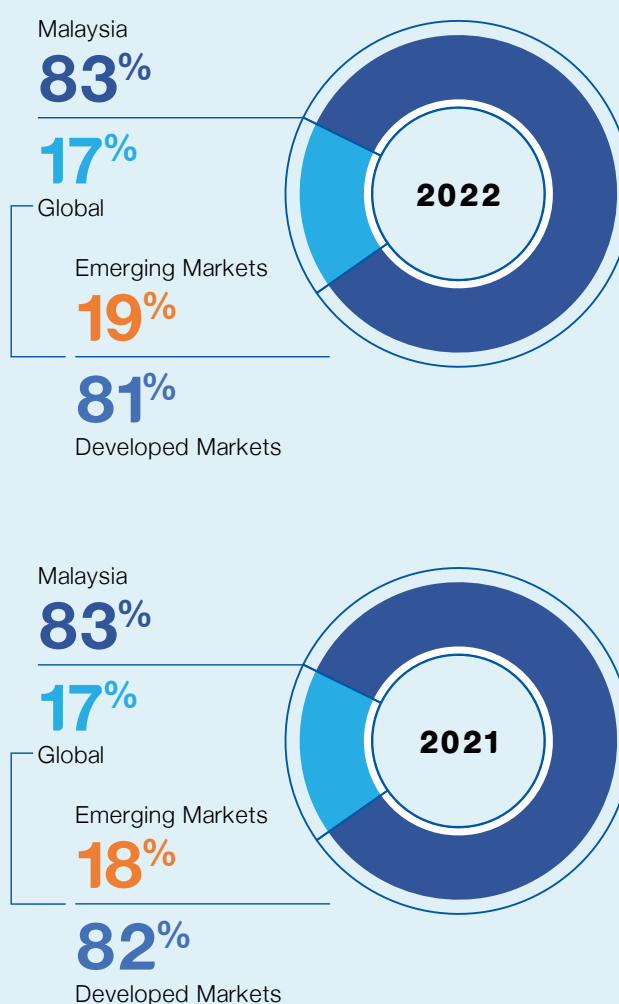
2022 saw global equity markets experiencing heightened volatility on the back of rising inflation, monetary policy tightening and escalating geopolitical tensions. The persistently high inflation forced central banks to aggressively hike interest rates, with the US Federal Reserve hiking interest rates by a massive 425 basis points and the European Central Bank exiting negative interest rate territory with a 250 basis point increase over the course of the year.

The rapid transition out of a low interest rate environment shook global markets and affected growth stocks in particular. This was then exacerbated by the Russia-Ukraine war, which not only elevated geopolitical risk, but also had knock-on effects on commodity prices, further fuelling inflation. Global supply chain disruptions also persisted, partly due to the continuation of China's Zero Covid policy.

Although markets rebounded somewhat in the fourth quarter of 2022, both developed and emerging markets still ended the year with significant drawdowns, with the MSCI World Index down by 19.5% and the MSCI Emerging Markets Index declining by 22.4% for the year, resulting in a 19.8% overall decline for the global equity benchmark MSCI All Country World Index.

Consequently, PNB remained judicious in its global public equity investments in 2022, tactically shifting regional and sectoral allocations and going risk-off where warranted, whilst also taking advantage of the market volatility to both take profit as well as accumulate positions at attractive entry points, in line with our long-term fundamentals-based investment approach.

## Global Public Equity Diversification of PNB and the UTFs



Note: As at 31 December

## PUBLIC MARKETS

### Domestic Equity

Although the domestic market did not escape the effects of the global downturn in equity markets, the Malaysian market performed much better relative to other markets globally, with the FBM KLCI ending the year only 4.6% down, while the FBM100 was down by 5.4%. This reflected the Malaysian market's position as a more defensive play, and was also supported by a significant uptick in foreign inflows, with RM4.4 billion flowing into the Malaysian market in 2022, compared to an outflow of RM3.3 billion in 2021. The market was also buoyed in the fourth quarter of 2022 by the return of risk-on sentiment globally, as well as greater political stability following the conclusion of the 15<sup>th</sup> Malaysian general election.

Given PNB's extensive holdings in domestic public equities, PNB was able to take advantage of this relatively stronger performance, with the volume of domestic equity trades increasing year-on-year to make up nearly one-third of the total equity trading volume of PNB and the UTFs in 2022. The portfolio remains well-diversified, with exposure across most major sectors, including financials, consumer staples, communication services and utilities.

**Performance of Global Indices, 2022**

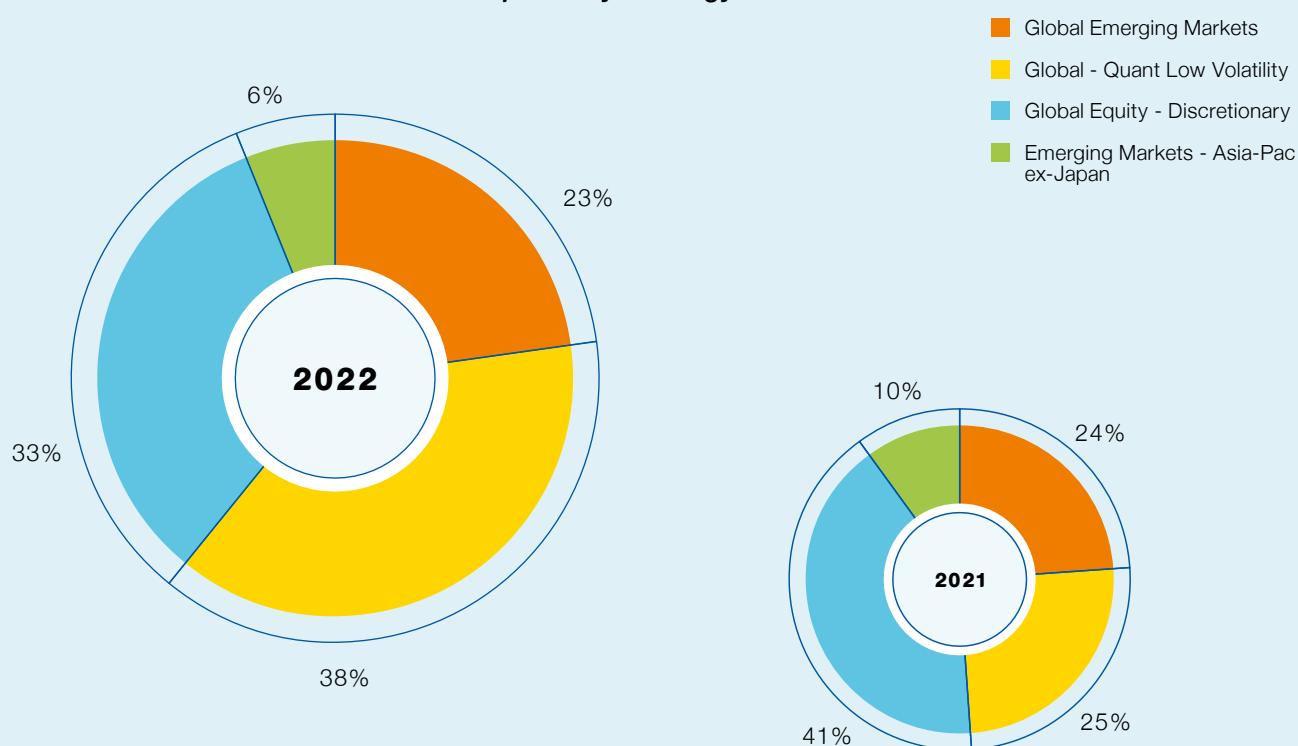


Note: Index price performance rebased to 100 as at 31/12/21

## PUBLIC MARKETS

**Global Public Equity Outsourcing**

In 2022, PNB continued to deploy additional allocation to the nine external fund managers selected under the Public Equity Outsourcing Framework. The proportion of the global public equity portfolio of PNB and the UTFs that is outsourced has therefore increased to 15%, from 11% in 2021. The outsourced portion of the portfolio is also beginning to yield returns in the form of dividends to PNB and the UTFs, in line with the primary return objective of the majority of the mandates to deliver realised Return on Investment.

**Breakdown of Outsourced Global Public Equities by Strategy:**

Note: As at 31 December

**Primary Deals**

Although 2022 saw a decline in initial public offering (IPO) deals across global markets, mainly due to a slowdown in the deal pipeline for the US and Europe as a result of volatile market conditions, PNB still gained access to a number of selective IPO opportunities both domestically and globally. These included listings on both the Main Market and ACE Market, as well as a number of ASEAN and European names, across a variety of sectors, including consumer staples, e-commerce, automotive, semiconductors and new energy.

**Exchange-Traded Funds (ETFs)**

While lower year on-year, ETFs globally still recorded a positive net inflow of USD790 billion in 2022, the bulk of which was into Equity ETFs, particularly the US and Global ETFs. PNB continues to actively use ETFs as a tool for gaining exposure to selected markets, sectors and factors, implementing tactical shifts, and mitigating risks efficiently and in a timely manner.

## PUBLIC MARKETS

### FIXED INCOME

#### Domestic Fixed Income

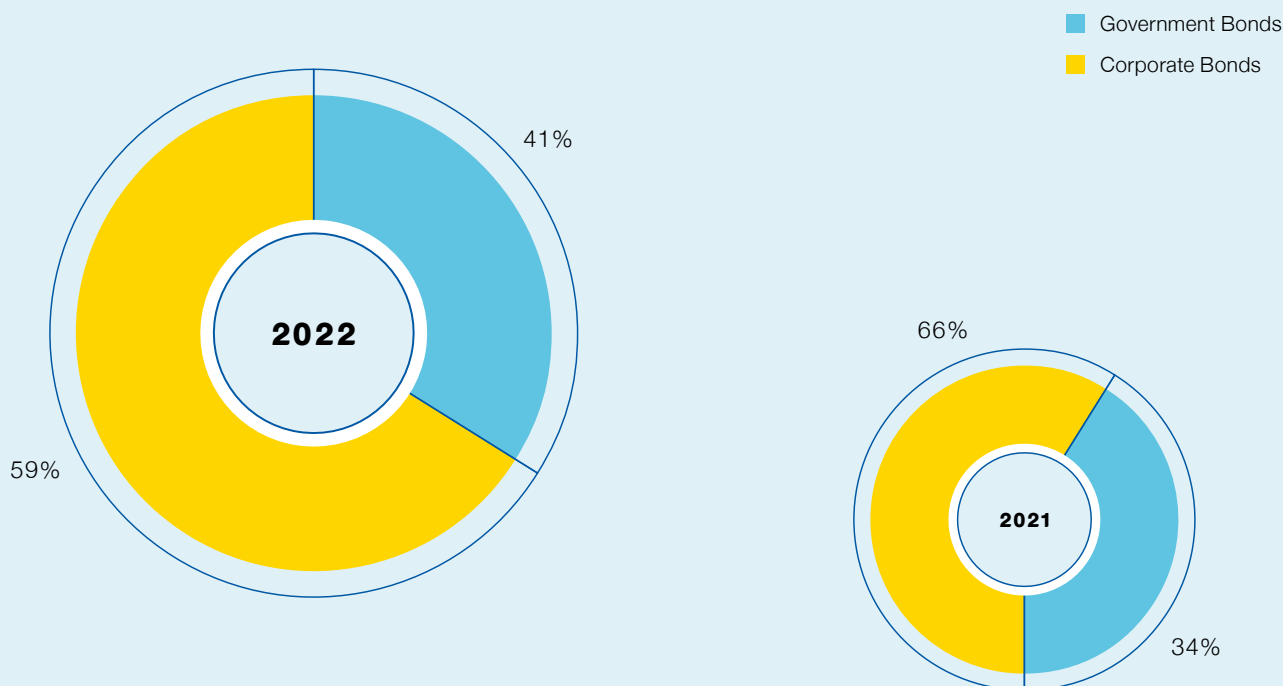
Local bond yields trended upwards in 2022, similar to global bond markets, in line with aggressive monetary policy tightening by global central banks. Bank Negara Malaysia (BNM) hiked interest rates four times over the course of the year, bringing the Overnight Policy Rate (OPR) to 2.75%.

However, given the less aggressive tightening trajectory taken by BNM relative to central banks in developed markets, the rise in bond yields was relatively less pronounced, with an increase of between 30 and 140 basis points across the yield curve. As such, the Bond Pricing Agency Malaysia (BPAM)'s All Bond Index recorded a positive total return of 1.5% for the year, reflecting the much better performance of the local bond market relative to global bonds.

The total trading volume and demand for government bonds reduced slightly year-on-year but maintained their resilience. The supply of corporate bonds in 2022 was healthy, reflecting continuing capital requirements and investor demand, with higher volumes of gross corporate bonds issuances compared to the previous year.

PNB and the UTFs continued to actively invest in both Malaysian Government Securities (MGS) and Government Investment Issues (GII), as well as local corporate issuances, including in infrastructure, real estate, utilities, financial services, and plantations. The transaction value in domestic fixed income for PNB and the UTFs picked up in 2022, taking advantage of opportunities in the local market, and reflecting the overall increase in allocation to fixed income instruments year-on-year.

**Breakdown of Domestic Fixed Income Portfolio by Category:**



Note: As at 31 December

## PUBLIC MARKETS

### Global Fixed Income

Bonds were in the red globally as bond yields rose in response to the rapid rise of interest rates in response to inflationary pressures, especially in developed markets, with the yield on 10-year US Treasuries, for example, rising by 237 basis points in 2022. The Bloomberg US Treasuries index was down by 12.5% for the year, while the widely tracked fixed income index - Bloomberg Global Aggregate index - recorded a decline of 15.2%.

The exposure of PNB and the UTFs to global fixed income instruments remains very small and tactical in nature, including judicious implementation of tactical risk-off shifts and yield pick-up strategies for selected funds. In line with global market conditions, the global fixed income transactions for PNB and the UTFs was lower year-on-year.

### Hedging

With PNB's new Foreign Exchange Risk Management Framework and Policy in place, the focus of the newly set-up hedging desk in 2022 was to operationalise the framework, beginning with capacity-building efforts, the on-boarding of the initial set of approved counterparties, the successful completion of test trades, and the preparation of hedging simulations for potential implementation by asset classes in 2023.

### OTHER ACTIVITIES UNDERTAKEN BY PUBLIC MARKETS

#### PNB Public Markets Dialogue 2022

We organised our second PNB Public Markets Dialogue in 2022 with the theme, "Building Synergies, Creating Breakthroughs". The Dialogue was an invaluable opportunity for PNB to engage in an open exchange of insights and ideas with our public markets partners. Although the Dialogue was still held virtually due to prevailing pandemic restrictions, PNB was greatly heartened by the encouraging response, with more than 300 external attendees from 71 firms, representing all

of PNB's partners in the public markets space, including approved panel capital market intermediaries and financial institutions for equities, fixed income and money market instruments, trustees, custodians and external fund managers.



Through the annual Dialogue, PNB was able to bring together all of our partners, both domestic and global, on a common platform, and share our plans, aspirations and expectations, as well as hear directly from them, as part of PNB's overall effort to build meaningful long-term partnerships. The Dialogue was also followed by a series of one-on-one virtual engagements with PNB's intermediaries and financial institutions in order to discuss more detailed feedback on their performance and expectations.

### Engagement and Outreach

During the year under review, the Public Markets team regularly engaged with key stakeholders including ASNB agents, sales and marketing teams and unitholders to share their knowledge and insights on a variety of relevant topics, including macro-economic developments and trends, market outlook and colour, and the new ASN Sukuk fund.

### OUTLOOK

Looking towards 2023, although some level of recovery is expected across global markets, volatility is expected to continue to be high, as markets attempt to predict the trajectory of interest rates, especially by the US Federal Reserve, amidst persistently high inflation, continuing geopolitical tensions, and the likelihood of recession, particularly in Western economies.

Investors are alert to the potential "regime change taking place", from the low interest rate regime that has characterised the last decade since the Global Financial Crisis, back to a regime of "higher for longer", whilst also considering the longer-term ramifications of US-China rivalry, a rising trend towards deglobalisation and localisation of supply chains, and the massive effort to decarbonise the global economy.













Although uncertainty breeds volatility, in volatility also lies opportunity, especially for a long-term investor such as PNB. Notwithstanding market turbulence in the shorter term, PNB will continue to seek opportunities to strengthen and build up its portfolio, in line with our Strategic Asset Allocation, and ultimately, our long-term investment objectives.

# PRIVATE MARKETS

The Private Markets Division comprises four key departments and units - Direct Investments, Global Fund Investments, Infrastructure Investments, and Portfolio Management & Monitoring.

## DIRECT INVESTMENTS

The Direct Investments team identifies viable and potentially value accretive investments in companies, both domestically and co-investments globally alongside reputable private markets fund managers that exhibit strong fundamentals, high growth potential and clear market positioning, and are supported by an experienced and competent management team.

Selected Controlled Investments	Selected Minority Investments		
 Malaysian Industrial Development Finance Berhad (MIDF)	 Goodyear Malaysia Berhad	 Rahim & Co International Sdn Bhd	 Perusahaan Otomobil Kedua Sdn Bhd
 Projek Lintasan Kota Sdn Bhd (PROLINTAS)	 Maybank Asset Management Group Sdn Bhd	 Akzo Nobel Paints (M) Sdn Bhd	 Aspac Lubricants (Malaysia) Sdn Bhd
	 Carsem (M) Sdn Bhd	 Ansell N. P. Sdn Bhd	
	 BOH Plantations Sdn Bhd	 Lam Soon (M) Berhad	

## GLOBAL FUND INVESTMENTS

Meanwhile, the Global Fund Investments team partners with global private markets fund managers to diversify and increase PNB's exposure in Private Markets via commitments into global private markets funds across various strategies and regions.

PRIVATE MARKETS FUND SELECTION CRITERIA			
<b>Fit with PNB Strategy</b>	<b>Track Record</b>	<b>Team Capabilities</b>	<b>Governance and Alignment of Interest</b>
<ul style="list-style-type: none"> <li>Fund types suitable for PNB's strategy</li> <li>Developed markets across US, EU, and Asia Pacific</li> <li>Diversified sector focus</li> </ul>	Excellent track record emphasising on: <ul style="list-style-type: none"> <li>Prior fund's top quartile performances</li> <li>Outsized net returns and distributions</li> <li>Relatively low loss rates</li> </ul>	Stable team with strong capabilities, among others in: <ul style="list-style-type: none"> <li>Investing experience</li> <li>Deals sourcing</li> <li>Value creations</li> <li>Monetisation and realisation</li> </ul>	Strong alignment of interest in terms of: <ul style="list-style-type: none"> <li>Managers' commitment</li> <li>Strong governance</li> <li>Competitive fee structures</li> </ul>



## PRIVATE MARKETS

## 2022 OVERVIEW

In 2022, the Private Markets Division continued to deploy capital into the private markets asset class as guided by the Private Investment Framework which outlines, amongst others, the investment strategy and structure, as well as a five-year asset allocation strategy. Our target is to increase our private markets allocation from about 4% currently, to 6%-7% of assets under management (AUM).

The Division is further guided by its Private Investment Framework which serves as a guide for key investment initiatives and processes. During the year under review, the Portfolio Management & Monitoring unit guided by the Portfolio Management Framework, was further tasked to streamline and consolidate investment processes and to enhance investment processes by implementing Operational Due Diligence of new investment opportunities.

## Private Investment Framework

<b>VISION</b>	<b>To meaningfully participate in the attractive asset class, thereby enhancing returns for the PNB Group</b>		
<b>PRIORITIES</b>	<b>BUYOUT - GLOBAL</b> <ul style="list-style-type: none"> <li>Scalability, core risk-return profile of private markets</li> </ul>	<b>GROWTH - GLOBAL</b> <ul style="list-style-type: none"> <li>Emerging economies, new age industries</li> </ul>	<b>SECONDARIES - GLOBAL</b> <ul style="list-style-type: none"> <li>Complementary cash profiles to Private Markets portfolio</li> </ul>
	<b>DIRECT - MALAYSIA</b> <ul style="list-style-type: none"> <li>Alpha generating capabilities domestically</li> </ul>	<b>CO-INVESTMENTS - GLOBAL</b> <ul style="list-style-type: none"> <li>Alpha generating capabilities globally</li> </ul>	<b>VENTURE CAPITAL (VC) - GLOBAL</b> <ul style="list-style-type: none"> <li>Opportunities, alongside top-tier VC firms</li> </ul>
<b>ENABLERS</b>	<b>Talent</b> - Reorganised Private Markets team in line with targeted portfolio		
	<b>Process</b> - Best-in-class practices to enable efficient execution		
	<b>Governance</b> - To accommodate the cadence and nuances of private markets investing		
	<b>Risk</b> - Private markets specific risk framework		

## Portfolio Management Framework

<b>VISION FOR PORTFOLIO MANAGEMENT</b>	<b>To enhance overall portfolio management of Private Markets towards enhancing returns, monitoring and investment processes</b>			
<b>STRATEGIC PILLARS AND INITIATIVES</b>	<b>Portfolio allocation and analysis</b> <ul style="list-style-type: none"> <li>Insights on Portfolio Allocation</li> <li>Fund Manager Performance Tracking</li> </ul>	<b>Value creation initiatives</b> <ul style="list-style-type: none"> <li>Rationalisation of Assets</li> <li>Value Creation Plans</li> </ul>	<b>Investment monitoring</b> <ul style="list-style-type: none"> <li>Monitoring of Portfolio Companies</li> <li>Execution of Investment Processes</li> </ul>	<b>Investment Support</b> <ul style="list-style-type: none"> <li>Provision of support in existing Due Diligence Processes</li> <li>Active support in investment execution</li> </ul>
	<b>ENABLERS</b>	<b>Portfolio Management Team</b> - Establish a portfolio management team		
	<b>System and Applications</b> - Investment Management System, Business Intelligence Tools			

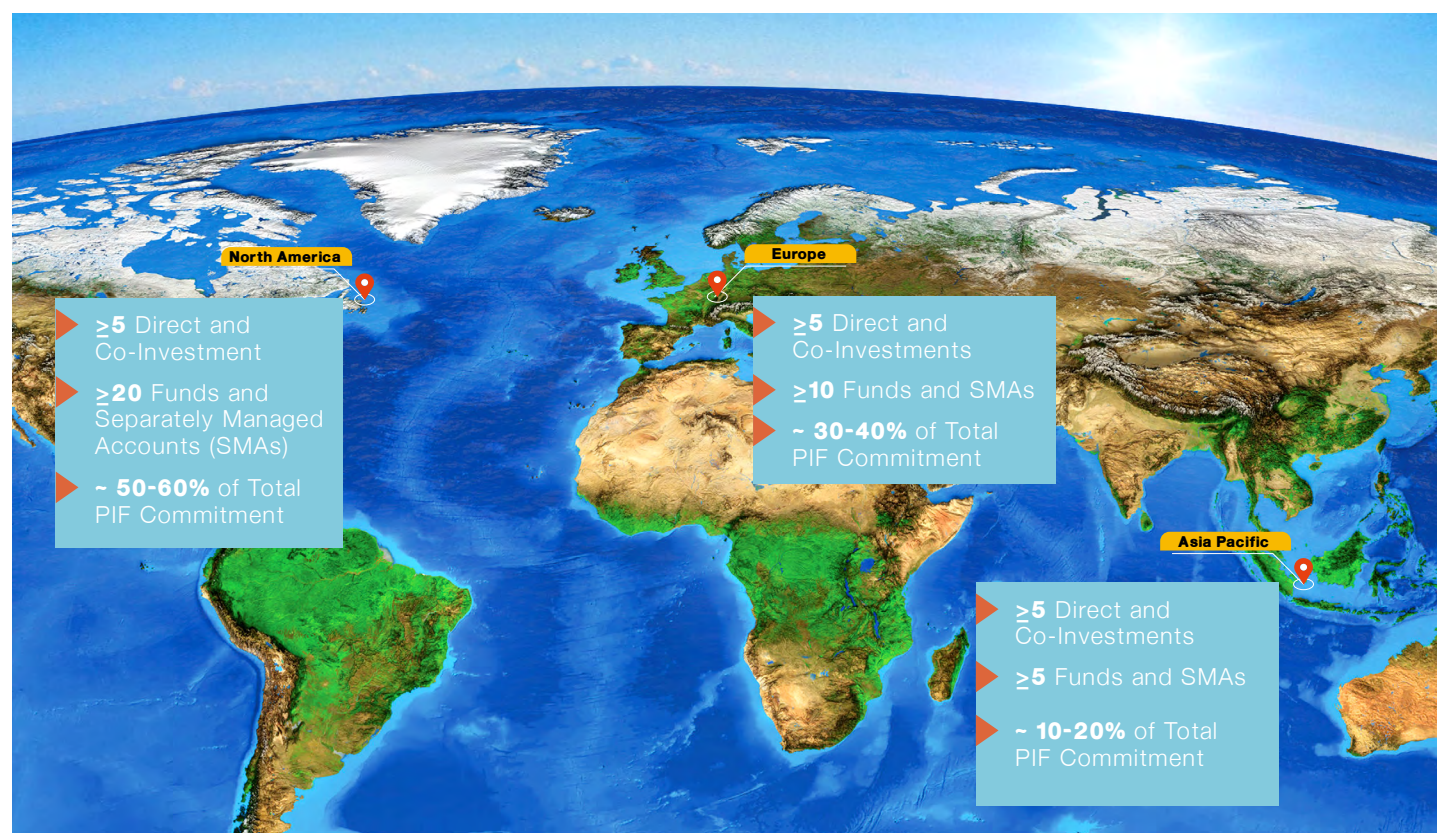
## PRIVATE MARKETS

### EXPANDING OUR PRIVATE MARKETS PORTFOLIOS

The Private Markets Division has a targeted annual deployment and commitment of close to USD1 billion, with about 40% to be channelled through a Direct or Co-investments Programme, and about 60% through fund commitment in the Global Fund Investments Programme. In terms of market value, approximately 45% of our Private Markets portfolio in FY2022 was in domestic investments, and 55% in global investments primarily through the GFI Programme. Global investments have outpaced domestic investments as they now comprise the majority of the market value for the Private Markets Division and it is up from approximately 38% in the previous year, consistent with our diversification effort into global investments.

#### Summary of Private Investment Framework (PIF) Programme as at 31 December 2022

PIF aims to achieve further international diversification for PNB across various regions



Note: The above are cumulative since inception of the PIF programme.

### ADDITION OF NEW ASSET CLASS – GLOBAL INFRASTRUCTURE

In an effort to further diversify our asset base and to explore more opportunities that provide early and stable yield, the Private Markets Division was tasked to formulate the Infrastructure Investment Framework (IIF) to guide the strategy and investment deployment plan into a new asset class for the PNB Group - Global Infrastructure. This asset class is targeted to deliver an attractive risk-adjusted return i.e., high proportion of returns in the form of yield distribution with relatively low volatility. Additionally, it can serve as a hedging tool against inflation to protect the real value of a portfolio, particularly in inflationary environments.

## PRIVATE MARKETS

## Infrastructure Investment Framework

<b>VISION</b>	<b>To diversify into the attractive infrastructure asset class, thereby enhancing long-term risk-adjusted returns while providing stable cash yield</b>		
<b>PRIORITIES</b>	<b>INVESTMENT STRATEGY</b> <ul style="list-style-type: none"> <li>• CORE OR CORE +</li> <li>• VALUE-ADD</li> <li>• OPPORTUNISTIC</li> </ul>	<b>GEOGRAPHY</b> <ul style="list-style-type: none"> <li>• DOMESTIC</li> <li>• NORTH AMERICA</li> <li>• EUROPE</li> <li>• ASIA AND REST OF THE WORLD (ROW)</li> </ul>	<b>VEHICLE STRATEGY</b> <ul style="list-style-type: none"> <li>• DIRECT OR CO-INVESTMENT</li> <li>• OPEN ENDED</li> <li>• CLOSED ENDED</li> </ul>
<b>ENABLERS</b>	<p><b>Governance</b> - Investment Holding Structure in line with Infrastructure asset class and best practices</p> <p><b>Talent</b> - Building Infrastructure Team in line with target portfolio</p> <p><b>Processes</b> - Implement investment processes with robust due diligence templates, relationship frameworks, outlook</p> <p><b>System</b> - Develop an Infrastructure system with an intergrated database and monitoring function</p>		



## OUTLOOK

Given the current challenging macroeconomic headwinds, the private markets are expected to be impacted from continuing interest rate hikes, inflationary effects, and geopolitical uncertainties. However, the industry continues to pursue growth by unlocking value creation opportunities and applying operational excellence in the various portfolio companies.

PNB will continue its efforts to invest and engage with existing and prospective reputable private markets fund managers with excellent track record and operational capabilities. In line with our aspiration to diversify into the Global Infrastructure asset class, the focus would also be towards building internal capability and investing in opportunities with strong yield component within an established Infrastructure investment landscape.

# REAL ESTATE

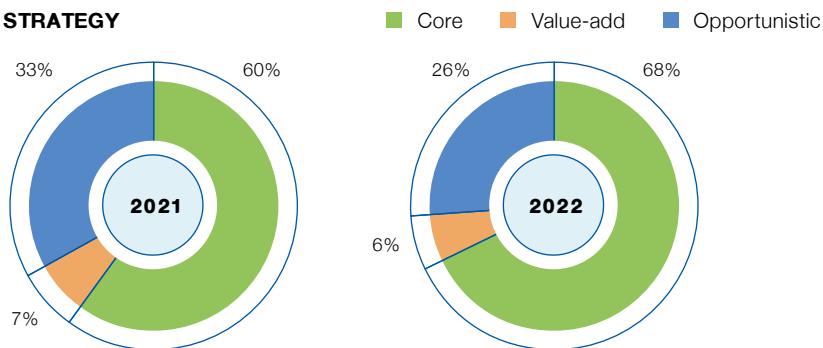
Business activities largely recovered in 2022 as countries reopened their economies in tandem with the world moving towards endemicity, signalling an improvement in real estate prospects as commercial properties were reactivated amid a rebound in consumer demand. However, the global real estate market remained challenging as central banks around the world tightened monetary policy and the costs of construction materials climbed upward mainly due to disruption in the supply chain.

Despite these obstacles, PNB continued to build a diversified portfolio of high-quality assets in various sectors and geographies by delivering our strategic asset allocation targets through selective deployment in global funds of about USD500 million or equivalent to RM2 billion throughout 2022. Guided by our Real Estate Investment Framework, we believe that the real estate portfolio can provide a reasonable level of recurring income to unitholders, especially with our judicious approach that targets assets with strong fundamentals and potential for long-term capital appreciation.

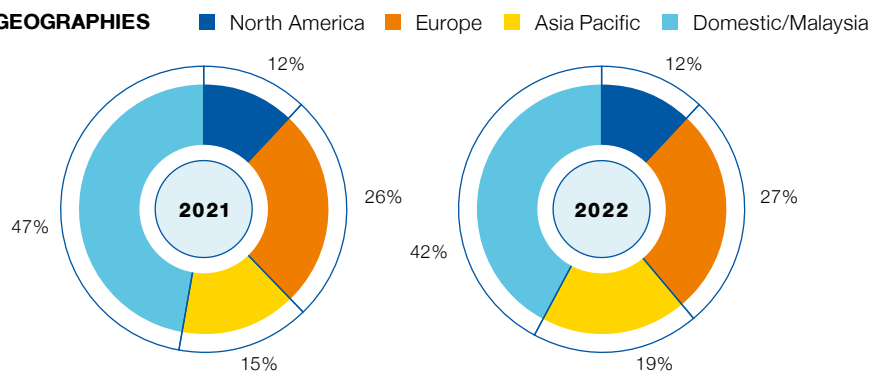
## Real Estate Investment Framework

**OBJECTIVES :** Achieve attractive risk-adjusted returns and diversification without compromising cash yields.

### RISK STRATEGY



### GEOGRAPHIES



### DIVERSIFICATION



### INTERNATIONAL

**19** INVESTMENT PROPERTIES  
**25** REAL ESTATE FUNDS

### DOMESTIC

**33** INVESTMENT PROPERTIES  
**2** REAL ESTATE FUNDS  
**6** HOTELS AND RESORTS  
**2** GOLF COURSES

**>8,000**

ACRES OF LAND ACROSS MALAYSIA

## REAL ESTATE

### KEY ACHIEVEMENTS

In our international portfolio, 2022 was a momentous year that saw the opening of the iconic British landmark, Battersea Power Station in Central London after almost four decades of closure. Our joint venture with a consortium of Malaysian investors successfully revived the area and was officiated by Yang di-Pertuan Agong Al-Sultan Abdullah Ri'ayatuddin Al-Mustafa Billah Shah in October 2022.

On the domestic front, the development of Kota Seri Langat township has been progressing well, with the industrial park known as Compass @ Kota Seri Langat being officially launched in August 2022. The Compass @ Kota Seri Langat development offers two concepts, the Compass Industrial & Logistics Park - a green-certified, managed 120-acre industrial park that caters for built-to-suit warehouses and manufacturing lots - and Compass SME Precinct, a 59-acre park with ready-built factories and warehouses. Meanwhile, the hospitality segment saw the completion of our Villea Port Dickson refurbishment, which was reopened to public in October 2022. In addition, we also continue to actively rebalance our portfolio through the disposal and acquisition of assets while unlocking value from our landbank through the monetisation of land parcels.

### OUTLOOK

Moving forward, 2023 is foreseen to remain challenging for the real estate industry. Some of the risks we anticipate include continuing hikes in interest rates and heightened geopolitical tension that

can affect our overseas portfolio. Other risks include the persistent high price of construction materials as well as labour shortage issues in the market. Nonetheless, we believe that there continue to be more opportunities to be tapped in the industrial and logistics space.

PNB will remain focused on core real estate assets, whilst enhancing our real estate portfolio through active capital recycling activities and ongoing progress in our key development projects. We will also continue to identify new investment opportunities, pursue asset enhancement initiatives and incorporate ESG elements in both existing and new assets.



### MERDEKA 118 – PROGRESS UPDATE

#### Celebrate Progress

As the Merdeka 118 tower inches closer to its completion, the development continued to achieve significant milestones in 2022 with the announcement of its first anchor tenant, participation on the global stage at the Council on Tall Buildings and Urban Habitat (CTBUH) Conference and the completion of its Tower façade.

## REAL ESTATE

In clinching its first anchor tenant, the Merdeka 118 tower will be welcoming Maybank in the first quarter of 2025 as the financial institution confirmed the relocation of its corporate head office of Menara Maybank. The bank is slated to occupy 33 floors with a total occupancy of 650,000 square feet.

The development also made its international debut at the CTBUH Conference 2022 in Chicago, US which was attended by over 50 countries, where the Merdeka 118 tower was formally acknowledged as the second tallest building in the world and the tallest in Southeast Asia.

Ending the year under review on a high note, the building celebrated the completion of its glass façade as the final panel was safely installed. Merdeka 118 consists of approximately 18,000 glass panels that make up the tower's crystalline façade. With the installation of the final panel, the tower was 95% complete.

### Celebrate Communities

PNB Merdeka Ventures Sdn. Berhad (PMVSB), PNB's wholly owned subsidiary, and the precinct's owner and builder, is highly aware of the historical elements and heritage culture of the development's location. In honouring the long-standing communities that are ingrained in the surroundings of the precinct, PMVSB launched a three-pronged initiative in 2021 with Think City as a strategic move to integrate the modern development with the neighbourhood that represents the area's identity.

### Celebrate Heritage

*Preserving the Malay culture and heritage through the legacy of the late Puan Azah Aziz, Malaysia's foremost cultural icon.*

The Merdeka Textile Museum is the custodian of Puan Azah's life-long work, comprising her personal collection of traditional Malay world textiles, costumes and accessories. The late Puan Azah's family has donated the collection which will be showcased when the museum is opened in 2025. The museum is also set to be the centre of learning where visitors can engage through immersive experiences of Malay world textiles.

### PESZTA for the Community

The inaugural PESZTA event for the Community in conjunction with Malaysia's 65<sup>th</sup> National Day was organised by PMVSB and Think City. PESZTA, a Merdeka-themed festival took place in the artistic and cultural hub of Kampung Attap located in the Merdeka 118 precinct. The festival attracted more than 3,000 visitors with activities that included a dedicated Virtual Reality tour of Stadium Merdeka, Merdeka Heritage Walk, Wayang Kulit performances, interactive cultural exhibitions, live music performances from local artistes and food offerings from local culinary entrepreneurs. PESZTA aimed to support home-grown businesses within the precinct by encouraging footfall and providing recipients of the Merdeka 118 Community Grants Programme with a platform to showcase their products and services. The festival is one of the main initiatives that showcases the harmonious relationship between Merdeka 118 and the surrounding communities while cultivating inclusivity and unity at the heart of the Merdeka 118 precinct.



## REAL ESTATE

### Merdeka 118 Community Grants Programme

Launched in 2021, the Merdeka 118 Community Grants Programme seeks to focus on four key locations within the precinct and enhance the four aspects of community, sports, arts and heritage and entrepreneur activities. The four locations include the Kampung Attap area (arts and creative community), the surroundings of Petaling Street (traditional trades and new businesses), Bukit Bintang precinct (education and sports institutions) and the Pudu precinct (B40 community).

As at end 2022, the grant recipients of Cycle One have shown tangible progress and achievements including:



**Smart Stingless Beekeeping** – An International Islamic University Malaysia (IIUM) led-project, the initiative held its first honey harvesting ceremony in August 2022 at the Public Housing (PA) Seri Sarawak. During the start of the project, Team PNBMV, PNB, DBKL, Think City and the residents associations were guided by IIUM in prepping the green area for bee hives and planted fruit-bearing trees, flowers and herbs that are beneficial to the bees.



**Community basketball upgrade** – The grants programme also assisted the upgrading works of our neighbour's basketball court in Jalan Hang Jebat, including resurfacing of concrete, painting of new grid lines and planting of more greenery to the surrounding area. The official reopening of the court was held in June 2022 alongside the 'First Summer' basketball tournament participated by students from the schools within the Merdeka 118 precinct.



**Eat, Pray, Love project** – The project, led by Kaki Jelajah Warisan, organised its first 'Spirit of Merdeka' talk and walk which highlighted the origins of the areas from Stadium Merdeka to the back lanes of Chinatown and Jalan Pudu. Apart from interesting anecdotes and historical facts, the sessions also provided local residents and international visitors with an engaging experience to discover more about Kuala Lumpur.



**Vocational Programme for Women** – Empowering girls and women through vocational skills, the grant supported culinary and baking classes for 30 women. The project is targeted to benefit young women by opening employment avenues for them.



**Entrepreneur programme** – Sinergi Aspirasi Global organised the Economic Empowerment Programme, aimed at improving the entrepreneurial skills of the B40 community residing within the public housing areas surrounding the Merdeka 118 precinct. The customised programme provided training to upskill the participants in setting up online businesses from home, in marketing strategies and self-preparedness for the job market. The participants with homemade food businesses were provided a platform at the first ever PESZTA event to showcase and sell their products and food at the pop-up community stalls.



**Kampung Attap Collective** – With the grant, the initiative curated a variety of creative programmes to enhance the arts and heritage scene in the Merdeka 118 precinct. These programmes included music shows, workshops on book conservation and repair, art exhibitions, and community markets at various places, including Zhongshan Building, Pentago House and SAM Mansion. The PESZTA festival was the grand finale of the initiative for participants to showcase and sell all their homemade products.

Witnessing the progress and success of various initiatives proactively driven by its partners and organisers, the Merdeka 118 Community Grants Programme was extended to Cycle Two, with the objective of widening the circle of beneficiaries. Cycle Two was open for application from 1 December 2022 to 9 January 2023 via a dedicated microsite. As at end December 2022, the programme has received 43 submissions. To further effectively communicate the programme, five open day sessions consisting of three virtual sessions and two physical sessions were organised in December and January to brief, brainstorm, curate and connect with the community.

Similar to Cycle One, the programme places priority on sports, arts, education and the business community within the Merdeka 118 precinct with a set of guidelines. Assessments of submitted project proposals will be conducted by a Review Panel which is made up of PMVSB and Think City members together with an independent Technical Advisory Panel with experts in the various disciplines of sports, arts, community, technology, conservation and heritage and entrepreneurship development.

The Merdeka 118 Community Grants Programme is designed for the long-term as it will also continue to support Cycle One initiatives by enhancing the expansion of the current projects to enable them to reach a sustainable level.

# ASNB UNIT TRUST

In 2022, a significant milestone was reached as the ASNB Strategic Plan 2030 commenced with a focus on Trusted Investments and Advice. Embracing this vision, ASNB aims to position itself as the advisor of choice, while simultaneously democratising financial advice by making it accessible to all. The pursuit of this objective has led to the implementation of pivotal initiatives within the strategic pillars of Advisory, Product, and Channel, driving the initial wave of transformation. To kick off this endeavour, essential enablers, namely Data and Technological Stack, and Organisation and Talent, have been diligently activated.

## ASNB Strategic Plan 2030 (ASP30)

Trusted Investments and Advice

### PILLAR 1

Advice to Achieve Goals

### PILLAR 2

Focused and Well Diversified Product Suite

### PILLAR 3

Omnichannel Delivery

## Pillar 1: Advice to Achieve Goals

PILLAR 1

ASNB is committed to enhancing our advisory services to better assist our unitholders in achieving their needs and goals. Throughout the year, we placed significant emphasis on improving financial literacy through various platforms, including physical and online events such as Fiesta Labor PNB @ Home, Sembang-sembarang ASNB Webinars, and Kuiz Pelaburan PNB 2022.



 To read more about our efforts to improve the financial literacy of Malaysians, please turn to page 94 to 102, *Balancing Profitability & Social Investment*.



## ASNB UNIT TRUST

## PILLAR 2

## Pillar 2: Focused and Well Diversified Product Suite

In line with ASNB's goal of broadening our product range to facilitate our advisory services in creating customised investment portfolios that cater to our unitholders' needs, we unveiled our inaugural sukuk fund, ASN Sukuk, on 25 November 2022. This latest inclusion expands ASNB's diverse product offerings, which encompass fixed price funds, equity funds, mixed asset balanced and conservative funds, and fixed income fund.



## Launch of ASN Sukuk

Launch Date: 25 November 2022  
Fund Type: Income  
Fund Category: Sukuk

- ASN Sukuk is the first Islamic fixed income unit trust fund by ASNB.
- In line with ASNB's effort in expanding its suite of product offerings to cater to the growing needs of Malaysian investors, especially risk averse investors seeking sustainable medium to long-term income with capital appreciation opportunities.

## Investment Objective

Provide unitholders with stable income and capital appreciation opportunities through investment mainly in a portfolio of sukuk and other Islamic liquid assets.

## Asset Allocation

The fund seeks to achieve its objectives by investing in the following:

- Minimum of 80% of its net asset value (NAV) in sukuk inclusive Government Investment Issue;
- Maximum of 20% of its NAV in Islamic money market instruments and other permitted investments; and
- Maximum of 20% of its NAV in unrated sukuk.

## Performance Benchmark

90% RF BPAM Sukuk Index and 10% Maybank One-Month Fixed Deposit (FD)-iRate.

As at 31 December 2022, 92.4 million units of ASN Sukuk have been subscribed by 3,042 unitholders via both over-the-counter and digital platforms.



## Wakaf ASNB

Wakaf ASNB is a service offering for ASNB unitholders to manage their financial planning whilst encouraging them to perform charitable deeds and exercising their social duties. Since the introduction of Wakaf ASNB on 25 October 2021, a total of 7,603 ASNB unitholders have subscribed to the service and have contributed more than 30.32 million wakaf units. Based on the contribution, the wakaf units have managed to generate income distribution of over RM0.75 million.

After deducting the related fees from the income distribution, a net Dana Manfaat Wakaf amount of RM0.55 million was allocated towards distribution for wakaf projects. As at 31 December 2022, the total distribution of Dana Manfaat Wakaf was RM73,365 and the remaining balance of RM479,980 was distributed in the first quarter of 2023.


The Dana Manfaat Wakaf has been distributed to local communities all over Malaysia. A total of 182 entities and recipients such as schools, hospitals, mosques, welfare centres and flood victims have benefited from this distribution in various forms to aid their needs. The distribution was also supported through smart partnerships with State Islamic Religious Councils and leading NGOs such as Yayasan Ikhlas, Mercy Malaysia and MyCare.

 **7,603**  
(Endowers)

 **30.32 mil**  
(Wakaf Units)

 **RM553,345**  
(Dana Manfaat Wakaf)

 **RM73,365**  
(Distribution as at 31 December 2022)

 **RM479,980**  
(Dana Manfaat Wakaf for distribution as at first quarter of 2023)

ASNB together with its subsidiary company, ASNB Wakalah Sdn. Bhd. are committed to managing the wakaf funds contributed by our unitholders with high integrity, transparency and effective distribution.

## ASNB UNIT TRUST

PILLAR 3

### Pillar 3: Omnichannel Delivery

ASNB seeks to maximise all available channels to integrate and deliver our advisory services and products, with a major focus on digitalisation to achieve higher efficiency and to improve overall user experience.

#### Kiosk v4

The enhancement to the ASNB Kiosk was completed in February 2022. This upgrade enables unitholders to perform self-service financial transactions, including subscription, switching, and transfers. As a result, it has improved waiting times and the overall customer experience at physical touchpoints.

These kiosks are available at all ASNB branches and ASNB Mobile Units. Off-site kiosks were also introduced during the year with the maiden location at the Masjid Jamek LRT station, followed by placements at selected agent branches such as Menara Maybank and Maybank Shah Alam branch.

#### Chatbot

In November 2022, we introduced a chatbot application designed to enhance ASNB's online customer experience. This intuitive tool effectively guides unitholders by addressing their Frequently Asked Questions (FAQs) regarding various topics, including the myASNB portal, our products, and ASNB branches.

Live chat agents were also made available to provide further assistance.

#### Digital branches

Four ASNB branches comprising ASNB Kangar, ASNB Kota Bharu, ASNB Bintulu, and ASNB Kuala Terengganu completed their respective digital transformations in 2022.

As of 31 December 2022, there are a total of seven digitally infused ASNB branches across the country, supporting the adoption of ASNB's digital offerings and creating an environment that is conducive for the provision of advisory services.

#### ASNB Core System upgrade

In June 2022, ASNB successfully migrated its core system from the .NET platform to JAVA. This transition has resulted in enhanced system flexibility, improved user-friendliness, and alignment with industry practices, aided by upgrades in hardware and IT infrastructure.

Moreover, the core system upgrade has facilitated extended operating hours for myASNB and selected internet banking platforms, allowing transactions to be conducted as early as 2:00 in the morning.

### OUTLOOK

We remain committed to developing and implementing several identified projects and initiatives in waves over the near term (i.e. within 2023-2025), guided by our strategic intent as laid down in ASNB Strategic Plan 2030. These projects and initiatives serve to build capacity for future growth, anchoring on serving and providing solutions to our unitholders.

Apart from enhancing existing financial literacy programmes, our focus will also be on providing accessible, affordable and simple digital advisory services to all Malaysians. Furthermore, new fund offerings would be based on the strategic evaluation of existing product suite and the intent to meet Malaysians' financial needs across all life cycles and risk profiles. ASNB is currently in the process of implementing digital transformation for several additional branches, aiming to enhance their digital capabilities. Furthermore, we are exploring potential partnerships with selected digital platforms to expand our distribution channels, broadening our reach and accessibility to a wider audience. Recognising the importance of good customer experience, we aim to improve engagement levels throughout an investor's journey with ASNB and across all channels by investing in a solution that will manage the organisation's relationships with existing and new unitholders more effectively. At the same time, we will continue to build advanced analytics capability in driving data-driven business decision-making.

All in all, we continue to work towards realising our longer-term aspirations of becoming the advisor of choice and democratising financial advice, which we believe will help us in continuously fulfilling our mandate of enhancing the wealth of the Bumiputera community and all Malaysians.

# Progressing With Our Sustainability Commitments



<b>Enable Transition to a Green Economy</b>	<b>80</b>
• Net Zero Enterprise by 2025	81
• Net Zero Portfolio by 2050	83
• RM10 Billion in New Green and Transition Assets by 2030	84
<b>Promote Equity and Inclusion</b>	<b>85</b>
• Living Wage in PNB by 2023	85
• Labour Rights Policy Paper by 2022	85
• 40% Women in PNB Leadership by 2025	94
• Balancing Profitability and Social Investment	94
<b>Advocate Strong Governance Practices</b>	<b>103</b>
• Triple Bottom Line Stewardship Model	103
• Transparency in Voting	104
• TCFD-Aligned Disclosure	105

# ENABLE TRANSITION TO A GREEN ECONOMY

**While climate change is a natural phenomenon that occurs over a long period of time, scientific evidence has shown that it has been accelerated by intensified global warming caused by greenhouse gases (GHG) emitted from human activities.<sup>1</sup> The negative effects of climate change such as extreme heat waves, cyclones and floods have disrupted lives around the world. In December 2022 alone, the floods had forced more than 71,000 people from five states in Malaysia to abandon their homes and move to about 400 temporary shelters for safety.<sup>2</sup>**

Climate change impacts can have widespread repercussions in the world of business, arising from the increase in climate regulations, disruption in supply chains to shifting consumer demands for low-carbon solutions. As such, corporate organisations need to take immediate climate action and address the urgent global issue of climate change by transitioning to a green or low-carbon economy. At PNB, we are committed to achieving Net Zero Enterprise by 2025 and Net Zero Portfolio by 2050. In 2022, we have taken tangible steps to measure our GHG emissions across both enterprise and investment portfolio, define interim targets to guide our decarbonisation efforts and develop a framework to support the integration of ESG considerations in our enterprise and investment decision-making processes.

To achieve Net Zero Enterprise, we aim to invest in energy efficient measures, procure green energy and strive to inculcate an ESG culture within our Company. We are currently setting up dedicated task forces to deliver on our Net Zero Enterprise initiatives. To support the development of the wider ecosystem, we participated in Bursa's PLC Transformation Programme (PLCT) which is aimed at transforming the public-listed companies in Malaysia to become high-performing organisations that can deliver sustainable value creation. We also supported Bursa's voluntary carbon market and became the first Government-Linked Investment Company to participate in the nation's inaugural carbon credit auction held by the Bursa Carbon Exchange in March 2023.

Carbon markets have a key role in increasing financial flows towards green projects and allowing corporates to offset their hard-to-abate GHG emissions. We hope our participation will support the growth of the local carbon market ecosystem.

We understand that it takes a concerted effort to truly transition to a green economy and have engaged with our investee companies on the importance of the transition. The engagements focused on knowledge sharing to promote a better understanding of decarbonisation across various sectors, including plantation, energy utilities, oil & gas and construction which are traditionally carbon-intensive industries.

We have also committed to investing RM10 billion in new green and transition assets by 2030 to unlock new investment opportunities arising from net zero transition and further accelerate the reduction of our portfolio emissions. In this context, we will invest in areas that are aligned with our climate aspirations and minimise our environmental impacts. We will continue to intensify our climate action to advance the transition to a green economy and contribute to a sustainable future for all.

<sup>1</sup>Source: US Environmental Protection Agency. Causes of Climate Change. <https://www.epa.gov/climatechange-science/causes-climate-change#3foot>  
<sup>2</sup>Source: OCHA. Reliefweb. Malaysia Floods 2022 Operational Update (MDRMY009). <https://reliefweb.int/report/malaysia/malaysia-floods-2022-operational-update-mdrmy009>  
<sup>3</sup>For more information on our Sustainability Framework, refer to page 10 and [https://www.pnb.com.my/11\\_0Sustainability\\_EN.php](https://www.pnb.com.my/11_0Sustainability_EN.php)

## ENABLE TRANSITION TO A GREEN ECONOMY

### COMMITMENT #1: NET ZERO ENTERPRISE BY 2025

**We are committed to firstly reducing the GHG emissions from our operations and from direct sources that are within our control. We developed an enterprise net zero pathway by measuring our emissions baseline and charting a pathway to implement decarbonisation initiatives.**







To accelerate our transition, we have developed R<sub>2</sub>O, a holistic transformation approach that comprises three comprehensive steps - "Reduce, Replace and Offset".

We assessed our enterprise emissions in 2022 and identified the sources, for instance, diesel and petrol consumption from our vehicle fleet and electricity. GHG emissions from these sources are categorised under Scope 1 and 2. Our enterprise Scope 3 emissions are indirect emissions within our value chain and beyond our direct control or ownership, which contribute about 80% of total enterprise emissions. Other activities that fall under our Scope 3 emissions include purchased goods and services, capital goods, fuel and energy-related emissions, waste generated and employee commuting.





We conducted a baselining exercise for our enterprise emissions and selected 2022 as our baseline year for direct and indirect GHG emissions. During the year, our enterprise emissions from Scope 1, 2 and 3 amounted to 27,495 tCO<sub>2</sub>e.

We aim to reduce our GHG emissions through energy efficiency improvements, such as procuring of green electricity, raising awareness to support behavioural change and implementing other applicable decarbonisation measures. These measures will minimise our requirements to offset unavoidable GHG emissions that are hard-to-abate.




**Reduce**  
Prioritise emission reduction initiatives 1

 Mapping of emission and baselining	 Define high impact carbon reduction initiatives
 Incorporate ESG values in daily operations	 Engage and educate radically via strategic ESG communications

**Replace**  
Efficiency improvement leading to reduced GHG emissions 2

 High impact equipment replacement initiatives	 Targeted emission reduction activities
 Assessment on availability of technology in the market	 Change management and engagement

**Offset**  
Purchase carbon offsets of remaining hard-to-abate GHG emissions 3

 Alignment with credible standards in offsetting	 Prioritise nation-building initiatives	 Verifiable and credible projects
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### PNB'S KEY ENTERPRISE EMISSION REDUCTION INITIATIVES

Green Energy Procurement	Energy Efficiency	ESG Culture Change
Secured <b>132 MWh</b> (~20% of <b>scope 2 emissions</b> ) of green energy through the green electricity tariff (GET) programme from TNB.	Relocation of office to Merdeka 118, <b>a triple platinum-rated building</b> which includes ratings from LEED, Green Estate (GreenRE) and Green Building Index (GBI).	Align and incorporate sustainability into PNB's <b>operations, business culture and individual behaviour</b> to achieve net zero target.

We will continue to engage with service providers to explore the feasibility of installing rooftop solar panels, which will further reduce our Scope 2 GHG emissions.

 For more information on our Net Zero commitments and GHG emissions performance, refer to TCFD's Metrics and Targets from pages 108 to 112.

## ENABLE TRANSITION TO A GREEN ECONOMY

### Voluntary Carbon Market

**With a growing number of countries, cities and businesses pledging and ramping up efforts to achieve net zero GHG emissions, voluntary carbon markets (VCMs) will play an increasingly important role in the future. We strongly believe that VCMs will play a pivotal role in supporting the scaling-up of financial flows towards climate-friendly solutions that are critical to reduce or remove GHG emissions, which traditionally have been underfunded. At the same time, VCMs also enable organisations to compensate their residual or hard-to-abate emissions using high-quality carbon credits to support climate-aligned commitments.**

As a net-zero-aligned organisation, PNB aims to support the development of the broader VCM ecosystem and implement initiatives that promote trust, integrity and transparency in this marketplace.

#### Nation-building Agenda

With Malaysia committed to achieving net zero GHG emissions as early as 2050, we believe the VCM can be an important cog in the ecosystem by providing a market-based mechanism to create a nature-positive future. Through the VCM, we hope to see greater mobilisation of private capital towards nature-based solutions that are much needed to protect our vast carbon sinks and forest cover, as well as to enhance biodiversity and generate positive community benefits. In addition, the VCM can help to provide funding support, especially for companies in carbon-intensive industries to implement innovative climate solutions that can reduce or avoid GHG emissions in their operations.

We support the efforts undertaken by Bursa Malaysia to develop the first Shariah-compliant VCM exchange (Bursa Carbon Exchange, also known as BCX) to provide a tangible platform for organisations to trade high-quality carbon credits. We believe a transparent and market-driven platform can rejuvenate the local carbon market ecosystem and encourage more actors to enter this space.

PNB participated in the inaugural BCX auction held on 16 March 2023 to facilitate the price discovery for carbon credits, which we hope will encourage local project owners to start developing high-quality carbon credit projects. We believe the auction is an important first step towards raising greater awareness and building local expertise to support the development of a vibrant VCM ecosystem in our country.

We will retain the purchased carbon credits from the auction as inventory as we continue to explore this space.

#### PNB's Offsetting Approach and Criteria

PNB has also developed an internal carbon credit guideline to support the purchase of high-quality carbon credits in the future. To ensure a credible offsetting approach, PNB is committed to firstly reducing GHG emissions across our operations through energy efficiency improvements, raising awareness to support behavioural change and other applicable decarbonisation measures. Where necessary and applicable, PNB will utilise credible carbon credits to offset unavoidable GHG emissions that are hard-to-abate.

This guideline has been developed in alignment with the Oxford Principles for Net Zero Aligned Offsetting, and other relevant best practices in carbon offsetting. The guideline covers various aspects that we believe are critical to ensure a robust and transparent offsetting approach:



#### Offset Standard

Carbon credits must be verified by an accredited third party under reputable carbon credits standards such as the Verified Carbon Standard (better known as Verra) or Gold Standard (GS).



#### Type of Carbon Credits

We aim to prioritise removal-type carbon credits that are compatible with net zero claims. This includes projects such as afforestation, reforestation, blue carbon projects, soil carbon capture and direct air capture.



#### Project Location

We aim to prioritise projects based in Malaysia and other ASEAN countries, where available.



#### Co-benefits

If possible, PNB will identify projects that can demonstrate positive impacts beyond carbon sequestration and support relevant United Nations (UN) Sustainable Development Goals. These can include biodiversity enhancement, community and social benefits and other types of co-benefits.



#### Vintage

Carbon credits that will be used for offsetting must not be older than five years from the calendar year of the emissions generated (e.g. if emissions are generated in 2025, carbon credits used for offsetting must not be older than 2020).



#### Sourcing Options

We aim to utilise all potential channels to identify high-quality carbon credits.



#### Retirement Process

We aim to retire carbon credits in the relevant carbon credits registry accordingly and once it has been used to offset our emissions and will transparently disclose the type of carbon credits when they are used for offsetting.

Additionally, we intend to conduct our own due diligence on the projects to ensure the credibility and integrity of the carbon credits before purchasing. This includes conducting internal reviews to ensure projects have verifiable climate impacts and potentially leveraging third-party carbon ratings and pricing tools.

## ENABLE TRANSITION TO A GREEN ECONOMY

### COMMITMENT #2: NET ZERO PORTFOLIO BY 2050

**The transition to a low-carbon economy requires a collective effort of all stakeholders to generate a green value chain and reduce financed emissions.**



We are committed to reducing real world GHG emissions through our portfolio companies by targeting to achieve Net Zero Portfolio by 2050. Emissions from our investment portfolio are linked to the emissions of our portfolio companies across asset classes such as listed equities, corporate bonds, private market investments and real estate.

Our portfolio emissions are based on Scope 1 and 2 emissions of our investee companies, which are largely from domestic equities and domestic investments. In 2022, our portfolio emissions were 11.85 million tCO<sub>2</sub>e, mostly driven by GHG emissions from four key sectors, namely plantation, utilities, oil & gas and construction.

To move towards Net Zero Portfolio, we are targeting 70% of our portfolio emissions to have a credible net zero target by 2030, particularly in holdings in which we have significant stakes. To achieve this target, we aim to prioritise our efforts to engage companies in high emitting industries and sectors within our portfolio, which may have significant exposures to transition risks that arise from the shift towards a net zero future. Through our engagements, we hope more companies will set ambitious net-zero aligned targets and develop comprehensive strategies and initiatives to significantly reduce GHG emissions.

We aim to reduce our investment emissions intensity per RM million AUM by 30% by 2030 against our 2022 baseline through active engagements with investee companies and strategic portfolio allocation. To ensure that we have a realistic intensity target that can truly steer us towards reducing real-world GHG emissions, we took into consideration Malaysia's development status and its national commitment to reducing GHG emissions intensity by 45% by 2030 from a 2005 baseline.

Moving forward, we are guided by the following Net Zero Portfolio targets in order to operationalise these commitments. We will adopt a just transition approach to move towards a low-carbon economy by actively engaging with investee companies and working with the relevant stakeholders to transition to Net Zero GHG emissions. We aim to measure the Scope 3 emissions of our portfolio companies in the near future, using requirements by Partnership for Carbon Accounting Financials (PCAF) as reference.



# 2050 NET ZERO Portfolio

**Baseline GHG emissions cover ~84% of AUM**  
(listed equities, corporate bonds, real estate and private markets)

**70%**  
Of portfolio emissions to have **credible Net Zero targets by 2030**

**30%**  
**Investment emissions intensity** (tCO<sub>2</sub>e / RM Million AUM) **reduction by 2030** (vs. 2022)

**RM10 Billion**  
Invested in **new green and transition assets by 2030**

**No direct greenfield coal**

**No deforestation, no peat, no exploitation approach**

## ENABLE TRANSITION TO A GREEN ECONOMY

### COMMITMENT #3: RM10 BILLION IN NEW GREEN & TRANSITION ASSETS BY 2030

**As climate change continues to be a pressing global issue and poses a fundamental threat to our lives and livelihoods, it is imperative for governments and corporate organisations to take immediate climate action to transition towards a green economy.**



To shift towards a low-carbon future, companies need to relook at their policies, energy infrastructure and built environment to reduce GHG emissions and adapt to the effects of climate change. To catalyse decarbonisation and pursue climate-compatible growth, we need to boost investments in climate-aligned solutions that will play a critical role in realising a net zero reality.

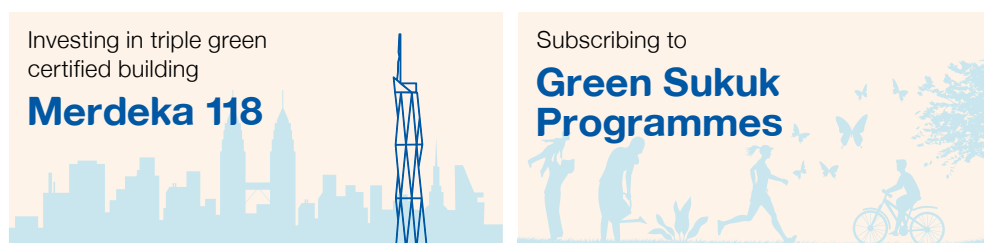
According to Bloomberg New Energy Finance (BNEF)<sup>1</sup>, the global economic transition scenario requires an annual investment of nearly \$7 trillion a year, or a total of almost \$190 trillion to reach net zero emissions by 2050. On top of that, clean power deployment also needs to quadruple by 2030. It is clear that collective action from both the government and private sector is needed in order to plug the investment gaps required to drive climate change mitigation and adaptation. Efforts such as scaled-up climate-aligned policies, new regulatory frameworks and market-based incentives to support the deployment of low-carbon infrastructure, products and services will create a facilitative business environment, driving greater innovation and efficiency for climate-focused solutions.

<sup>1</sup>Source: BNEF: *The \$7 Trillion a Year Needed to Hit Net-Zero Goal* (7 Dec, 2022). <https://about.bnef.com/blog/the-7-trillion-a-year-needed-to-hit-net-zero-goal/>

### Green Investing

At PNB, we believe there is a vast opportunity for us to pursue climate-aligned investments that are in line with our risk-return expectations and investment horizons while supporting the energy transition. In addition, increasing our investment exposure to green and transition assets would also help us reduce our portfolio emissions, as we move towards our near-term emission reduction target and Net Zero 2050 goal.

In the past, we have had exposure to green investing through the following initiatives:



Through our RM10 billion commitment, we aim to invest in specific thematic areas that are in line with our climate aspirations. As such, our investment objectives are underpinned by the following set of guiding principles:



After carefully assessing the various investable climate-aligned thematic areas, we have decided to focus on four specific key sectors namely transport, buildings, power and agriculture, forestry and other land use (AFOLU) across the asset classes we are investing in. The four key sectors were chosen after considering the following factors: (i) commercial readiness and technology maturity (ii) relevance to our current investment portfolio and (iii) importance to Malaysia's decarbonisation journey.

Sector	Key Focus Areas (non exhaustive)
Transport	<ul style="list-style-type: none"> <li>• Electric mobility and infrastructure</li> <li>• Sustainable fuels</li> </ul>
Buildings	<ul style="list-style-type: none"> <li>• Green buildings</li> <li>• Low carbon building materials</li> <li>• Energy efficiency solutions</li> <li>• Renewable energy</li> </ul>
Power	<ul style="list-style-type: none"> <li>• Energy storage solutions</li> <li>• Thermal decommissioning</li> </ul>
Agriculture, Forestry and Other Land Use (AFOLU)	<ul style="list-style-type: none"> <li>• Nature-based solutions</li> <li>• Carbon markets</li> </ul>

Given the urgent need to transition to a low-carbon future, we will continue to explore new climate-aligned thematic sectors that are in line with our investment appetite, as we deepen our institutional knowledge and experience in this area. Going forward, we aim to disclose our green and transition asset investment amount against our RM10 billion commitment annually.



## PROMOTE EQUITY AND INCLUSION

In our efforts to create a more sustainable business, we are also guided by the principle of leaving no one behind. As such, we strive to create value in a fair and inclusive manner, in a way that upholds the rights and equity of all employees, while also providing them opportunities to grow. Further to this, we are fully cognisant of our responsibility towards balancing profitability against social investments, which is a key tenet for PNB and a nation-building imperative that we will continue to implement for generations to come.

### COMMITMENT #4: LIVING WAGE IN PNB BY 2023

At PNB, we believe in providing equal access to opportunities that promotes equity in the workplace.



Correspondingly, every employee should be compensated fairly, which allows them to meet their basic living expenses commensurate with their hard work, time and dedication. To support this aspiration, PNB has implemented a Living Wage Framework in January 2023.

The framework provides a set of guidelines or principles that determines employee compensation. In addition, the framework takes into account factors such as external benchmarking data on living wage as well as the existing compensation and benefits package. This is to ensure that employees are paid fairly and can afford the acceptable living standard which includes food, housing, and other essential needs such as clothing, social participation, and financial security.

We believe that the living wage framework will help us manage income inequalities and promote ethical labour practices across our organisation. We care for the welfare of our employees and we strive to build a more equitable and sustainable future for all. Going forward, we will see the successful implementation of our living wage framework and continuously monitor its effectiveness to ensure that it remains relevant and adequately provides for the needs of our employees.

### COMMITMENT #5: LABOUR RIGHTS POLICY PAPER BY 2022

At PNB, we believe in the well-being of our own employees, the employees of our investee companies and our suppliers and vendors.



We believe in supporting decent work outcomes and upholding the fundamental rights of employees. As a major institutional investor, we also believe labour rights issues can create systemic risks to operations and potentially impact a company's reputation and business sustainability.

We introduced the PNB Labour Rights Policy in 2022 to shape our priorities and ensure effective management of issues around labour rights at PNB, our investee companies and our suppliers and vendors. This is also in line with the active stewardship approach that we have taken to deliver long-term value to our stakeholders.

The Policy comprises six Key Material Issues:



#### Forced and Child Labour

All work or service which is exacted from any person under the threat of a penalty and for which the person has not offered himself or herself voluntarily.



#### Fair Wages and Benefits

Compliance with the Employment Act 1955 of Malaysia and the practice of Flexible Working Arrangement (FWA), where employees are given access to greater scheduling freedom in how they fulfil their obligations, where suitable.



#### Diversity and Inclusion

Access to equal rewards, resources, and opportunities for all employees regardless of race, gender, colour, national or social origin, ethnicity, religion, age, disability and political opinion.



#### Freedom of Association

Respect the right to organise and form groups for the purpose of collective bargaining and social dialogue in a healthy and fair way.



#### Safety and Health

Protection of the physical, mental and emotional well-being of all employees through a healthy occupational and environmental setting.



#### Upskilling and Education

Access to training, upskilling and continuous development to boost efficiency and create a productive workforce.

## PROMOTE EQUITY AND INCLUSION

### Expectations for our investee companies

PNB's Policy outlines both Core Expectations and Best Practices for our investee companies. Core Expectations are what we view as the minimum labour practices or policies that must be in place, whereas Best Practices are additional considerations for PNB, PNB Group and investee companies, in line with international best practices. We expect companies to comply with the Core Expectations and to establish or refine their respective labour rights policies within two years of introducing the Labour Rights Policy.

Core Expectations	
Expectations	Description
1 Strategy	<ul style="list-style-type: none"> <li>To highlight labour rights issues in policy and strategy, taking into account emerging standards and best practices.</li> </ul>
2 Assessment	<ul style="list-style-type: none"> <li>To review performance on Key Material Issues periodically and determine areas for improvement and apply action plans to address those areas.</li> </ul>
3 Grievance Mechanism	<ul style="list-style-type: none"> <li>Develop a formal grievance mechanism for employees to communicate and report on matters relating to any of the Key Material Issues. Safeguards should be in place for whistleblowers.</li> </ul>
4 Policy	<ul style="list-style-type: none"> <li>Establish a clear Labour Rights Policy to reflect the commitment to comply with the Key Material Issues.</li> </ul>
Best Practices	
Expectations	Description
1 Assessment	<ul style="list-style-type: none"> <li>Develop a mechanism to assess (internal or third-party expert) the company's policy and control of the Key Material Issues.</li> <li>Establish relevant tools and infrastructure to enable and assist the implementation of initiatives relating to managing Key Material Issues on labour rights.</li> </ul>
2 Engagement	<ul style="list-style-type: none"> <li>Establish an internal process to work with third parties to advocate for sustainable practices, increase awareness and create a better understanding of labour rights.</li> </ul>
3 Due Diligence	<ul style="list-style-type: none"> <li>Identify, address and monitor exposures and labour rights-related risks on Key Material Issues throughout the value chain, including incorporating these considerations throughout the procurement decision-making process.</li> </ul>

## PROMOTE EQUITY AND INCLUSION

### Operationalising PNB Labour Rights Policy

Pursuant to the launching of PNB's Labour Rights Policy in December 2022, we will focus on operationalising the Policy through engagements with our investee companies. We will prioritise investee companies operating in labour-intensive sectors such as plantation, property and construction and other sectors with significant risk exposure on labour rights issues.

PNB will undertake an active stewardship approach in line with our Stewardship Framework on labour rights, guided by an escalation matrix. Through these engagements, we hope to establish a performance baseline and find common solutions to drive better management to labour rights issues among our investee companies.



### PNB's Progress Against the Key Material Issues

Our approximately 1,900-strong employees are unquestionably PNB's most valuable assets. They continue to be at the forefront with the skills, knowledge, and experience that enable the organisation to deliver on its mandates.

We are committed to being a preferred employer by providing a fulfilling employee experience and nurturing a workplace that values equal opportunities and overall well-being. We believe that attracting and retaining the best talents require a combination of competitive remuneration, effective performance management, and clarity on career growth and development.

As we strive towards becoming a distinctive world-class investment house, the Human Capital Division (HCD) at PNB is leading the charge to develop organisational capabilities, as well as formulate and implement effective and relevant policies, in line with the Key Material Issues that anchor the Labour Rights Policy.

In 2022, we accelerated progress across these issues:

#### Key Material Issue: Forced and Child Labour

At PNB, we uphold the highest standards of labour rights in preventing forced and child labour. We believe that everyone is guaranteed the basic right to a livelihood and the right to earn a living. Nobody should be restricted from seeking job opportunities for their betterment.

However, forced and child labour are deemed inhumane, and thus have no place in our organisation. Children, in particular, are among the most vulnerable to forced labour due to their age and lack of power. Subjecting children to work at a young age denies them the opportunity to receive an education, which is essential for their development and future success.

We believe that preventing forced and child labour is not only a legal obligation but also a moral imperative. Employees should not be coerced or subject to any abuse. We are promoting fair and ethical labour practices focused on capacity building, empowering workers and transparency. This will contribute to creating a more just and equitable society that values the rights and dignity of all individuals.



#### Key Material Issue: Fair Wages and Benefits

We reassessed employees' benefits package, as part of our continuous efforts to offer competitive packages, and implemented changes for it to be more consistent with market standards. We have also appointed a Third-Party Administrator (TPA) to manage and administer some of our employees' benefits to improve overall efficiency and effectiveness.

## PROMOTE EQUITY AND INCLUSION

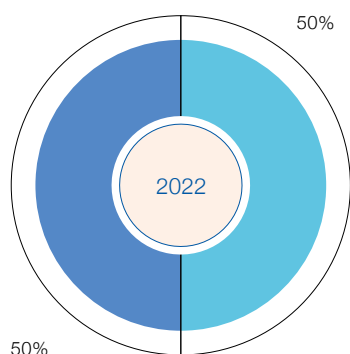
### Key Material Issue: Diversity and Inclusion

Total staff  
**1,891**  
 (as at 31 December 2022)

At PNB, we are dedicated to creating a positive and inclusive work environment that values every individual. This is to promote a progressive workplace for all in our quest to be the employer of choice. There is equal opportunity and empowerment for all employees regardless of their gender. We believe that everyone has unique skill sets and capabilities to offer, and we are committed to creating a culture of respect and collaboration.

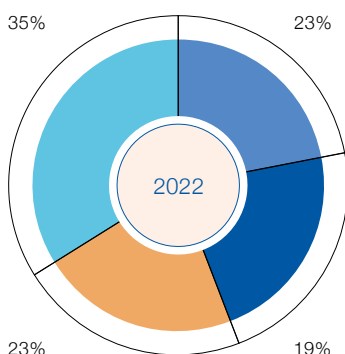
#### BY GENDER

- Male
- Female



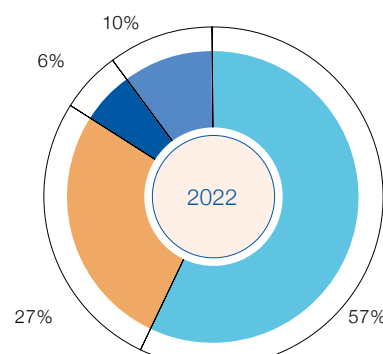
#### BY AGE GROUP

- 30 years old and below
- 31-40 years old
- 41-50 years old
- 50 years old and above



#### BY EMPLOYEE CATEGORY

- Non-Executive
- Junior Management
- Middle Management
- Senior Management



### Key Material Issue: Freedom of Association

PNB recognises the importance of freedom of association as a fundamental human right. As a responsible corporation, we uphold and respect our employees' right to join or form associations without fear of prosecution or discrimination. We promote open and constructive dialogue with employee representatives, fostering an environment that encourages their active participation. We believe in creating a workplace culture that embraces diversity, inclusivity, and empowers our employees. A thriving environment, where employees have the freedom to associate and express their views, leads to collective growth and success.

### Key Material Issue: Safety & Health

The health, safety and overall well-being of our employees remain our top priority. A conducive working environment forms the base for a productive workforce which will contribute to the organisation's success. We are committed to protecting our employees from harm and constantly promote the importance of employee welfare at work. We continue to motivate our employees by engaging them through initiatives and programmes that enhances their job satisfaction and work quality which boosts their morale. Safeguarding the well-being of employees also strengthens PNB's reputation as an employer of choice and improves our relationships with stakeholders.

## PROMOTE EQUITY AND INCLUSION

## Key Material Issue: Upskilling &amp; Education

**CAPACITY BUILDING**

PNB recognises the importance of investing in the development of employees to drive growth and success. To achieve this, we launched a comprehensive core and leadership curriculum and implemented structured learning pathways to enhance employees' skills and knowledge at all levels. Our structured learning pathway is designed to ensure our employees have the technical skills required to perform their jobs effectively. This will also provide employees with a clear career development path, equipping them with the skills and knowledge required to advance in their careers.

The core curriculum provides employees with a solid foundation in business acumen, communication, digital skills and corporate governance. It includes a range of training and development programmes, including classroom and virtual training, workshops, and on-the-job training which will furnish employees with the necessary skills and knowledge to perform their jobs effectively.

The leadership curriculum to develop the leadership skills of our employees includes a range of training and development programmes that focus on areas such as leadership effectiveness, growth mindset, change agility, coaching and influencing, and people management.

**In 2022, we invested**

**RM14.9 million**

in developing our employees through various capability building programmes in three categories: core, leadership and functional.

**During the year, we accumulated a total of**

**104 training hours**

**per employee which is 63%**

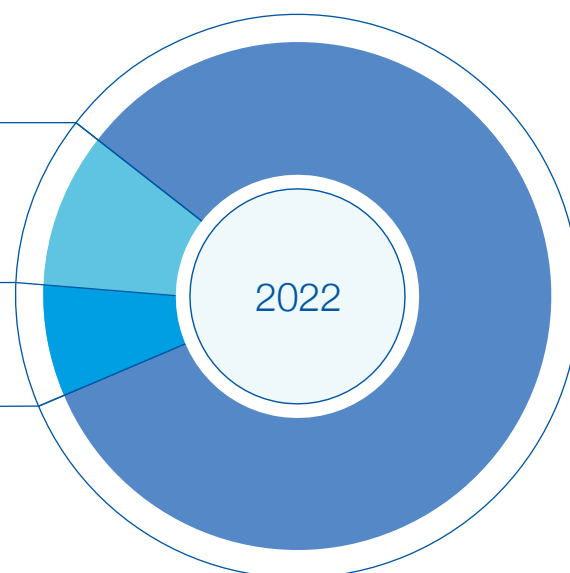
more than the required 64 training hours.

**TYPES OF TRAINING PROVIDED:**

Technical  
**89%**

Core  
**7%**

Leadership  
**4%**



## Average Training Hours by Employee Category

<b>TOP LEADERSHIP</b> <b>118</b>	<b>SENIOR MANAGEMENT</b> <b>111</b>	<b>MIDDLE MANAGEMENT</b> <b>115</b>
<b>EXECUTIVE</b> <b>103</b>		<b>SUPPORT</b> <b>71</b>

## PROMOTE EQUITY AND INCLUSION

### OTHER PROGRAMMES

PNB encourages employees to increase and enhance their knowledge through programmes ranging from bachelor's degree and master's programmes to professional courses, certification, and licensing, among others.

#### (A) MID-CAREER SCHOLARSHIPS

We provide sponsorship for employees to pursue bachelor's degree and master's programmes locally and overseas. In 2022, we provided a total of 12 sponsorships as follows:

**7** Full sponsorships for Master of Business Administration for Working Professionals at Asia School of Business (ASB), Kuala Lumpur.

**3** Partial sponsorships for employees pursuing bachelor's degree and master's programmes.

Full sponsorships for

**2** employees

pursuing:

- Master of Science in Management (Stanford Graduate School of Business, United States of America).
- Master of Science in Finance (London School of Economics and Political Science, United Kingdom).

### Professional Certifications

To improve the level of education and to enhance the careers of employees, sponsorships are provided for employees to pursue local and international diploma, degree and master programmes, as well as professional qualifications. In 2022, 205 employees were pursuing various certifications, sponsored by PNB.



#### Number of Employees with Professional Certification

Chartered Financial Analyst (CFA)	>	33
Chartered Accountant (CA)	>	43
Certified Financial Planner (CFP)	>	62
Enterprise Data Scientist (EDS)	>	22
Professional Certificate in Islamic Finance (PCIF)	>	35
Registered Financial Planner (RFP)	>	12
Islamic Financial Planner (IFP)	>	10
Shariah Registered Financial Planner (Shariah RFP)	>	226
Certified Compliance Officer (CCO)	>	118

Additionally, in recognition of our commitment to talent development for employees through CFA qualification, PNB was awarded the Premium Employment Partner 2022 by CFA Society Malaysia.

## PROMOTE EQUITY AND INCLUSION

**(B) LICENSING**

PNB's two main activities, namely fund management, and the marketing and distribution of unit trust, requires employees to be licensed with the Capital Markets Services Representative's License (CMSRL) and the Federation of Investment Managers Malaysia (FIMM) license, respectively. As at 2022, 135 staff holds the CMSRL license, while 808 staff have obtained their FIMM license.

**(C) UPWARD MOBILITY SCHEME**

The Upward Mobility Scheme (UMS) was created to support employees to transition from non-executive to executive positions, building their technical acumen and enhancing their organisational skills. PNB partnered with local universities such as Universiti Malaya (UM), Universiti Teknologi Malaysia (UTM) and Universiti Tun Abdul Razak (UNIRAZAK) to design the training curriculum. Since 2001, 295 employees have successfully completed the programme.

15

employees completed the Professional  
Diploma in Business Administration in  
July 2022

39

employees currently enrolled in Professional  
Diploma in Business Administration

34

employees underwent the online assessment for  
UMS Batch 2022

On 19 July 2022, a total of 64 UMS participants from Batch 2018, 2019 and 2020 successfully scored CGPA of 3.0 and above and were presented with their Professional Certificate in Business Administration from UTMSPACE.

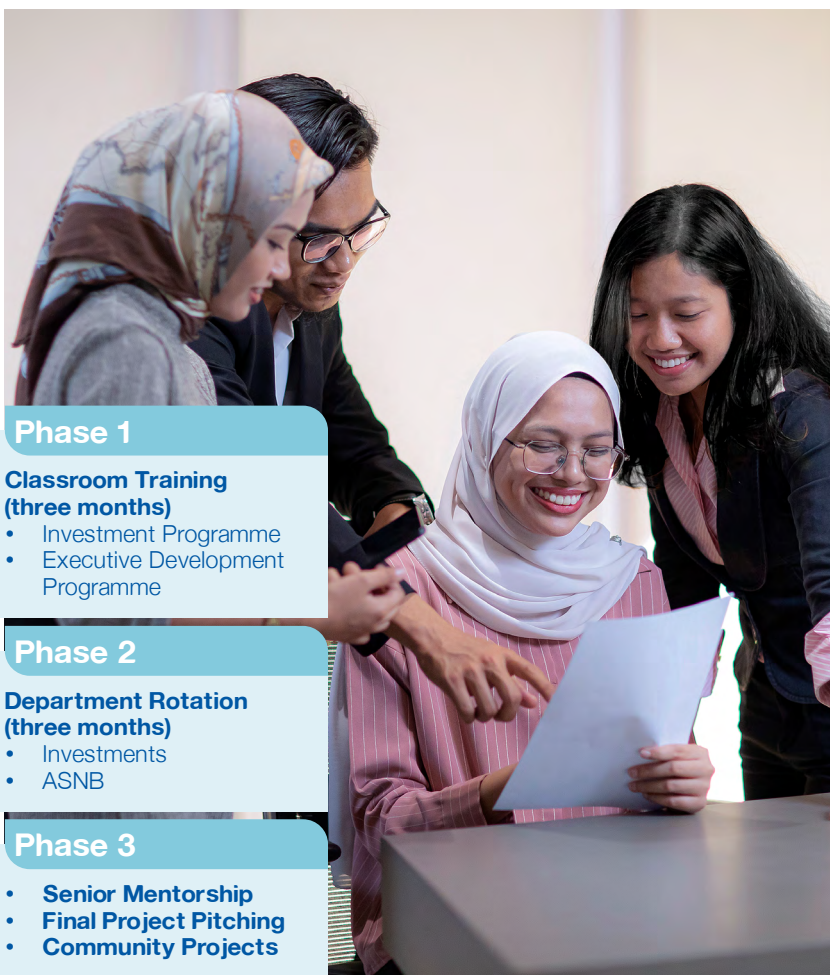


UMS Certificate Participants at the 2022 UTMSPACE Professional Business Administration Programme Certificate Presentation Ceremony.

## PROMOTE EQUITY AND INCLUSION

### (D) MANAGEMENT TRAINEE (MT) PROGRAMME

The MT programme prepares promising new employees for executive roles with investment skills and comprehensive knowledge of PNB's operations relevant to their specific job roles. Comprising three phases, graduates will be placed in high-demand, high-growth areas in PNB and ASNB.



#### Phase 1

##### Classroom Training (three months)

- Investment Programme
- Executive Development Programme

#### Phase 2

##### Department Rotation (three months)

- Investments
- ASNB

#### Phase 3

- Senior Mentorship
- Final Project Pitching
- Community Projects

In 2022, 34 trainees joined the MT programme. Since the year 2000, 500 graduates have received training and have been assigned to various departments across PNB. Moving forward, we will continue to invest in our people, through developing and enhancing our core and leadership curriculum. We will regularly evaluate and enhance our training and development programmes to ensure that they are aligned with the evolving needs of our employees and stakeholders.

### LEARNHUB - EMBARKING ON DIGITAL LEARNING

In 2022, we introduced PNB LearnHub, a state-of-the-art digital platform that enables employees to access on-demand learning at the employee's own convenience. Employees are given access to a wide range of content materials, including videos, podcasts, articles, and webinars. LearnHub and the other related learning tools will enhance the capabilities of our employees and help them to meet the ever-changing demands of our business. The launch of LearnHub also marked its first ever fully-customisable e-learning course, the "Introduction to Financial Crime and Anti-Money Laundering".

### TALENT MANAGEMENT

In our pursuit of talent management, we have implemented key initiatives to retain our top talents. Notably, we conducted a Leadership Profiling exercise in April 2022 for our Top Leadership Team at PNB, utilising 360 assessments, providing a holistic evaluation of each individual's effectiveness and leadership capabilities.

By leveraging on this initiative, we gain valuable insights into the strengths and areas of development for each leader. These insights, coupled with the comprehensive assessment results, enable us to create personalised development plans tailored to the unique needs of our top talents. Through this targeted approach, we empower our leaders to further enhance their skills, competencies, and leadership effectiveness.



## PROMOTE EQUITY AND INCLUSION

### BUILDING THE NATION'S HUMAN CAPITAL

In addition to strengthening our own human capital, we are dedicated to contributing to the development of the nation's human capital, embodying our commitment to the growth and prosperity of Malaysia as a whole. Through ancillary programmes for young graduates and undergraduates, our programmes equip future leaders with the necessary knowledge and skills to be a future-ready workforce.

#### (A) INTERNSHIP

The internship programme at PNB offers graduates from diverse academic backgrounds the opportunity to hone their skills and nurture their talents in areas such as Accounting, Finance, Economics, Marketing, Information Technology, Risk Management and Human Resource. The programme provides hands-on experience across various departments and operations, giving interns valuable insights and exposure to PNB's operations.

**363 interns**

placed in various departments across PNB in 2022

**5,020 interns**

received internship training since its inception in 2005



#### (B) PNB GRADUATE EXECUTIVE TRAINEE-MYSTEP (PNB GET-MYSTEP) PROGRAMME

This programme aims to bridge the skill gaps between academic qualifications and industry needs, by enhancing the employability and market value of unemployed Malaysian graduates. These graduates undergo an 8-month comprehensive programme that provides them with the essential skills, knowledge and working experience through on-the-job training in PNB and its Group of Companies. In 2022, PNB introduced two different technical tracks for its PNB GET-MySTEP Programme namely General track and i-GET Streaming track.

**611 graduates**

participated in the programme in 2022

**4,218 total graduates**

since the inception of the programme in 2011

## PROMOTE EQUITY AND INCLUSION

### COMMITMENT #6: 40% WOMEN IN PNB LEADERSHIP BY 2025

Achieved 36% representation of women in Senior Management against target of 40% by 2025.



As an organisation that values each employee, PNB is committed towards establishing a work environment that cultivates diversity, positivity and inclusivity. This brings us closer to our goal of becoming the employer of choice, through providing a progressive workplace for our people. We promote equal opportunities and empower all our employees, irrespective of gender, race or religion, recognising that each employee possesses distinct skill sets and abilities. We also strive to cultivate a culture of respect and teamwork among employees.

We are on the right track in promoting equity and inclusivity. We have achieved a gender balance in our workforce and have more than 30% representation of women in our senior management team, which is more than the global benchmark. As part of this commitment, we are aiming for 40% women in PNB Leadership by 2025. We want to continuously strive for women's economic empowerment through knowledge sharing especially on financial literacy, planning and investment. By doing so, we hope to foster inclusive economic growth and create a positive impact on society.

### COMMITMENT #7: BALANCING PROFITABILITY & SOCIAL INVESTMENT

PNB has grown exponentially since it was first established in 1978 and continues to play a prominent role in revitalising Malaysia's socio-economic development.

In line with our commitment to balance profitability and social investment, we aspire to increase our social investments and expand our portfolio of shares in companies with growth potential whilst generating sustainable long-term returns to our unitholders. We remain guided by our Corporate Social Responsibility (CSR) agenda to support the communities we serve and to build the nation. Our CSR initiatives are organised to meet the needs of those around us, ensuring no one is left behind. In the year under review, our efforts and programmes encompass these four pillars:



#### Pillar 1 EDUCATION

Our aim is not only to inspire, encourage, and motivate the upcoming generation of talents for PNB, but also to contribute towards building talent for the nation. Through initiatives and programmes under this pillar, we offer educational prospects and equip talented young minds with the necessary skills to become the future leaders of PNB, as well as the nation.

#### Pillar 2 FINANCIAL LITERACY

We believe that we have a duty to empower the community with financial literacy skills such as saving, investing and making sound financial decisions. We remain dedicated to enhancing their standard of living and helping people in the community achieve their long-term goals.

#### Pillar 3 COMMUNITY UPLIFTMENT

PNB offers aid and assistance to enhance the quality of life and wellbeing of communities around us through initiatives and philanthropic donations given to various organisations.

#### Pillar 4 KNOWLEDGE SHARING INITIATIVES

We are committed to fostering national sustainability by creating knowledge-sharing platforms to encourage innovation, collaboration and sustainable development. This enables us to be well-informed on the latest trends and influences on investment, economic and leadership practices.

## PROMOTE EQUITY AND INCLUSION

### HOW WE MANAGE OUR CSR PROGRAMMES

We manage CSR programmes in collaboration with ASNB, our wholly owned unit trust management company. With the support of our employees, these CSR programmes are important for us to connect with our stakeholders, unitholders, communities, Government bodies, businesses and NGOs.

Through these engagements, we can combine our collective skills and expertise to generate the best outcomes for beneficiaries of our programmes. Our efforts will go a long way in contributing to positive change, supporting the government's efforts to elevate the nation's economy and providing aid to those who truly need support.

#### Pillar 1: Education

PILLAR 1

Total sponsorship since inception  
**RM392.9 million**

Benefitted  
**5,539 students**  
since inception

**1,229 active students**  
in various sponsorship and  
education programmes

Since 1996, we have given young Malaysian scholars the opportunity to take a step forward in their education and contribute to the nation's economy. Through our investments in sponsorships for deserving students in Malaysia, we not only create a pathway for a better future for them, our initiatives will enable them to reach their aspirations and create long-term sustainable value.

As a forward-looking organisation, we strive to build capable leaders to drive the future growth of PNB and the nation. Our scholarship programme aims to develop a talent pool for PNB and equip them with the right aptitude and capabilities. Upon graduating, these scholars will join the talent pipeline for PNB's workforce and will be able to gain knowledge and experience while playing a pivotal role in driving PNB forward.

With several PNB scholars rising to senior positions within and outside PNB, we are pleased to have played an active role in developing their capabilities and unlocking their potential as they continue to contribute towards the overall development of Corporate Malaysia.

In the reporting year, PNB invested a total of RM34 million towards scholarship programmes under education, benefitting a total of 1,229 deserving young Malaysians.

## PROMOTE EQUITY AND INCLUSION

PILLAR 1

### PNB Global Scholarship Award and YTI Premier Scholarship Award

The PNB Global Scholarship Award and the Yayasan Tun Ismail Premier Scholarship Award have been highly regarded as some of the most prestigious scholarships in Malaysia for more than two decades. Both scholarships enable students with outstanding academic abilities to pursue their tertiary education in the field of their choice at some of the most renowned universities globally.

Our scholars have benefitted from a diverse range of courses from prestigious universities in the United Kingdom, the United States of America, and Australia. In 2022, a total of 28 scholarships were awarded leading to a total of 140 students actively pursuing their studies under these programmes.

**PNB Overseas Scholarship Awards**

The Time is Now,  
Your Future with Us  
is Here

Now Open for  
Application

Opening date: 13 June 2022  
Closing date: 24 June 2022

[Read More](#)

### YAYASAN TUN ISMAIL MOHAMED ALI (YTI)

Established on 26 February 1999, Yayasan Tun Ismail Mohamed Ali (YTI) was set up to commemorate Tun Ismail Mohamed Ali's contributions as the first Chairman of PNB, and to the nation. The foundation undertakes various programmes which include providing scholarships to outstanding students who have a placement in prestigious universities abroad under YTI Premier Scholarship Award; establishing Professorial Chairs at endowment universities namely Universiti Kebangsaan Malaysia (UKM) and Universiti Malaya (UM), organising public lectures and publication of books, and contribution to various educational activities.

### YTI PROFESSORIAL CHAIR PROGRAMME

The programme aims to produce high-quality research among local universities in areas related to PNB's business. In 2022, research projects continued under the Grant Framework undertaken by Universiti Sains Islam Malaysia (USIM), UCSI University and University of Nottingham Malaysia, with expected completion by year 2023.

### YTI GRADUATE KNOWLEDGE FORUM 2022

Co-organised by YTI and UM, the YTI Graduate Knowledge Forum 2022 entitled "I.R. 4.0: Are You Ready?" saw industry practitioners share their experience on IR 4.0 adaptation on work, workers and employers, its impact on the future of work, and the crucial need for upskilling, re-skilling and the most sought-after skills of the future. About 250 undergraduates from USIM, UCSI University and University of Nottingham Malaysia, as well as scholars under the PNB Employees Children Scholarship Award and PNB-Kolej Ilmu Scholarship Award, attended the forum.

### PNB Chartered Accountant Initiative (PCA)

There is always demand for qualified, capable accountants as they greatly contribute towards the economic growth of companies.

Since 2016, PNB has been partnering with Yayasan Peneraju Pendidikan (YPPB), INTEC Education College and Ernst & Young (EY) Malaysia to enable more certified Bumiputera Chartered Accountants through the PCA Initiative by 2022. As at the end of 2022, we have a total of 230 active students under this programme and produced a total of 1,025 scholars.

Scholars since inception

**1,025**

Active students

**230**

## PROMOTE EQUITY AND INCLUSION

**PNB Employees' Children Scholarship Award and PNB-Kolej Ilmu Scholarship Programme**

As an employer that cares for the future of our employees' children, we established the PNB Employees' Children Scholarship Award in 1998 which provides an opportunity for children of PNB employees to pursue their foundation studies, diploma or fulfil a bachelor's degree programme at public universities and selected private universities in Malaysia.

In addition, the PNB-Kolej Ilmu Scholarship Programme applies to the remaining active students from PNB's Kolej Ilmu who are from underprivileged families and low-income backgrounds. This scholarship programme was developed to ensure that students from these communities too are given equal opportunity to further their studies at university level. As of 31 March 2023, a total of 1,131 students have benefitted from the two scholarship facilities.

**PNB EMPLOYEES' CHILDREN SCHOLARSHIP AWARD****182**

active students

**767**

scholars since inception

**PNB-KOLEJ ILMU SCHOLARSHIP PROGRAMME****53**

active students

**364**

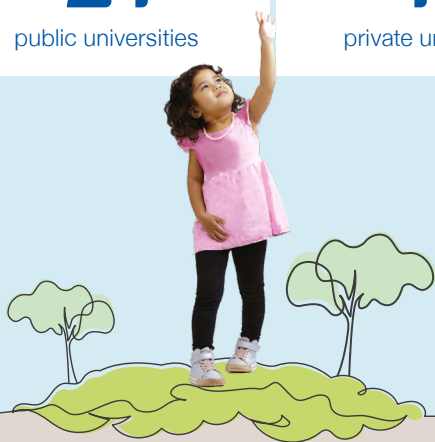
scholars since inception

**LOCAL UNIVERSITIES****21**

public universities

**16**

private universities

**Bantuan Untuk Pendidikan (BUDI)**

An education grant programme, Bantuan Untuk Pendidikan (BUDI) was initiated in 2019 and is aligned with the Government's efforts to support the asnaf (B40) group. Through this programme, PNB is assisting underprivileged students to pursue their secondary education at selected Maktab Rendah Sains MARA (MRSM) or Sekolah Berasrama Penuh (SBP), while BUDI PNB-UNIRAZAK enables students to pursue their Bachelor's Degree in Accounting with Certified Practicing Accountant (CPA Australia) at Universiti Tun Abdul Razak (UNIRAZAK).

Almost 60% of students have excelled and managed to fulfil minimum academic requirements set by PNB, which consist of 3.50 CGPA for MRSM students, 6As for SBP students and 2.50 CGPA for UNIRAZAK students.

**BUDI PNB-MRSM & BUDI PNB-SBP KPM**

Total students since inception

**462 students**

Total active students

**448 students****BUDI PNB-UNIRAZAK**

Total students since inception

**150 students**

Total active students

**150 students**

## PROMOTE EQUITY AND INCLUSION

PILLAR 2

### Pillar 2: Financial Literacy

PNB strives to not only support community needs through providing educational opportunities but to also educate communities on the importance of managing personal finances. When we educate them on various aspects such as budgeting, saving money, making wise investments and managing debts we will empower them to meet their financial goals. Our efforts also go a long way to help individuals avoid financial pitfalls, make informed financial decisions and build personal wealth to ensure a financially secured future. The following are some of the financial literacy programmes we undertook in 2022.



#### Sembang-Sembang ASNB (Amanah Saham Nasional Berhad)

An initiative that will continue in 2023 and beyond, ASNB collaborated with several government and private-sector agencies, universities, colleges and teacher education institutes to educate employees and students on financial planning. The main objectives of this programme are;

#### Objectives:

- To create a sense of urgency on the importance of financial planning among the participants.
- To provide continuous education to the public on the importance of financial planning for retirement, child education needs and other investment objectives.
- To inculcate the right attitude on the importance of saving, investments and financial planning.
- To assist participants to achieve peace of mind and financial freedom.
- To introduce and promote ASNB unit trust funds and ASNB services to the public with the aim of creating awareness, instilling confidence and building long-term relationships.

Year	Physical Seminar		Online Webinar (Sembang-Sembang ASNB)		TOTAL	
	No. of Activities	No. of Participants	No. of Activities	No. of Participants/Viewers	No. of Activities	No. of Participants/Viewers
<b>2008-2019</b>	7,520	712,257			7,520	712,257
<b>2020</b>	75	7,252	154	9,956	229	17,208
<b>2021</b>	1	70	299	122,296	300	122,366
<b>2022</b>	38	3,348	267	50,166	305	53,514
<b>TOTAL</b>	7,634	722,927	720	182,418	8,354	905,345

The programme was implemented through webinars, physical seminars and talk shows.

#### Webinars

Subject matter experts spoke on various topics including cryptocurrency, insurance, inheritance, retirement fund and scams. These public webinars were also aired live weekly via ASNB's Facebook and recordings were uploaded on ASNB's YouTube channel and website.

#### Physical Seminars

Seminars were organised across Negeri Sembilan to coincide with PNB's flagship event, the Minggu Saham Amanah Malaysia (MSAM) which was held in Port Dickson from 24 to 30 November 2022. A total of 1,551 participants took part in 16 programmes. A total of 47,985 participants have attended this seminar since its inception.

#### Talk Show

Sembang-Sembang ASNB@Talkshow, a programme initiated in 2021, was broadcasted weekly on TV1 (RTM) from 3 September to 26 November 2022, featuring 12 episodes. The talk show featured discussions related to investments and financial planning including compounding power, cash flow management, investment management and risk management. In 2022, the programme attracted over 7.1 million viewers.

## PROMOTE EQUITY AND INCLUSION

### Kuiz Pelaburan PNB 2022

'Kuiz Pelaburan PNB 2022' was held in conjunction with the National Day celebration, throughout the month of August to commemorate Malaysia's 65<sup>th</sup> year of independence. The aim of Kuiz Pelaburan PNB is to educate the general public on investment, financial planning and the market landscape and to introduce ASNB's products and services to support people's financial needs. The initiative, themed 'Capai Kemerdekaan Kewangan' (Achieving Financial Freedom) was conducted digitally based on questions and general information published in newspapers and ASNB website and was opened to two categories - General and Teenager. An additional version for youths was also organised, known as 'Kuiz Pelaburan PNB Remaja@ Kahoot'. The real-time quiz was conducted live on the Sembang-Sembang ASNB Facebook page.

A total of 313,514 individuals took part in this programme, an increase of 19.4% from 262,570 participations in 2021. The General Category attracted 295,013 participations, while the Kahoot Teenager Category saw 1,229 participants and the General Teenager Category garnered 17,272 participations.



### Kelab Pelaburan Bijak PNB (KPBPNB)

KPBPNB is a school club under PNB and ASNB that has been implemented as a co-curricular club at 155 selected secondary schools throughout Malaysia since 2000. The club aims to enhance the knowledge of financial literacy and inculcate good saving habits among secondary students. All programmes under KPBPNB have been endorsed by the Ministry of Education (MOE) and are implemented to attract the participation of students and teachers in schools.

ASNB managed to secure National-level Certificates for 'Bengkel Kewangan dan Kecemerlangan SPM', KPBPNB Challenge and KPBPNB Visits to MSAM, State-level Certificates for Webinar participants and training points for KPBPNB teachers who attended 'Train The Trainer' programme. In the year under review, 12,651 teachers and students participated in these programmes.

Moving forward, ASNB will continue its efforts to strengthen its programmes under KPBPNB to share information and knowledge related to investment and financial planning among Malaysian youths.

### Fiesta Labur PNB @ Home

An annual ongoing initiative by ASNB, the programme is conducted to share information on ASNB's products and services and to increase the public's knowledge on financial literacy.

A digital talk show programme was held from 25 to 27 March 2022, live on Facebook, focusing on topics related to investment and financial management. Information on ASNB products and services were also shared with viewers along with trivia and contest. The programme garnered a total of 18,800 views with 38,210 participations taking part in the trivia quiz.

### Ramah Mesra ASNB

Ramah Mesra ASNB is a programme that enables ASNB to engage with the wider community while promoting financial advisory content and marketing ASNB's services. Conducted in a hybrid format with physical activities and a digital platform via Sembang-Sembang ASNB on Facebook, the programme was executed across Penang, Johor Bahru, Johor and Kuantan, Pahang. In 2022, the initiative attracted 10,995 live views on Facebook, garnered 26,175 trivia participations and generated RM23 million in sales revenue.

## PROMOTE EQUITY AND INCLUSION

PILLAR 3

### Pillar 3: Community Upliftment

#### Community Upliftment

At PNB, our community efforts are directed at developing holistic and robust communities to uplift and support their social and economic wellbeing. We empower our communities through financial and non-financial assistance including collaborating with non-profit or non-governmental organisations (NGOs) for initiatives that are in line with our goals to assist the underprivileged communities.

Apart from uplifting people, we also ensure that we do our part for the planet by committing to sustainability practices. To this end, our CSR programmes are result-driven and scalable to meet the needs of communities and the environment. We achieve our social commitments by working with relevant parties and meticulously assessing our programmes, executing and continuously monitoring them to benefit the society and the environment.

#### Objectives:

- Provide financial support to organisations that render services which contribute to the upliftment of communities.
- Centre on social interventions that fulfil the needs of the communities in overcoming the challenges and difficulties in their lives.

#### OUR LIST OF ACTIVITIES IN 2022

Total Amount of Contributions

**RM5.4 million**

Community Development

**96.7%**

Education Development

**3.3 %**

#### Community Development

- Flood Relief Mission 2022 (RM5 million, assisted more than 6,000 beneficiaries).
- The flood disaster which was prolonged from the previous year continued to severely affect several communities nationwide. PNB worked with NGOs and contributed financial assistance to ensure that victims were provided with necessities in two phases:

#### Phase 1 - Immediate Flood Relief and Rescue Mission (RM2 million)

- Mercy Malaysia
  - Aided 1,500 families in Karak, Hulu Langat, Shah Alam and Klang.
  - Donated RM1.5 million and assisted in-kind, focusing on livelihood, education, healthcare and shelter.
- Yayasan Pembangunan Ekonomi Islam Malaysia (YaPEIM)
  - 500 families in Shah Alam, Nanding, Sg. Lui, Sg. Serai, Bukit Changgang and Meru received RM1,000 with RM800 in cash and RM200 for electrical items.
  - Donated RM500,000 to the effort.



#### Phase 2 - Post Flood Recovery Programme (RM3 million)

- State Education Departments (JPN) of Selangor, Pahang and Federal Territories Kuala Lumpur
  - Our financial support to 31 schools, benefitting 3,140 students and 971 staff amounted to RM2.3 million.
  - Provided replacement or refurbishment of damaged school equipment.
  - Purchased uniforms, shoes, bags and other education essentials for affected students.
  - Financial assistance to JPN personnel who were adversely impacted.
- YaPEIM and District and Land Office
  - Repaired and restored the homes of flood victims in Klang, Kuala Selangor, Hulu Langat, Sepang and Petaling.
  - Contributed RM500,000 which benefitted 25 families.
- Yayasan Sejahtera
  - Uplifted 20 families in Sungai Pinang and Tumpat, Kelantan through the 18-month Entrepreneurship Development Programme.
  - Invested RM200,000 in this programme.

#### OTHER CONTRIBUTIONS

- Yayasan Hijau Malaysia (YHM)
  - Participated in the National 100 Million Tree Planting Campaign @ Villea Port Dickson, Negeri Sembilan.

Selected schools in Kelantan: contribution of 400 units of used personnel computer.

Program Sahabat Tabung Haji 1443H/2022M: donated 4,000 facemask sets.



## PROMOTE EQUITY AND INCLUSION

**PNB Zakat CSR Distribution Programme**

In 2022, we contributed RM6.1 million through PNB Zakat CSR Distribution Programme which is overseen by the Shariah Management Department. The zakat allocation is governed by the PNB Zakat CSR Framework, which is approved by the PNB Board of Directors.

PNB remains committed to enhancing the quality of life of the asnaf community through the programme, which emphasises the advancement of healthcare, education, and financial assistance for the disadvantaged. These efforts encompassed monetary support for the asnaf, aid for individuals affected by the national flood disaster in the form of financial and non-financial assistance for the reconstruction of homes and procurement of necessities.

**Key Contributions****Post Flood Relief Efforts**

- Donation through State Zakat Management Agencies in seven states affected by the flood in 2022; Wilayah Persekutuan Kuala Lumpur, Selangor, Melaka, Negeri Sembilan, Sabah, Pahang and Johor, amounted to RM2.8 million.
- Flood victims received assistance in the form of cash aid, household items, essential equipment for the evacuees and school equipment benefitting approximately 7,900 beneficiaries.

**Strategic collaboration with Lembaga Zakat Negeri Kedah (LZNK)**

- Projek Zon Pembangunan Ekonomi Ummah (ZPEU) LZNK: Paddy Field Development Programme aimed at easing the burden of the farmers especially from the asnaf and B40 group.
- Contributed RM414,000 for the purchase of three units of combine harvester machine benefitting approximately 70 participants in the short-term and 15,000 families in the long run.

**Strategic collaboration with Zakat Pulau Pinang (ZPP)**

- Sponsorship of English Tuition Class for Primary Schools under the Mutiara Program Didik Cemerlang Akademik (MPDCA) programme in Penang.
- MPDCA: An integrated programme between ZPP, the Prime Minister's Department, Penang State Education Department and Lembaga Kemajuan Wilayah Pulau Pinang (PERDA), that aims to enhance the education standards among the asnaf and Bumiputera B40 group.
- Contributed RM315,870 to cover tuition modules and allowance for the teaching staff benefitting approximately 5,238 students and 279 teaching staff at 71 primary schools under MPDCA programme.

**Strategic collaboration with Small Medium Enterprise Development Bank Malaysia Berhad (SME Bank)**

- Partnered with SME Bank in Asnaf Entrepreneurship Programme (ISHRAF 3.0), a programme that aims to improve the living conditions of asnaf and microentrepreneurs affected by the COVID-19 pandemic.
- Enabled participants to improve their skills and abilities to grow and sustain their businesses using digital technology.
- Contributed RM500,000 to cover the classroom training, on-site coaching and grant benefitting approximately 400 asnaf entrepreneurs nationwide.

**OTHER CONTRIBUTIONS**

Majlis Agama Islam dan Adat Melayu Terengganu (MAIDAM): Contributed RM158,000 in the form of business capital assistance to asnaf entrepreneurs.

Majlis Agama Islam dan Adat Melayu Perak (MAIPK): Contributed RM432,000 for the rehabilitation of school and surau building project in Perkampungan Orang Asli Kampung Tonggang and Perkampungan Orang Asli Sg. Chadak respectively, in Ipoh, Perak.

Majlis Agama Islam Negeri Johor (MAINJ): Special cash aid amounted to RM160,000 for small-time hawkers and asnaf entrepreneurs.

Majlis Ugama Islam Sabah (MUIS): Contributed RM172,040 for the purchase of air conditioner, industrial fan and prayer mat for 14 mosques and 20 surau in Sandakan, Sabah.

Tabung Baitulmal Sarawak (TBS): Contributed RM350,000 to build new houses for asnaf.

**Beneficiaries by State:**

States	Total
Johor	1,749
Kedah	15,175
Kelantan	358
Melaka	969
N. Sembilan	983
P. Pinang	5,623
Pahang	2,568
Perak	884
Perlis	50
Sabah	21,273
Sarawak	333
Selangor	546
Terengganu	546
W. Persekutuan	1,030
<b>Grand Total</b>	<b>52,087</b>

## PROMOTE EQUITY AND INCLUSION

PILLAR 4

### Pillar 4: Knowledge Sharing Initiatives

Knowledge Sharing Initiatives (KSI) is a flagship programme by PNB, spearheaded by PNB Research Institute Sdn Berhad (PNBRI). In 2022, PNBRI expanded KSI beyond the PNB Knowledge Forum (PKF), through internal 'Brown Bag' seminars and talks, focusing on research to improve ongoing in-house projects. This platform allows PNB staff to engage with external subject matter experts and exchange new knowledge and ideas. In 2022, PNBRI conducted three Knowledge Sharing Forums and two 'Brown Bag' sessions:

**PNB Knowledge Forum 1**  
(21 April 2022) -  
"Sustainable Investing - ESG at the Forefront"

Held via Zoom, the forum discussed the need for companies to balance profitability while integrating ESG aspects into their business. PNB Sustainability Framework was launched at the forum which was attended by over 1,400 participants.



**PNB Knowledge Forum 2**  
(10 August 2022) -  
"Tall Buildings and Living in the Space Age: The Enigma and Convergence of Science and Art"

The forum featured panelists from various industries, including the lead architect of PNB Merdeka 118, who spoke on urban development, integrating sustainability, environmental conservation and heritage preservation for present and future generations.



**PNB Knowledge Forum 3**  
(9 November 2022) -  
"Decarbonised Economy: Accelerating the Net Zero Transition"

The third forum focused on strengthening PNB's commitment to and enhancing our understanding of the sustainability agenda by talking about issues relating to the decarbonised economy, climate change and the net zero transition.



**Brown Bag Seminar 1**  
(8 September 2022) -  
"Inclusive Growth Through Active Ageing: A Broad Survey of Agetech and Technology-Related Solutions in an Ageing Population"

An inaugural session was held for PNBRI researchers to share their findings with external subject matter experts and PNB on the issue of ageing and exploring opportunities and solutions.

**Brown Bag Talk 2**  
(13 October 2022) -  
"Cryptocurrency: The Dawn of a New Asset Class?"

The second session brought in industry experts to share their knowledge with PNB on cryptocurrency - the risks, management, valuation, investment prospects and outlook.

## ADVOCATE STRONG **GOVERNANCE PRACTICES**

**PNB recognises that sound governance practices are essential for its sustainability journey and long-term success. The company believes that governance goes beyond compliance and involves effective engagement with investee companies to promote transparency and accountability. We also acknowledge the significant risks and opportunities as a result of climate change and have aligned ourselves with the Task Force on Climate-related Financial Disclosures to inform stakeholders about our climate governance, strategies, risks and opportunities.**

### COMMITMENT #8: TRIPLE BOTTOM LINE STEWARDSHIP MODEL

**Governance has been an important foundational building block for PNB and will continue to play a crucial role in our sustainability journey. With over 50% of our assets under management invested in Strategic & Controlled Companies, PNB is not only obligated but also responsible for ensuring that these companies are able to deliver long-term shareholder value. The active stewardship of our investee companies thus extends to the governance within these companies. We believe that better performance can be unlocked by enhancing the effectiveness of Boards and Management Teams.**



These leadership teams comprising Board Directors, Chief Executive Officers and Mission-Critical Positions (MCPs) are crucial for the long-term success of our investee companies. Together, they make the key decisions that impact the companies' direction and ensures alignment with PNB's strategic objectives.

We have started assessing and evaluating performance of the Chairmen, Boards and management teams of investee companies. Our ongoing evaluation metrics includes understanding Board succession plans, strategy alignment with PNB's own goals, leadership abilities and other important criteria. We believe leadership effectiveness should be a key criterion for new appointments of Chairpersons, Board Directors, CEOs and MCPs.

An effective leadership team will be able to operate more efficiently and deliver the results that will enable PNB to provide sustainable returns to our unitholders. To facilitate this, we are also coordinating Board engagements between PNB and Strategic Companies to ensure better alignment of strategic and value creation objectives.

Assessment	Evaluation Metric
<b>Chairman</b>	Board leadership, alignment with PNB, stakeholder engagement
<b>Board</b>	Board composition, board dynamics, effective PNB representation, Board succession plan
<b>CEO</b>	Value creation, strategic orientation, corporate scorecard, alignment with PNB, leadership and culture
<b>Mission-Critical Positions</b>	Succession readiness, gaps in MCPs, knowledge and capabilities

## ADVOCATE STRONG GOVERNANCE PRACTICES

### COMMITMENT #9: TRANSPARENCY IN VOTING

**PNB aspires to continue enacting proper, effective engagements and interactions between Boards Management Teams and Shareholders of our investee companies. As part of our investment stewardship responsibilities, engaging actively with the investee companies and exercising our shareholders' rights is important to delivering long-term value to our unitholders.**



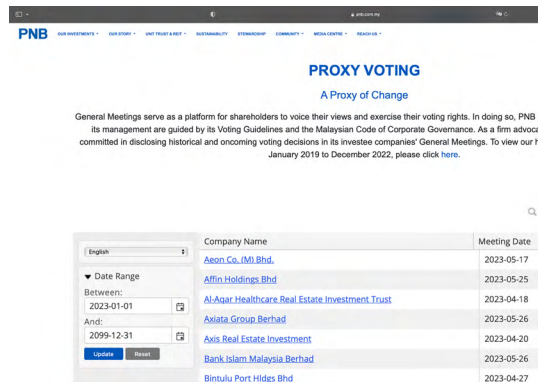
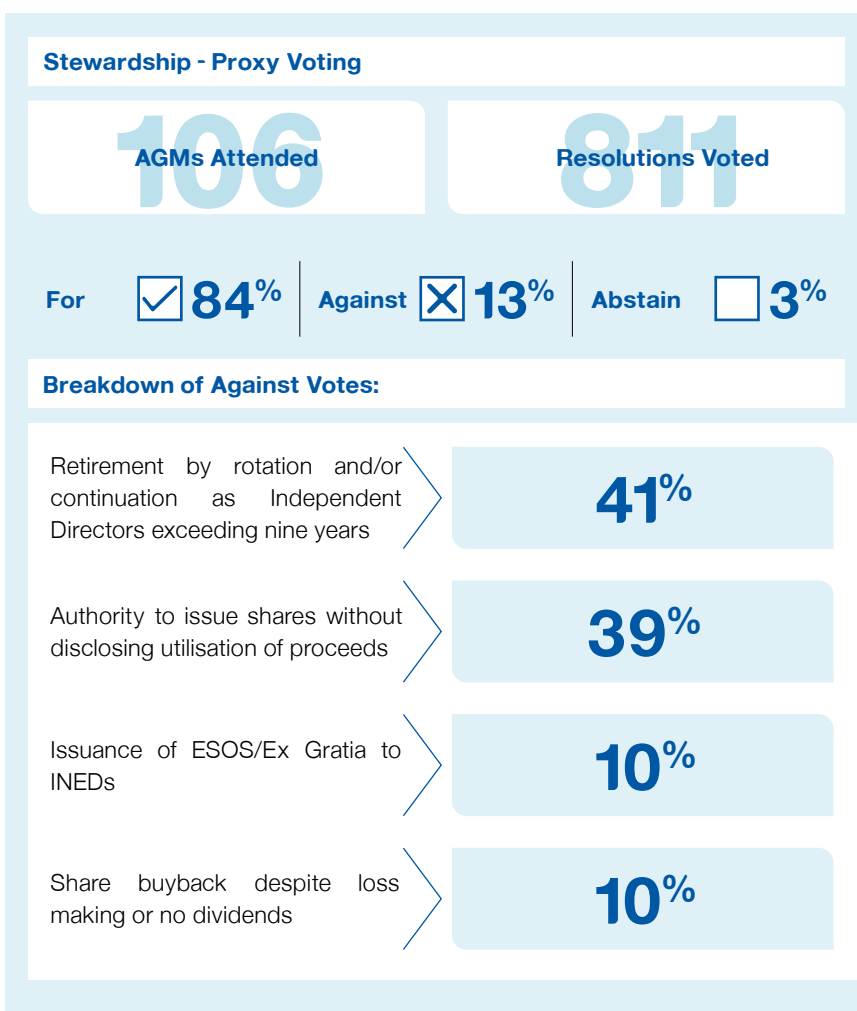
To facilitate this, we are committed to Proxy and Transparency in Voting, making both our voting policy and actual votes at general meetings transparent to the public. We believe that this will help promote good corporate governance and greater accountability.

For easier access and reference, our voting policy and voting decisions in general meetings of all our investee companies are published on our website. The website is searchable and displays voting information for the current year's upcoming general meetings. It also has three years of historical voting information on investee companies, where PNB and the Unit Trust Funds under its management hold at least 10% or value of investment is RM1 billion.

Furthermore, we have automated the end-to-end proxy voting process in 2022. We strive to publish votes requiring decisions up to five days in advance of the general meeting, to give investee companies time to review and respond. The investment team uses a cloud-based platform to decide and publish the voting decisions on the PNB website.

Going forward, we intend to extend the voting disclosure to our international investee companies. Subsequently we will incorporate climate, labour and biodiversity risk considerations into our voting decisions.

In 2022, PNB attended 106 AGMs, voted on 811 resolutions for both AGMs and EGMs where 84% of the votes were for the resolution, 13% were against and 3% were abstentions.



## ADVOCATE STRONG GOVERNANCE PRACTICES

## COMMITMENT #10: TCFD-ALIGNED DISCLOSURE

**There is overwhelming scientific consensus that human-induced GHG emissions are warming the planet at an unprecedented rate by creating an imbalance to Earth's natural carbon cycle.**



Evidence of global warming is already dominating the news cycle today, ranging from record-breaking temperatures in various regions, rapidly melting ice sheets as well as other extreme weather-related events. Closer to home, we are also observing an increasing frequency of flooding in various locations which continues to impact the daily lives of many communities. The Department of Statistics Malaysia (DOSM) reported that the floods in 2022 alone cost the nation more than RM620 million.<sup>1</sup> The negative impacts of climate change, which have worsened in recent years, have clearly shown that we must act now to limit global warming to 1.5°C.

At PNB, we recognise climate change has profound impacts across our wider society, the business landscape and capital markets. As a large institutional investor with exposure across various industries, sectors and geographical locations, we believe climate factors can have a material impact on macroeconomic conditions and asset pricing. Thus, we are committed to reducing GHG emissions and have taken tangible measures to mitigate climate-related risks and build climate resilience in our operations and investment portfolio. This includes conducting an emissions baselining exercise, tracking and monitoring the GHG emissions across our Enterprise and Portfolio, setting net zero interim targets, and aligning with global climate standards, guidelines and initiatives, such as the Task Force on Climate-related Financial Disclosures (TCFD) and Partnership for Carbon Accounting Financials (PCAF).

We also fully support Bursa Malaysia's efforts to develop Malaysia's Voluntary Carbon Market and have purchased carbon credits during the inaugural auction. Our participation in the inaugural auction enabled us to support Malaysia's efforts towards developing a voluntary carbon market that will serve as a vital platform to encourage companies to adopt environmentally friendly practices.

Aligning our actions with the four pillars of the TCFD recommendations, namely, Governance, Strategy, Risk Management and Metrics & Targets, will enable us to bolster our climate journey by improving the transparency of our climate-related financial disclosure. This ensures that climate-related matters are embedded in our decision-making processes and enable us to identify the risks and opportunities our business is exposed to. In addition, disclosing our climate action through the TCFD recommendations will inform our stakeholders of our climate governance, and risks and opportunities. Going forward, we will continue to strengthen our climate journey by taking concrete steps such as conducting a climate-scenario analysis on our business. We aspire to incrementally align our actions against the recommendations of the TCFD to achieve an industry-leading, best-in-class reporting.

<sup>1</sup>Source: DOSM Special Report on the Impact of Floods in Malaysia.



## GOVERNANCE

**This pillar discloses PNB's policies, roles, responsibilities and decision-making processes associated with managing climate-related risks and opportunities.**

At PNB, we adopt a top-down approach in managing sustainability and climate-related matters. Our Board of Directors has oversight of PNB's sustainable investment strategy and holds ultimate responsibility in setting sustainability commitments and targets. This includes reviewing sustainability and carbon footprint progress reports. The Board is supported by a Management Sustainability Committee, which responsibility includes integrating climate factors and ESG considerations in our Enterprise and Investment decision-making.



For more information on PNB's sustainability governance and corporate governance, refer to Corporate Governance Overview Statement on page 114.

## ADVOCATE STRONG GOVERNANCE PRACTICES

### STRATEGY

**This pillar identifies and discloses the actual and potential impacts of climate-related risks and opportunities on PNB's businesses, strategy, and financial planning.**

PNB's sustainable investing strategy includes climate-related considerations and covers the following aspects:


- Continuously enhancing the integration of ESG-linked factors within our investment value chain and developing a coherent sustainable investment framework to ensure a consistent approach across all our asset classes.
- Potentially excluding certain key sectors that are not aligned with our sustainability principles and core beliefs. We aim to leverage our Shariah exclusion list and include other thematic sectors that are aligned with ESG norms and our vision towards creating a sustainable and inclusive future. Moving forward, we aim to not invest in any new greenfield coal investments and adopt a No Deforestation, No Peat and No Exploitation (NDPE) approach.
- Scaling up our investments into new green and transition assets by 2030 by deploying a clear framework to guide asset class teams to identify climate-aligned investment opportunities that meet our risk-return expectations.
- Integrating climate and ESG considerations in our triple bottom line stewardship model to drive change towards long-term value enhancement.
- Enhancing climate literacy within our organisation to drive behaviour change and integration of climate factors within our operations and investment value chain. This includes building internal capacities on carbon footprinting to support continuous tracking of our enterprise and financed emissions.

#### Risks

Taking immediate climate action is crucial for us to mitigate climate-related risks that may result in financial and non-financial material losses for both PNB's business and unitholders. Guided by the TCFD framework, we plan to analyse our exposure and impact of climate-related risks, namely Transition and Physical risk.

- Transition Risks, which refer to market risks, reputational risks, and policy and regulatory risks that are linked to the transition towards a low-carbon future; and
- Physical Risks, such as risks related to sudden and long-term shifts in climate patterns

We are working towards strengthening our sustainability and climate-related risk management and we remain guided by our ERM framework in mitigating risks.

 For more information on PNB's risk management and ERM, refer to page 142 to 143.

#### Opportunities

While climate change poses inevitable risks to our business, it also presents considerable opportunities that could be unlocked. We firmly believe that we can expand our horizons in the following areas through a robust climate-oriented approach:

##### • Resource efficiency

As we focus on improving our carbon efficiency across our enterprise activities, we aim to upgrade our assets and redefine our processes to reduce energy usage, materials and resource consumption and waste generation. By focusing on emission reduction initiatives, we are also able to reduce operating cost and generate savings over time.


##### • Markets

Through our enterprise and investment efforts, we also plan to cultivate new markets for green and low carbon products and services which are required to support our decarbonisation goals and initiatives. This includes initiatives such as procurement of green electricity, energy retrofits, energy efficiency solutions as well as our commitment to invest RM10 billion in climate-aligned thematic sectors. We hope such clear demand signals can help to ramp-up greater financial flows and innovation to support the shift towards a low carbon economy.

##### • Resilience

By scaling-up our climate strategies, we aim to enhance our adaptive capacity to respond to climate-related megatrends such as the energy transition, emerging climate policies and regulations, sudden climate shocks and severe weather events. This enables us to devise effective strategies to respond to material physical and transition risks that may impact our operations and investment practices.

Going forward, we plan to conduct an in-depth climate-related scenario analysis and implement stress testing across our investments and enterprise practices to assess the impact of climate change on our business. The findings would enable us to determine key risk drivers and build climate resilience.

 For more information on PNB's strategy, refer to page 46 to 47.

## ADVOCATE STRONG GOVERNANCE PRACTICES



### RISK

**This pillar discloses how PNB identifies, assesses and manages climate-related risks.**

We are aware of the importance of sustainability and climate-related risks that can threaten PNB's assets and financial performance in the long-term. To identify, assess, monitor and manage risks, PNB is guided by its Enterprise Risk Management (ERM) framework. In order to future proof our business, we plan to bolster the ERM framework by incorporating sustainability principles and risk assessment within the ERM process to address emerging sustainability risk issues. This will enable us to address and manage various uncertainties and emerging risks arising from sustainability-related megatrends, allowing us to stay relevant with the current sustainability issues and mitigate risks.

To strengthen our risk management approach via PNB Group's Three Lines of Defence Model, we plan to establish a sustainability and climate risk assessment framework and matrix and key risk indicators on sustainability. This is to ensure that we can continue to deliver on our mandate to create value for all stakeholders while meeting our sustainability targets and mitigating risks. The risk assessment process will include sustainability training and awareness programmes for employees, using materiality validation as part of our risk identification process and quantifying

sustainability using qualitative measures or scientific approaches. Additionally, we intend to include sustainability considerations in our investment belt by using tools such as ESG ratings and benchmark studies as a guide. The risk assessment process will involve five key steps:



For more information on PNB's risk management and ERM, refer to page 142 to 143.

## ADVOCATE STRONG GOVERNANCE PRACTICES

### METRICS AND TARGETS

This pillar discloses the metrics and targets used to assess and manage relevant climate-related risks and opportunities. It covers disclosures of Scope 1, Scope 2 and Scope 3 GHG emissions of PNB.

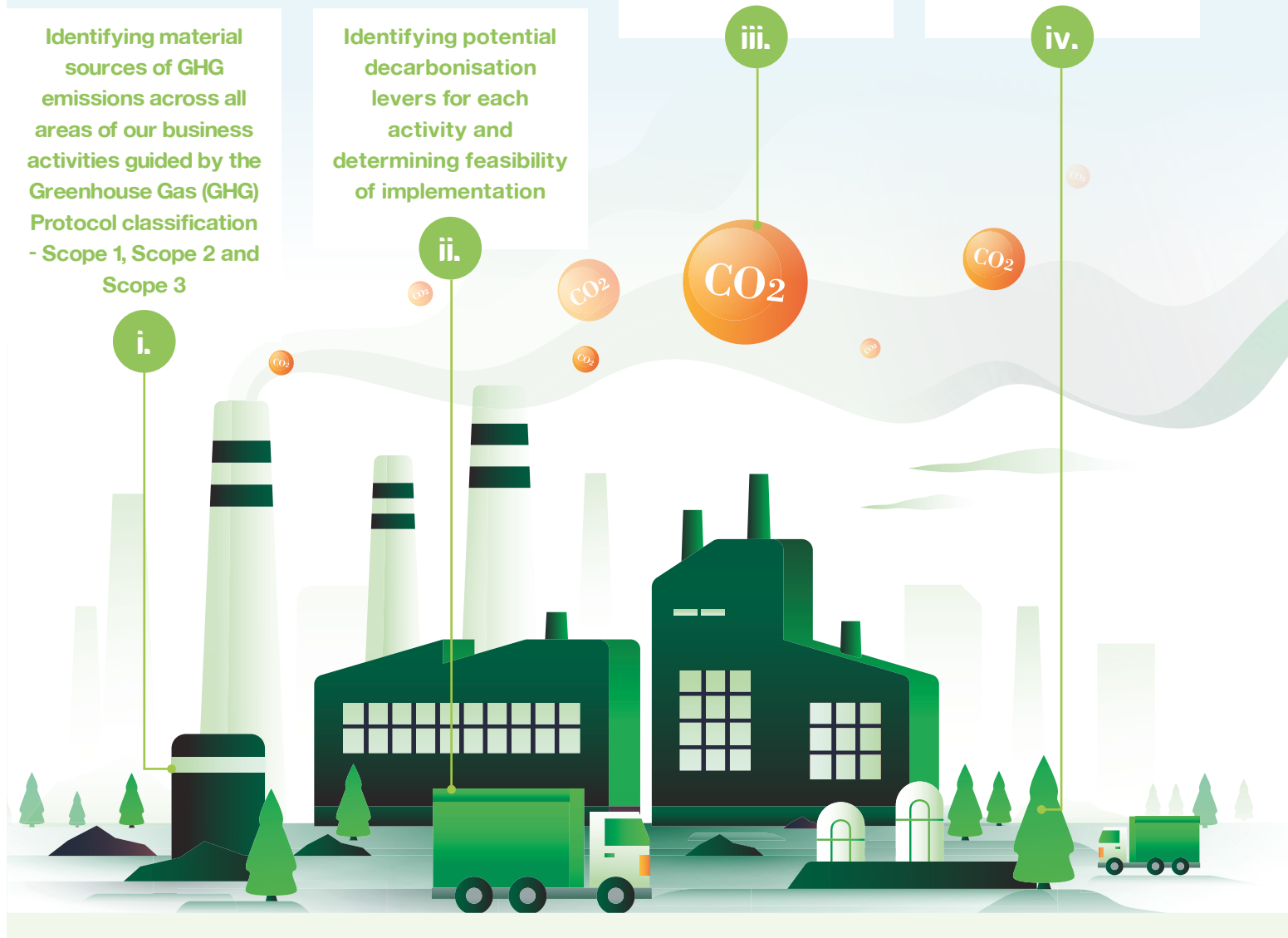
GHG emissions baselining represents an important first step in our journey towards realising our twin net zero commitments for Enterprise and Portfolio. In 2022, we commenced our baselining exercise by embarking on an extensive exercise to define our pathway towards becoming a net-zero organisation. This included undertaking the following activities:

Setting clear interim GHG emissions reduction targets to guide our decarbonisation efforts

Determining and allocating resources accordingly to drive priority initiatives

Identifying material sources of GHG emissions across all areas of our business activities guided by the Greenhouse Gas (GHG) Protocol classification - Scope 1, Scope 2 and Scope 3

Identifying potential decarbonisation levers for each activity and determining feasibility of implementation





## ADVOCATE STRONG GOVERNANCE PRACTICES

Includes Scope 1, Scope 2 and Scope 3 GHG emissions from PNB corporation (PNB HQ and ASNB) and all operating subsidiaries and branches' operational emissions (i.e., PNBD, PNBC, PHNB, PNBMV, Attana Hospitality Group, PNBRI, PNB UK) as of FY2022.

### Enterprise Emissions

### Portfolio Emissions

Attributed emissions (Scope 1 and 2) from our listed equities, corporate bonds, private equity (direct and co-investments) and real estate holdings, which account for 80-90% of our assets under management (as of December 2022). For financed emissions, we used methodologies published by PCAF where available.



### Baselining Methodology

Our Enterprise emissions approach is based on the GHG Protocol. We measure our operational emissions using activity data and emission factors that are sourced from globally recognised databases. In cases where data is limited, we made estimations based on spend data. We are continuously working to improve the quality of our emissions data by enhancing activity tracking across all business units.

Our Portfolio emissions approach is guided by PCAF, a global partnership of financial institutions and other stakeholders that developed a standardised methodology for carbon accounting in the financial sector. The year 2022 was selected as our baseline year for measuring progress against our 2030 investment emissions intensity reduction targets. We also use an enterprise value approach (including cash) for calculating our portfolio carbon footprint.

## ADVOCATE STRONG GOVERNANCE PRACTICES

We are pleased to announce that our overall PCAF data score is 2.5<sup>1</sup> which is exemplary for an organisation with a total AUM of RM341.6 billion. This is driven by high availability of reported emissions from our listed equity holdings as well as use of relevant emission factors guided by the PCAF standards. Moving forward, we aim to continually improve our data scores by actively engaging our counterparties to measure and report their emissions.

Our current financed emissions encompass Scope 1 and Scope 2 emissions from investee companies. We have not included Scope 3 emissions of investee companies due to poor data quality typically observed for Scope 3. We will be guided by PCAF guidelines for Scope 3 data in our future reporting of financed emissions.

*Note: PCAF mandates disclosure of Scope 3 emissions for holdings in oil & gas and mining. By 2024, this will extend to include transportation, construction, buildings, materials and industrial activities, and by 2026, it will encompass the entire portfolio. However, data quality for PNB Scope 3 emissions is not yet robust. The PNB team is committed to actively engaging key investee companies to measure and report their Scope 3 emissions.*

<sup>1</sup>PCAF score: Data quality score of 1 represents the use of investee companies with emissions data verified by a third-party auditor. A score of 2 represents use of data from investee companies without third-party verification. A score of 3 represents use of production data to estimate emissions. A score of 4 represents use of revenue data to estimate emissions. A score of 5 represents use of investment value to estimate emission.

### PNB's GHG Emissions Performance

In 2022, our GHG emissions were

**11.88 million tCO<sub>2</sub>e**

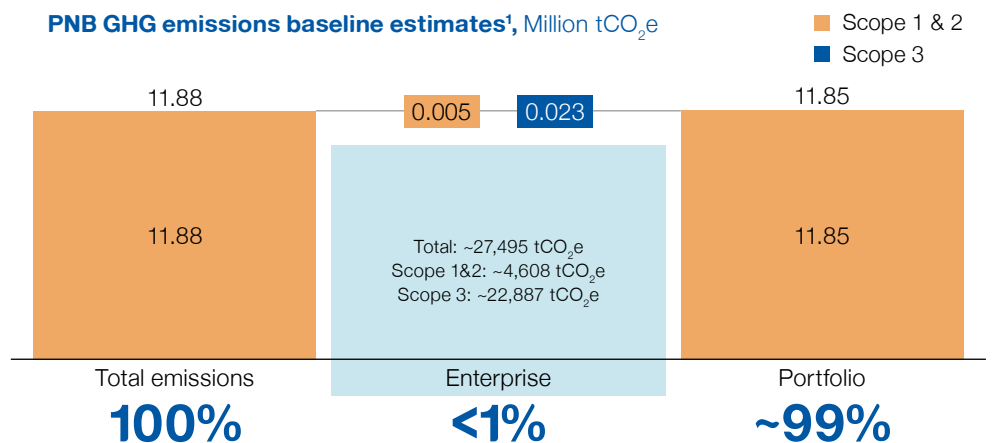
Investment emissions intensity:

**49 tCO<sub>2</sub>e/ RM million AUM**

% of AUM baselined:

**Approximately 84%**

### PNB GHG emissions baseline estimates<sup>1</sup>, Million tCO<sub>2</sub>e



Baseline year assumes most recent year data available (in line with GHG protocol guidance)

#### Scope 1:

Direct emissions from petrol and diesel consumption from company-owned vehicles and diesel consumption from diesel generators.

#### Scope 2:

Indirect emissions from purchased electricity consumption.

#### Scope 3:

Indirect emissions from operational activities and portfolio

Operational includes Scope 3 category 1 (purchased goods & services), 2 (capital goods), 3 (fuel and energy related), 5 (waste), 6 (business travel), 7 (employee commuting).


Portfolio includes GHG emissions that PNB finances through its investment activities and emissions from real estate properties that PNB leases out for investment income.

## ADVOCATE STRONG GOVERNANCE PRACTICES

## Enterprise

Our Net Zero Enterprise target includes Scope 1 and 2 operational emissions from our enterprise activities. We have included these two scopes in our Net Zero Enterprise boundary as we retain a high degree of operational control and are able to enforce our policies and standard operating procedures to reduce GHG emissions. Nevertheless, we strive to continuously measure, manage and reduce our Scope 3 emissions over time as well as offsetting unavoidable GHG emissions to reduce our climate impact from our enterprise activities. We have taken significant efforts to manage our operational GHG emissions footprint by pursuing specific decarbonisation initiatives across Scopes 1, 2 and 3 of our operations. These include investing in green energy and green buildings, as well as raising awareness on green initiatives within the Group. Further to that, we are currently setting up dedicated taskforces to deliver on our Net Zero initiatives. Our relocation to Merdeka 118, a triple platinum rated green building by LEED, Green Real Estate (GreenRE) and Green Building Index, will enable us to reduce our Scope 2 emissions, as it is a high-performance energy optimised green building.

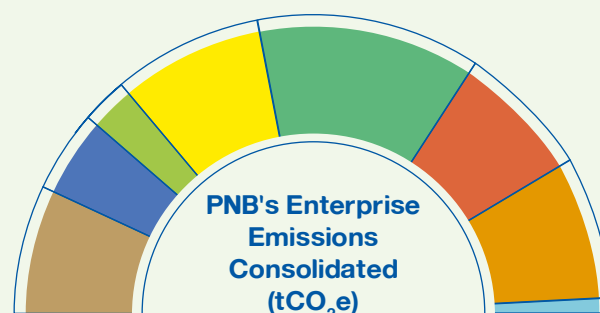
The Enterprise emissions in 2022 were 27,495 tCO<sub>2</sub>e, whereby Scope 3 emissions made up about 23,000 tCO<sub>2</sub>e, or 80% of the total GHG emissions.

 For more information, refer to Net Zero Enterprise by 2025 on page 81 to 82.

<b>Scope 1</b>	Backup generators	3	<1%
	Company vehicles	200	1%
<b>Scope 2</b>	Purchased electricity	4,405	16%
<b>Total Scope 1 &amp; 2</b>		<b>4,608</b>	<b>17%</b>
<b>Category (Scope 3)</b>	1. Purchased goods & services <sup>1</sup>	9,274	34%
	2. Capital goods <sup>2</sup>	7,067	26%
	3. Fuel and energy-related	719	3%
	5. Waste generated	32	<1%
	6. Business travel	1,407	5%
	7. Employee commuting	4,387	16%
<b>Total Scope 1, 2, 3</b>		<b>27,494</b>	<b>100%</b>

<sup>1</sup>Includes all procurement spend categories (e.g. events, office, services, technology)


<sup>2</sup>Includes buildings repair and maintenance, office equipment, furniture etc



## Portfolio

We are committed to reducing real world GHG emissions through our investee companies. This is supported by our three quantitative targets, as reported in Net Zero Portfolio. In addition, we commit to not invest in any new greenfield coal investments and will incorporate an NDPE approach in our investments.

We will continue to champion ESG and lead the investing community in sustainability by actively advocating sustainability practices among our portfolio companies. In this instance, we aim to align our ESG practices and commitments with the guidelines of the Principles for Responsible Investment (PRI), the PCAF and the UN Global Compact (UNGC), of which we are members.

 For more information, refer to Net Zero Portfolio by 2050 on page 83 and RM10 billion in New Green & Transition Assets by 2030 on page 84.

## ADVOCATE STRONG GOVERNANCE PRACTICES

### PCAF

As a net-zero aligned organisation, we are committed to measuring and mitigating our financed emissions from our investing activities. Through our participation with the PCAF, we hope to leverage on this collaborative platform to deepen our institutional knowledge to enable us to accurately measure our financed emissions. At the same time, we support PCAF's broader initiatives in driving convergence in GHG accounting methodologies, which provide an important foundation for us to transition towards a low-carbon economy.

### PRI

As we aspire to become a responsible steward of capital, PNB is fully focused on integrating Environment, Social and Governance (ESG) considerations within our investment practices. By joining this network, we hope to gain access to PRI's vast network of ESG-motivated investors and experts as well as valuable resources that can help us fast track our ESG integration journey. Further, we also aim to contribute towards PRI's collective efforts towards standardisation of sustainable investing practices among institutional investors and wider ecosystem development to advance the climate and sustainability agenda.

### UNGC

As a sustainability-focused investment house, we are steadfast in elevating our sustainability practices. Subscribing to UNGC will enable us to align ourselves with the world's largest corporate sustainability initiatives. This means we recognise the 10 principles of the UNGC, which could help to improve branding and identity, increase access to data and up-to-date information, benchmark against best practices towards addressing climate change and enhance capability building and compliance with international sustainability standards.

### SIS

PNB contributed to the development of Sustainable Investing Standards (SIS) which was launched by the Ministry of Finance (MOF) in May 2023. We were part of the Working Committee that comprises representatives from the MOF as well as other GLICs. The SIS was developed to provide a comprehensive guidance to GLICs to support the integration of ESG factors into their investment processes and foster alignment between national and global sustainability objectives.

### JC3

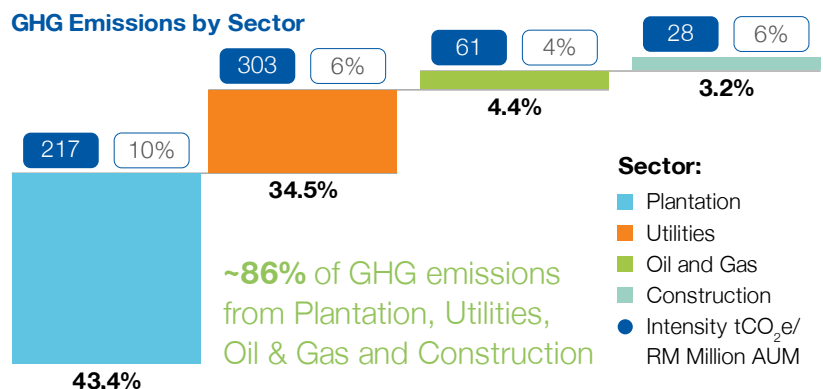
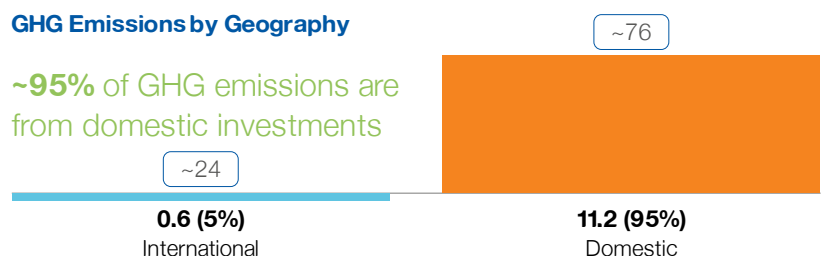
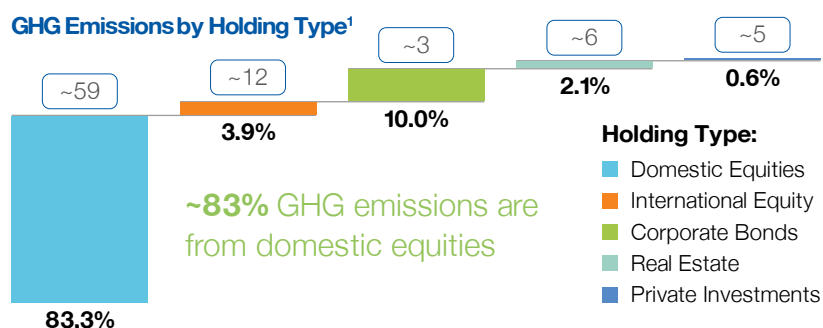
PNB is part of the Joint Committee on Climate Change (JC3), a committee that pursues collaborative actions for building climate resilience within the Malaysian financial sector. The JC3 is advancing its initiatives to strengthen the financial sector's capacity in managing climate-related risks. It actively collaborates and engages with the business community to support the financing needs of corporates and their supply chains in their transition to sustainable practices.

### PNB's Portfolio Emissions by Holding Type, by Geography and by Sector (Million tCO<sub>2</sub>e)

We classify emissions from our real estate holdings (domestic and international) as part of our portfolio emissions, as they are treated as investments in our portfolio. Currently, we are engaging our investees to disclose their Scope 3 emissions. Limitations regarding Scope 3 emission estimates are noted in the PCAF Standard: "PCAF acknowledges that, to date, the comparability, coverage, transparency, and reliability of Scope 3 data still varies greatly per sector and data source."

#### SCOPE 1 AND 2 EMISSIONS

○ % share of AUM<sup>2</sup>



Notes:

1. GHG emissions exclude sovereign bonds given that sovereign bond emissions of Scope 1, 2 & 3 are combined and reported separately.
2. Percentage of AUM estimated based on reported value of holdings as of Dec 2022.
3. Including direct corporate bond exposure to the company.

# Continued Strength In Governance



<b>Corporate Governance Overview Statement</b>	<b>114</b>
• Principle A : Board Leadership and Effectiveness	<b>120</b>
• Principle B : Effectiveness of Audit and Risk Management	<b>124</b>
• Principle C : Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders	<b>141</b>
<b>Statement on Risk Management and Internal Control</b>	<b>142</b>

## CORPORATE GOVERNANCE **OVERVIEW STATEMENT**

# COMMITMENT TO GOOD GOVERNANCE

PNB believes that a culture of transparency, accountability and integrity is paramount to ensuring its commitment towards upholding our mandate and pursuing our purpose. The present challenging volatile market conditions have made it more vital for PNB to ensure conformance to the highest standard of Corporate Governance through the effective formulation and application of its internal policies and processes.

With that in mind, although PNB is not a public listed company, the company nonetheless endeavours to achieve the intended outcomes of the three (3) key principles of good corporate governance which form the foundation of the Malaysian Code on Corporate Governance (MCCG 2021):

PRINCIPLE A  
**BOARD LEADERSHIP AND EFFECTIVENESS**

PRINCIPLE B  
**EFFECTIVENESS OF AUDIT AND RISK MANAGEMENT**

PRINCIPLE C  
**INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS**

### THE BOARD'S PRINCIPAL RESPONSIBILITIES

The sustainability and growth of PNB will always depend on the proper execution of the Board of Directors' (Board) fundamental roles, which include to:

- Set and monitor the Group's strategic business objectives;
- Review policies and procedures to ensure that its corporate conduct is in line with the principles of integrity and accountability;
- Review the adequacy of the Group's system of internal control, management information system, and compliance with applicable laws;
- Monitor the performance of the Management and review succession planning;
- Assess the implementation of the risk management system;
- Responsible for setting sustainability commitments and targets;
- Oversight of PNB's sustainable investment strategy, sets down the guiding beliefs and principles; and
- Review sustainability-related progress reports including carbon footprint commitments.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

Additionally, the Board takes cognisance of the enforcement of Section 17A of the Malaysian Anti-Corruption Commission Act 2009 (MACC Act) which came into force on 1 June 2020. PNB, being one of the largest fund management companies, is at the forefront in ensuring that all the adequate procedures in corruption prevention are also in place.

Various initiatives have been undertaken in creating awareness of this new provision by organizing talks and seminars featuring local and international speakers for the Board, Senior Management, staff members and business associates. PNB has also established the Whistleblowing Policy, and the Integrity Charter and Framework. As part of its continuous efforts in ensuring full compliance with this provision under the MACC Act, PNB is strengthening its policies and procedures involving Anti-Bribery Management System, Corruption Risk Management and Code of Business Ethics, amongst others.

## INTEGRITY CHARTER AND FRAMEWORK OF THE PNB GROUP

## A. Leadership Engagement

- Board and Senior Management fully committed to ensure corruption risks are managed effectively.
- Management at all levels engaged in developing integrity culture.
- Adequate resources are allocated for integrity awareness programme.

## B. Integrity Culture

- Promote a strong culture of integrity within the PNB Group.
- Encourage integrity behaviour.
- Zero tolerance policy on corruption.

## C. Training and Communication

- Identify and address integrity competency and training needs for the PNB Group.
- Communicate and reinforce integrity knowledge to staff members.

## 1. Corruption Risk Assessment

- Proactively assess corruption risk and integrity-related obligations
- Continuously reassess level of corruption risk based on:
  - New or changed activities, products or services
  - New revised obligations
  - Findings from audit reviews done internally or by regulators

## 2. Corruption Risk Management

- Establish and ensure effective policies processes and internal controls are in place to mitigate corruption risk
- Communicate policies and procedures to staff members

## 3. Corruption Risk Monitoring

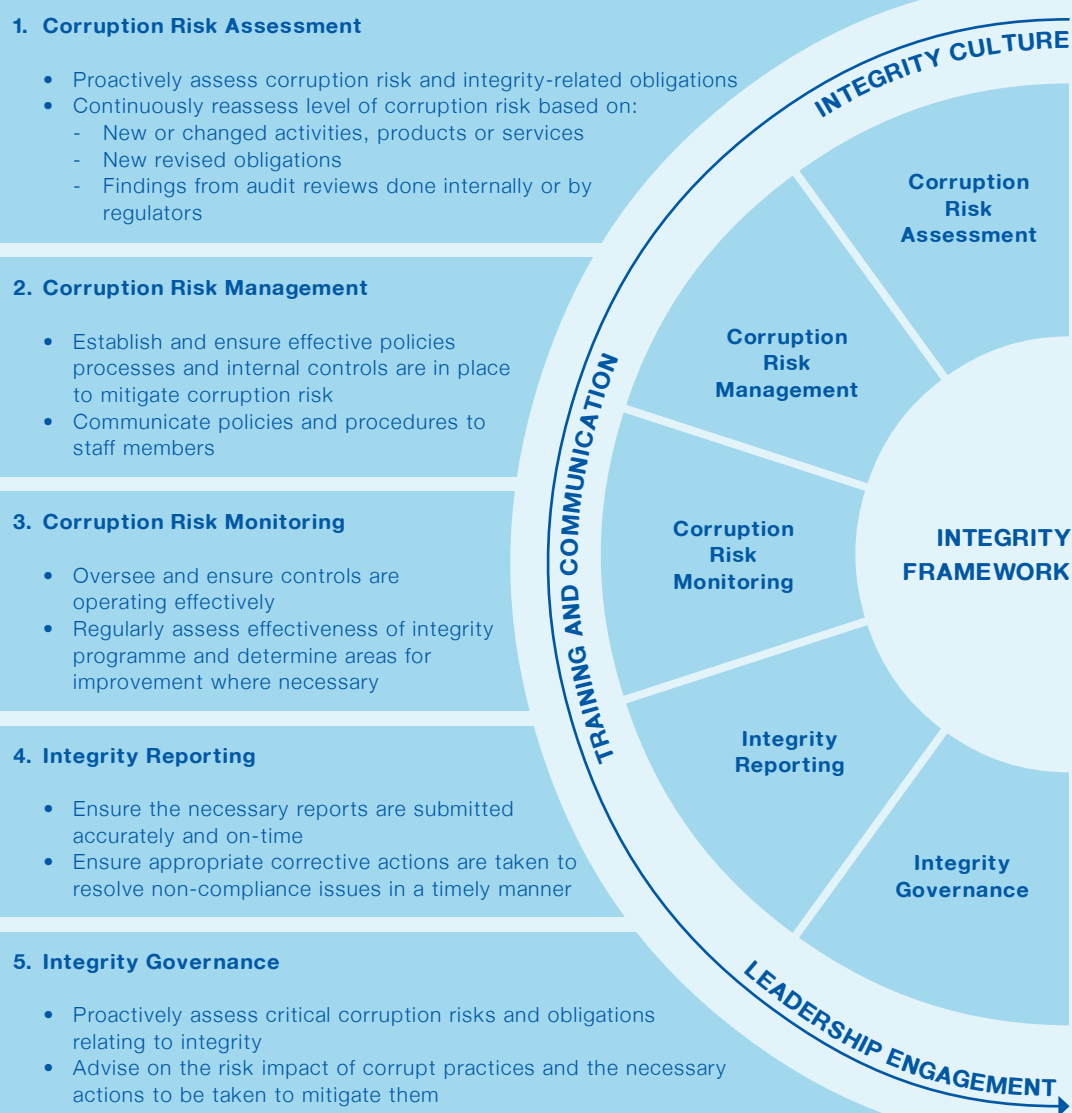
- Oversee and ensure controls are operating effectively
- Regularly assess effectiveness of integrity programme and determine areas for improvement where necessary

## 4. Integrity Reporting

- Ensure the necessary reports are submitted accurately and on-time
- Ensure appropriate corrective actions are taken to resolve non-compliance issues in a timely manner

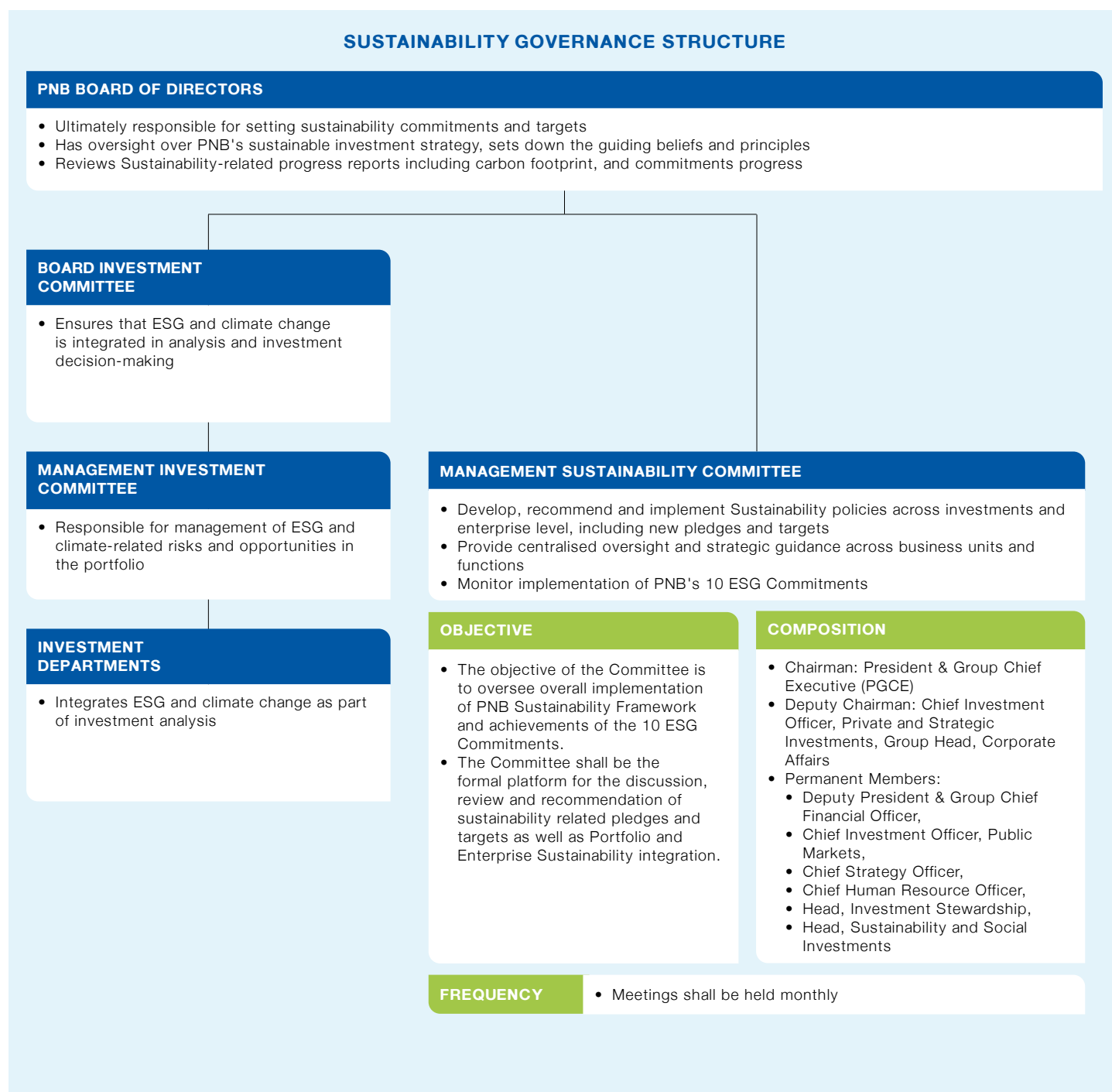
## 5. Integrity Governance

- Proactively assess critical corruption risks and obligations relating to integrity
- Advise on the risk impact of corrupt practices and the necessary actions to be taken to mitigate them



## CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board serves as the ultimate arbiter and custodian of the Group's sustainability vision and strategy. In this capacity, the Board provides oversight of the sustainability proposals submitted by the Management Sustainability Committee (MSC). The Board also maintains due diligence over the execution of these strategies by the MSC and is duly briefed on the progress of the PNB Sustainability Framework during its December 2022 meeting. Meetings of the Board featured in-depth discussions and a focus on sustainability initiatives and strategies, indicative of their unwavering commitment to this critical aspect of the Group's operations.





## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### BOARD OF DIRECTORS

A healthy Board culture which promotes and upholds good governance practices will ensure that PNB's stakeholders' interests and the mandate from Government are protected. It is important for the Board to have a clear understanding of their roles and responsibilities. The Board is led by the Chairman of the Board and is supported by the PGCE together with other Board members with a wide range of expertise. The Chairman of the Board is responsible for instilling good governance practices, leadership and effectiveness of the Board. The respective responsibilities of the Chairman and PGCE, as well as the Board, its Committees and Management are clearly demarcated in the Board Charter.

### BOARD COMPOSITION

Currently, the Board consists of eight (8) members, comprising one (1) Non-Independent Non-Executive Director, one (1) Non-Independent Executive Director, and six (6) Independent Non-Executive Directors. The current Board composition provides adequate mix of knowledge, skills and expertise, and the strong presence of a majority of Independent Non-Executive Directors provides effective checks and balances in the decision-making of the Board. The Board members are able to carry out their duties and provide an unfettered and unbiased independent judgement to promote good corporate governance.

### APPOINTMENT OF DIRECTORS

The Nomination and Remuneration Committee (NRC) is responsible for the nomination of candidates for directorships. The selection of individuals with the required mix of skills and experience, be it industry, operations or sustainability, is paramount in order for the Board to be able to provide a clear and effective leadership whilst inculcating healthy governance practices. Potential candidates are selected from diversified backgrounds in order to ensure only those with the right mix of capabilities, expertise and experience are chosen. The composition of the Board is also reviewed regularly to ensure effective contribution to the Board's deliberation.

### BOARD OF DIRECTORS MEETINGS

In order to discharge their responsibilities effectively, the Board convenes meetings on a quarterly basis. Additional special meetings are conducted should circumstances warrant that such meetings be held, to approve corporate proposals, strategic business plans and direction, or any other matters that require the Board's decision. For any matters requiring urgent Board decision and approvals during the

intervals between Board meetings, circular resolutions are submitted to the Directors together with all relevant information and explanation required for an informed decision to be made.

### CONDUCT OF MEETINGS

At each meeting, the Chairman of the Board and the respective Board Committees brief and outline the agendas for the meetings. The Board or the Board Committee members deliberate upon and in the process, assess the viability of corporate proposals and the principal risks that may have a significant impact on PNB's business or on its financial position, as well as the mitigating factors.

### DISTRIBUTION OF MEETING MATERIALS

Presently, the Board meetings are conducted on a paperless basis with the use of the BoardPac System. The system has enabled the Company Secretary to furnish the Board and Committee members with immediate access to the material of the meetings prior to each Board meeting. This paperless system enables Board meetings to be efficiently managed and for the Board and Committee members to be instantly updated of any revision to any paper pertaining to the meeting.

### ACCESS TO INFORMATION AND ADVICE

The Board and its Committees have unrestricted access to the advice and services of the officers and employees of PNB and may engage independent third parties as deemed necessary, in discharging their duties and fulfilling their obligations, at the expense of the PNB Group.

### CONFLICT OF INTEREST

Any actual or potential conflict of interest in directorship or shareholdings will be disclosed by the Board or Committee members to the Board or Committee through the Group Company Secretary. In the event of any conflict of interest, the members of the Board or Committee will abstain from participating in the decision-making thereof.

### GROUP COMPANY SECRETARY

The Group Company Secretary is suitably qualified and competent to support the Board in providing sound governance advice, ensuring adherence to rules and procedures, and advocating adoption of corporate governance best practices.

### BOARD ASSESSMENT

PNB adopts Board assessments as part of its on-going commitment to upholding the highest standards of corporate governance in line with the recommendation of the Code. Pursuant to the decision of the Board, in ensuring a high performing Board, a Board Effectiveness Evaluation 2021 (BEE 2021) for the performance of the Board for the financial year 2021 had been undertaken by an external consultant, namely PwC Consulting Associates (M) Sdn. Bhd. (PwCCA). Based on the outcome of the BEE 2021, various actions had been undertaken to close the gaps as identified by PwCCA.

### TRAINING AND DEVELOPMENT OF DIRECTORS

The Board acknowledges the importance of continuing education for its Directors to ensure they are equipped with the necessary skills and knowledge to perform their functions and meet specific industry challenges, and therefore continually assesses the training needs of each Director. During the financial year, all the Board members had attended numerous training programmes and workshops on various current issues relevant to PNB, to update themselves on new legal and regulatory developments.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

Training programmes, conferences and forums attended by the Directors for FY2022 are as follows:

<p style="text-align: center;"><b>Banking</b></p> <ul style="list-style-type: none"> <li>• MIA Conference 2022</li> <li>• BNM MyFintech Week 2022 - Masterclasses with FIDE Forum:                     <ul style="list-style-type: none"> <li>- Session A: Getting It Right: Securing Results from Digital Transformation</li> <li>- Session B: Web 3.0 and the Future of Finance</li> <li>- Session C: Deep Dive into DeFi</li> </ul> </li> <li>• Round Table on Islamic Finance - The Future of Finance and Society</li> </ul>	<p style="text-align: center;"><b>Leadership Management</b></p> <ul style="list-style-type: none"> <li>• The Linkage 20 Conversations @ Harvard</li> <li>• PNB Luncheon Talk, London</li> <li>• Sime Darby Property: Sustainable Leadership Workshop (Part 1)</li> <li>• ICDM BNRC Dialogue and Networking #1</li> <li>• Sime Darby Property: Sustainable Leadership Workshop (Part 2)</li> <li>• International Directors Summit 2022</li> <li>• Complimentary Talk on Values as a Source of Competitive Advantage</li> <li>• Axiata Board Retreat (Part 1) On:                     <ul style="list-style-type: none"> <li>- Sustainability and Climate Action for Telcos in Asia</li> <li>- Telco to TechCo: Transforming to Unlock Growth</li> </ul> </li> </ul>
<p style="text-align: center;"><b>Management</b></p> <ul style="list-style-type: none"> <li>• PNB Knowledge Forum 2022 - Tall Buildings and Living In The Space Age: The Enigma and Convergence of Science and Art</li> <li>• Emerging Trends Talk: Integrated Reporting but Disintegrated Thinking</li> </ul>	<p style="text-align: center;"><b>Economy</b></p> <ul style="list-style-type: none"> <li>• Singapore Business and Trade Shows 2022</li> <li>• Khazanah Megatrends Forum 2022: Development and its Complexities</li> <li>• Market Outlook Series 2022:                     <ul style="list-style-type: none"> <li>- Gas and LNG Carrier Market Outlook</li> <li>- Offshore Production Market Outlook</li> <li>- Special Focus: Russia Sanctions and Potential Implications</li> <li>- Oil and Tanker Market Outlook</li> <li>- The Future of Seafarers in the Decade of Transformation</li> </ul> </li> <li>• Sime Darby Property: Pre-Board Engagement:                     <ul style="list-style-type: none"> <li>- Macroeconomic Outlook</li> <li>- Investment and Asset Management</li> <li>- Disruption Through Tech and Innovation</li> <li>- Geographical Expansion - Opportunities in the UK</li> <li>- Fireside Chat with PNB CEO</li> </ul> </li> <li>• ICMR Lecture Series - Innovation through Collaboration - Planning for More Inclusive and Sustainable Capital Markets Post COVID-19</li> <li>• Value as a Source of Competitive Advantage</li> </ul>
<p style="text-align: center;"><b>Information Technology and Cyber Security</b></p> <ul style="list-style-type: none"> <li>• SiberSAFE Online Cybersecurity Awareness Training</li> <li>• Cybersecurity Awareness Programme</li> <li>• Tech Talk 5G: Empowering Digitalisation for Smart Estate</li> <li>• Sime Darby Property: Training and Updates on Cybersecurity</li> <li>• EIPL Directors' Training: Cybersecurity Training</li> <li>• Cyber Threats for Top Executive</li> <li>• Allianz Malaysia Berhad: Cybersecurity Awareness Training</li> </ul>	<p style="text-align: center;"><b>Audit</b></p> <ul style="list-style-type: none"> <li>• Sime Darby Property: Tax Audit for Property Developers</li> <li>• AOB Conversation with Audit Committees</li> </ul>
<p style="text-align: center;"><b>Risk Management</b></p> <ul style="list-style-type: none"> <li>• Etiqa Board Risk Workshop</li> <li>• FIDE Forum: The Emerging Trends, Threats and Risks to the Financial Services Industry - Managing Global Risk, Investment and Payment System</li> <li>• Directors' Guide to the Risk Maturity Framework (Series 11)</li> <li>• Directors' Guide to RMIT (Series 18)</li> <li>• Briefing on Corruption Risk Assessment</li> </ul>	<p style="text-align: center;"><b>Corporate Governance</b></p> <ul style="list-style-type: none"> <li>• IIC-SIDC Corporate Governance Conference 2022: Investment Stewardship on Times of Heightened Sustainability Demands</li> </ul>

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

## Legal or Compliance or Risk

- Online Training: Inns of Court Malaysia ("ICM") Legal Education Series #9 - Judicial Management and Corporate Rescue: Balancing the Rescue of Distressed Companies and the Rights of Creditors
- Online Training: AML/CFT and TFS 2022: Evolving Challenges and Expectations in Regulatory Compliance for Senior Management
- Understanding the Regulatory Landscape Between Malaysia and the UK
- PNB Integrity Talk 2022 - Section 17A MACC Act Corporate Liability, Adequate Procedures and ISO 37001 ABMS
- Anti-Money Laundering and Anti-Terrorism Financing
- Etiqa: Directors' Training Programme on Module 3 - Compliance Topic:
  - Compliance Function Overview
  - Governing Compliance Risk
    - > Compliance BNM PD
    - > Corporate Governance BNM PD
    - > Approach to Regulating and Supervising Financial Group
    - > Shariah Governance BNM PD
    - > Anti-Bribery and Corruption
  - Compliance Topics
    - > AMLCFT
    - > Managing Customer Information
    - > Fair Treatment of Financial Consumer (FTFC)
- EIPL Directors' Training:
  - Anti-Fraud or Anti-Bribery and Corruption or Whistleblowing Anti-Money Laundering or Counter Financing of Terrorism or Sanctions
- FIMM Regulatory Training on Code of Ethics
- Section 17A MACC Act - Adequate Procedures and ISO37001 Anti Bribery Management System
- Axiata Group Risk and Compliance Conference 2022 - "Thriving in a VUCA (Volatility Uncertainty Complexity Ambiguous) World"
- Data Privacy and Personal Data Protection Act 2010
- Constitutional Amendments and the Basic Structure in Malaysia "A Constitution, If We Can Keep It: Reflections on the Basic Structure Doctrine"

## Environmental, Social and Governance

- PNB Sustainability ESG Forum
- JC3 Upskilling Sustainability Training Series - Measuring Portfolio Alignment to Climate Scenarios and Climate Transition Stress Testing
- Etiqa: Directors' Training Programme on Module 2 - ESG Topic: Sustainability ESG Environmental, Social and Governance
- Sustainability Update and Climate Risk Training Session:
  - Maybank's Sustainability Agenda
  - How Financial Institutions Can Support Climate Transformation?
- PNB Knowledge Forum I 2022 - Sustainable Investing: ESG At The Forefront
- Etiqa: Directors' Training Programme on Module 2 - ESG Topic: Building A Wellbeing Economy - Lessons from Bhutan and Gross National Happiness
- ESG Roundtable Discussion
- Climate Change: Directors' Duties and Governance
- ESG Strategies for Board of Directors and Leadership Team
- PNB Knowledge Forum III 2022: Decarbonised Economy - Accelerating the Net Zero Transition
- Board Benchmarking for Sustainability
- Online Training: Environmental, Social and Governance ("ESG") Strategies for Leadership Team
- A Conversation with YB Tuan Nik Nazmi Nik Ahmad, Minister of Natural Resources, Environment and Climate Change
- Beyond Growth: Financing Sustainability to Build Back Better

## Shariah

- Majlis Forum Wakaf PNB 2022
- Takaful Boards Engagement (Shariah Compliance Culture): Unlocking the Unique Corporate Value Proposition of Takaful, Ta'awun and Tabarru' - The Roles of Takaful Board Members

## Investment

- Etiqa: Directors' Training Programme on Module 3 - Investment Topic:
  - Liability Driven Investment
  - Asset Liability Management
  - Research and Portfolio Management
- Maybank's Invest Asean 2022 on Asean Framing A Future

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

# PRINCIPLE A BOARD LEADERSHIP AND EFFECTIVENESS

Board of Directors	Tun Arifin Zakaria	Ahmad Zulqarnain Onn	Datuk Seri Asri Hamidin @ Hamidon*	Tan Sri Datuk Zainun Ali
<b>Designation</b>	Group Chairman Non-Independent Non-Executive <i>Retired as Group Chairman of PNB with effect from 6 May 2023</i>	President & Group Chief Executive/ Non-Independent Executive	Independent Non-Executive  * <i>(Resigned as Director with effect from 5 January 2023)</i>	Independent Non-Executive

The Board has established several committees to assist in discharging its oversight function and to ensure appropriate checks and balances are in place when dealing with specific functions or areas. There are eight (8) committees under the purview of the Board.

### IC Investment Committee of the Board of Directors of PNB

**Chairman:**

- Tun Arifin Zakaria

*Retired as Group Chairman of PNB with effect from 6 May 2023*

**Member:**

- ▲ Tan Sri Dr. Mohd Daud Bakar
- ▲ Dato' Johan Ariffin
- ▲ Tan Sri Dr Nik Norzrul Thani N. Hassan Thani
- ▲ Ahmad Zulqarnain Onn

The Investment Committee assists the Board to formulate plans and strategies, and to approve the selection of investments for the investment portfolio of PNB and the unit trust funds under the management of PNB, subject to the limits of authority given by the Board. The Committee also considers any proposal for mergers and acquisitions.

### SAC Shariah Advisory Committee of PNB

**Chairman:**

- Tan Sri Dr. Mohd Daud Bakar

**Member:**

- ▲ SS. Dato' Haji Mohamad Shukri Mohamad (Dato' Kaya Perba)
- ▲ Dato' (Dr.) Haji Nooh Gadot
- ▲ Prof. Emeritus Dato' Paduka Dr. Mahmood Zuhdi Haji Abd. Majid  
*Passed away on 17 June 2023*
- ▲ Datuk Prof. Dr. Mohamad Akram Laldin
- ▲ Dr. Aida Othman
- ▲ Wan Abdul Rahim Kamil Wan Mohamed Ali

The Shariah Advisory Committee (SAC) was set up to give advice as well as opinions and guidance on matters pertaining to Shariah compliance issues for the investments made by PNB, and to assist PNB to always comply with Shariah principles. The SAC convenes every quarter to review the Shariah compliance status of the investment of PNB and the unit trust funds and to discuss and approve the proposals according to Shariah requirements matters.

### NRC Nomination and Remuneration Committee of the Board of Directors of PNB

**Chairman:**

- Datu Haji Soedirman Aini

**Member:**

- ▲ Datuk Dr. Mohd. Yaakub Haji Johari
- ▲ Datin Norazah Mohamed Razali
- ▲ Datuk Mohd. Anwar Yahya

The Nomination and Remuneration Committee (NRC) identifies and recommends suitable candidates for appointment to the Board and Operating Subsidiary Companies, as well as Strategic, Core, Controlled and Minority Investee Companies. This Committee also identifies and recommends suitable candidates for the appointment of Presidents/Managing Directors/Chief Executive Officers of PNB, Operating Subsidiary Companies, Strategic and Controlled Investee Companies, as well as key management of PNB. In selecting candidates, the NRC follows an established policy and process whereby it considers, among others, the integrity, skills, knowledge and experience of the candidate.

In addition, the NRC assists the Board to ensure the remuneration of Directors and management of PNB and its Operating Subsidiary Companies is fair and competitive whilst giving due regard to the interests of all stakeholders. The NRC also ensures that the necessary policies on appointment and remuneration for the Directors and staff members of PNB and its Operating Subsidiary Companies are in place.

### CC Compliance Committee of PNB Group of the Board of Directors of PNB

**Chairman:**

- Tan Sri Datuk Zainun Ali

**Member:**

- ▲ Ahmad Zulqarnain Onn
- ▲ Dato Dr. Nik Ramlah Nik Mahmood
- ▲ Datuk Dr. Mohd. Yaakub Haji Johari

The Compliance Committee was set up to determine, approve, review and monitor the Compliance and Integrity Work Plans of the Compliance Department and Integrity Department. The Compliance Committee convenes quarterly to evaluate and review the findings of the compliance report and to make recommendations in respect thereof. The structure of the overall compliance function of the PNB Group will be reviewed as and when it is deemed necessary. Further details of the composition and attendance of members of the Compliance Committee and PNB's Compliance Programmes are set out in the Statement on Corporate Compliance and Integrity on pages 124 to 131 of this Annual Report.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

<b>Datuk Dr. Mohd. Yaakub Haji Johari</b>	<b>Datu Haji Soedirman Haji Aini</b>	<b>Dato Dr. Nik Ramlah Nik Mahmood</b>	<b>Dato' Johan Ariffin</b>	<b>Datin Norazah Mohamed Razali</b>
Independent Non-Executive	Independent Non-Executive	Independent Non-Executive	Independent Non-Executive	Independent Non-Executive

**APC Appeals Committee of the Board of Directors of PNB****Chairman:**

- Tan Sri Datuk Zainun Ali

**Member:**

- ▲ Datuk Dr. Mohd. Yaakub Haji Johari
- ▲ Datu Haji Soedirman Haji Aini
- ▲ Dato Dr. Nik Ramlah Nik Mahmood

The function of the Appeals Committee is to hear appeals of staff members who are found guilty of misconduct and to determine whether sentences meted out by the Disciplinary Committee commensurate with the respective misdeeds. The Appeals Committee also considers appeals from staff members pertaining to the determination of their salaries and promotions.

**AC Audit Committee of the Board of Directors of PNB****Chairman:**

- Datuk Mohd. Anwar Yahya

**Member:**

- ▲ Tan Sri Dr Nik Norzrul Thani N. Hassan Thani
- ▲ Dato Dr. Nik Ramlah Nik Mahmood
- ▲ Datu Haji Soedirman Haji Aini

The main function of the Audit Committee is to review the quality and effectiveness of the entire accounting and internal control system. The Committee reviews the adequacy and integrity of the audit engagement undertaken by both external and internal auditors for every financial year. The accounting policies to be adopted by Management and accepted by external auditors are reviewed periodically to ensure conformance to the applicable Accounting Standards. Further details on the composition and activities of the Committee are set out in the Audit Committee Report on pages 132 to 135 of this Annual Report.

**RMC Risk Management Committee of the Board of Directors of PNB****Chairman:**

- Dato Dr. Nik Ramlah Nik Mahmood

**Member:**

- ▲ Tan Sri Dr Nik Norzrul Thani N. Hassan Thani
- ▲ Datuk Mohd. Anwar Yahya
- ▲ Datin Norazah Mohamed Razali

The Risk Management Committee (RMC) reviews and recommends to the Board the risk management philosophies, policies and mitigation strategies as proposed by Management to manage the principal risks of the PNB Group, and to oversee and approve the development and maintenance of the integrated risk management framework of the PNB Group. Further details on the composition and attendance of members of the RMC are set out in the Statement of Risk Management and Internal Control on pages 142 to 156 of this Annual Report.

**TC Tender Committee of the Board of Directors of PNB****Chairman:**

- Tan Sri Dr Nik Norzrul Thani N. Hassan Thani

**Member:**

- ▲ Dato Dr. Nik Ramlah Nik Mahmood
- ▲ Ahmad Zulqarnain Onn

The Tender Committee assists the Board to consider tenders and quotations for all assets, supplies and services for the PNB Group valued above RM2 million.

These committees have separate and defined written terms of reference, detailing the scope of their authority and responsibilities, which have been approved by the Board. The Chairman of each committee reports on the items discussed and actions taken at their meetings to the Board following each meeting. Each committee reviews its own terms of reference and works with the Board to make necessary adjustments, as required. The Board may, from time to time, establish and maintain additional committees as required. Notwithstanding the above, the ultimate responsibility for decision-making still lies with the Board.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

# BOARD AND BOARD COMMITTEE ATTENDANCE

### BOARD

#### Chairman:

**Tun Arifin Zakaria**

Attendance 14/14

Retired as Group Chairman of PNB with effect from 6 May 2023

#### Member:

**Ahmad Zulqarnain Onn**

Attendance 14/14

**Datuk Seri Asri Hamidin @ Hamidon\***

Attendance 7/14

\* Resigned as Director with effect from January 5, 2023

**Tan Sri Datuk Zainun Ali**

Attendance 12/14

**Datuk Dr. Mohd. Yaakub Haji Johari**

Attendance 14/14

**Datu Haji Soedirman Haji Aini**

Attendance 13/14

**Dato Dr. Nik Ramlah Nik Mahmood**

Attendance 14/14

**Dato' Johan Ariffin**

Attendance 14/14

**Datin Norazah Mohamed Razali**

Attendance 14/14

### NRC

#### Chairman:

**Datu Haji Soedirman Haji Aini**

Attendance 8/8

#### Member:

**Datuk Dr. Mohd. Yaakub Haji Johari**

Attendance 8/8

**Datin Norazah Mohamed Razali**

Attendance 8/8

**Datuk Mohd. Anwar Yahya**

Attendance 8/8

### IC

#### Chairman:

**Tun Arifin Zakaria**

Attendance 12/12

Retired as Group Chairman of PNB with effect from 6 May 2023

#### Member:

**Tan Sri Dr. Mohd Daud Bakar**

Attendance 12/12

**Tan Sri Dr Nik Norzrul Thani N. Hassan Thani**

Attendance 12/12

**Dato' Johan Ariffin**

Attendance 12/12

**Ahmad Zulqarnain Onn**

Attendance 12/12

### AC

#### Chairman:

**Datuk Mohd. Anwar Yahya**

Attendance 12/12

#### Member:

**Dato Dr. Nik Ramlah Nik Mahmood**

Attendance 11/12

**Datu Haji Soedirman Aini**

Attendance 12/12

**Tan Sri Dr Nik Norzrul Thani N. Hassan Thani**

Attendance 12/12

### List of Meetings in 2022

• Special Meeting (No. SB1-2022) held on January 11, 2022	AC
• Special Meeting (No. SB1-2022) held on January 13, 2022	NRC
• Special Meeting (No. SB1-2022) held on January 17, 2022	Board
• 322 <sup>nd</sup> Meeting (No. 1-2022) held on January 24, 2022	IC
• Special Meeting (No. SB2-2022) held on January 27, 2022	AC

• 292 <sup>nd</sup> Meeting (No. 1-2022) held on February 4, 2022	AC
• 92 <sup>nd</sup> Meeting (No. 1-2022) held on February 9, 2022	TC
• 42 <sup>nd</sup> Meeting (No. 1-2022) held on February 9, 2022	SAC
• 323 <sup>rd</sup> Meeting (No. 2-2022) held on February 17, 2022	IC
• Special Meeting (No. SB3-2022) held on February 18, 2022	AC
• 52 <sup>nd</sup> Meeting (No. 1-2022) held on February 22, 2022	RMC
• 88 <sup>th</sup> Meeting (No. 1-2022) held on February 23, 2022	CC

• Special Meeting (No. 4-2022) held on March 1, 2022	AC
• 21 <sup>st</sup> Meeting (No. 1-2022) held on March 2, 2022	NRC
• 247 <sup>th</sup> Meeting (No. 1-2022) held on March 3, 2022	Board
• 293 <sup>rd</sup> Meeting (No. 2-2022) held on March 15, 2022	AC
• 324 <sup>th</sup> Meeting (No. 3-2022) held on March 16, 2022	IC
• Special Meeting (No. SB5-2022) held on March 17, 2022	AC
• Special Meeting (No. SB1-2022) held on March 18, 2022	TC
• Special Meeting (No. SB2-2022) held on March 21, 2022	NRC
• Special Meeting (No. SB2-2022) held on March 22, 2022	Board

• 43 <sup>rd</sup> Meeting (No. 2-2022) held on April 12, 2022	SAC
• Special Meeting (No. SB3-2022) held on April 14, 2022	Board
• Special Meeting (No. SB3-2022) held on April 14, 2022	NRC
• 325 <sup>th</sup> Meeting (No. 4-2022) held on April 20, 2022	IC
• 93 <sup>rd</sup> Meeting (No. 2-2022) held on April 27, 2022	TC

• 294 <sup>th</sup> Meeting (No. 3-2022) held on May 9, 2022	AC
• 89 <sup>th</sup> Meeting (No. 2-2022) held on May 11, 2022	CC
• 53 <sup>rd</sup> Meeting (No. 2-2022) held on May 12, 2022	RMC
• 22 <sup>nd</sup> Meeting (No. 2-2022) held on May 17, 2022	NRC
• 326 <sup>th</sup> Meeting (No. 5-2022) held on May 18, 2022	IC
• 248 <sup>th</sup> Meeting (No. 2-2022) held on May 19, 2022	Board
• 295 <sup>th</sup> Meeting (No. 4-2022) held on May 30, 2022	AC

• 94 <sup>th</sup> Meeting (No. 3-2022) held on June 15, 2022	TC
• Special Meeting (No. SB1-2022) held on June 17, 2022	CC
• 327 <sup>th</sup> Meeting (No. 6-2022) held on June 20, 2022	IC
• 296 <sup>th</sup> Meeting (No. 5-2022) held on June 23, 2022	AC
• Special Meeting (No. SB1-2022) held on June 23, 2022	RMC

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## CORPORATE GOVERNANCE OVERVIEW STATEMENT

Month	Meeting Details	Committee
JUL	Special Meeting (No. SB4-2022) held on July 19, 2022	NRC
	328 <sup>th</sup> Meeting (No. 7-2022) held on July 20, 2022	IC
	44 <sup>th</sup> Meeting (No. 3-2022) held on July 21, 2022	SAC
	297 <sup>th</sup> Meeting (No. 6-2022) held on July 28, 2022	AC
AUG	Special Meeting (No. SB4-2022) held on August 1, 2022	Board
	54 <sup>th</sup> Meeting (No. 3-2022) held on August 10, 2022	RMC
	Special Meeting (No. SB5-2022) held on August 13, 2022	Board
	90 <sup>th</sup> Meeting (No. 3-2022) held on August 18, 2022	CC
	23 <sup>rd</sup> Meeting (No. 3-2022) held on August 19, 2022	NRC
	329 <sup>th</sup> Meeting (No. 8-2022) held on August 22, 2022	IC
	249 <sup>th</sup> Meeting (No. 3-2022) held on August 23, 2022	Board
298 <sup>th</sup> Meeting (No. 7-2022) held on August 30, 2022	AC	
SEP	95 <sup>th</sup> Meeting (No. 4-2022) held on September 12, 2022	TC
	330 <sup>th</sup> Meeting (No. 9-2022) held on September 20, 2022	IC
	Special Meeting (No. SB6-2022) held on September 21, 2022	Board
OCT	Special Meeting (No. SB7-2022) held on October 12, 2022	Board
	331 <sup>st</sup> Meeting (No. 10-2021) held on October 28, 2022	IC
	45 <sup>th</sup> Meeting (No. 4-2022) held on October 31, 2022	SAC
NOV	91 <sup>st</sup> Meeting (No. 4-2022) held on November 10, 2022	CC
	55 <sup>th</sup> Meeting (No. 4-2022) held on November 14, 2022	RMC
	Special Meeting (No. SB8-2022) held on November 15, 2022	Board
	332 <sup>nd</sup> Meeting (No. 11-2022) held on November 17, 2022	IC
	Special Meeting (No. SB9-2022) held on November 30, 2022	Board
DEC	Special Meeting (No. SB1-2022) held on November 30, 2022	IC
	24 <sup>th</sup> Meeting (No. 4-2022) held on December 2, 2022	NRC
	250 <sup>th</sup> Meeting (No. 4-2022) held on December 5, 2022	Board
	Special Meeting (No. SB2-2022) held on December 9, 2022	RMC
	Special Meeting (No. SB10-2022) held from December 12, 2022, to December 13, 2022	Board
96 <sup>th</sup> Meeting (No. 5-2022) held on December 19, 2022	TC	

<b>Board</b>	Board Committee	<b>CC</b>	Compliance Committee
<b>IC</b>	Investment Committee	<b>RMC</b>	Risk Management Committee
<b>SAC</b>	Shariah Advisory Committee	<b>AC</b>	Audit Committee
<b>NRC</b>	Nomination and Remuneration Committee	<b>TC</b>	Tender Committee

## RMC

## Chairman:

Dato Dr. Nik Ramlah Nik Mahmood

Attendance 6/6

## Member:

Tan Sri Dr Nik Norzrul Thani N. Hassan Thani

Attendance 6/6

Datuk Mohd. Anwar Yahya

Attendance 6/6

Datin Norazah Mohamed Razali

Attendance 6/6

## CC

## Chairman:

Tan Sri Datuk Zainun Ali

Attendance 5/5

## Member:

Ahmad Zulqarnain Onn

Attendance 5/5

Dato Dr. Nik Ramlah Nik Mahmood

Attendance 5/5

Datuk Dr. Mohd. Yaakub Haji Johari

Attendance 5/5

## TC

## Chairman:

Tan Sri Dr Nik Norzrul Thani N. Hassan Thani

Attendance 6/6

## Member:

Ahmad Zulqarnain Onn

Attendance 6/6

Dato Dr. Nik Ramlah Nik Mahmood

Attendance 6/6

## SAC

## Chairman:

Tan Sri Dr. Mohd Daud Bakar

Attendance 4/4

## Member:

SS. Dato' Haji Mohamad Shukri Mohamad

(Dato' Kaya Perba)

Attendance 4/4

Dato' (Dr.) Haji Nooh Gadot

Attendance 3/4

Prof. Emeritus Dato' Paduka Dr. Mahmood Zuhdi Haji Abd. Majid

Passed away on 17 June 2023

Attendance 3/4

Datuk Profesor Dr. Mohamad Akram Laldin

Attendance 4/4

Dr. Aida Othman

Attendance 4/4

Wan Abdul Rahim Kamil Wan Mohamed Ali

Attendance 4/4

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### PRINCIPLE B EFFECTIVENESS OF AUDIT AND RISK MANAGEMENT

#### RISK MANAGEMENT AND INTERNAL CONTROL

The Board maintains a reliable system of risk management and internal control to safeguard the interest of PNB and unitholders. The Statement on Risk Management and Internal Control is set out on pages 142 to 156 of this Annual Report.

#### WHISTLEBLOWING AND CHINESE WALL POLICY

In line with the Whistleblower Protection Act 2010 and good corporate governance practices, PNB encourages all concerned parties to highlight any improper conduct without fear of detrimental action, victimisation or discriminatory treatment to promote a greater level of transparency and accountability. PNB's Whistleblowing Policy facilitates disclosures of improper conduct relating to wrongdoings, malpractices, misdemeanours, illicit dealings, offensive behaviour, indiscipline, violation of established practices or procedures, or any action harmful to the reputation and interest of PNB.

The Chinese Wall Policy is intended, inter alia, to shield and protect the Group against committing an insider trading offence. It is therefore imperative that secrecy arrangements be implemented through the Chinese Wall. Directors, Investment Committee members and all staff of the PNB Group are required to sign a Declaration of Interest with respect to acquisition or purchase or sale of Securities of Companies in a prescribed Declaration of Interest form.

#### STATEMENT ON CORPORATE COMPLIANCE AND INTEGRITY

PNB aims to achieve the highest standards of governance and compliance with the requirements of the law and regulatory authorities. PNB as a licensed entity with the Securities Commission Malaysia ("SC") under the Capital Markets and Services Act 2007 ("CMSA") is governed by the rules and guidelines set by the SC, the Malaysian Code on Corporate Governance, and any other relevant laws. In carrying out its responsibilities and conducting its business in a competitive and rapidly changing market, PNB is committed to upholding and safeguarding the interest of its stakeholders, whilst also advocating high standards of transparency and accountability that is fundamental to the preservation of its reputation for integrity.

PNB continues to have a systematic and clearly defined approach with robust testing and monitoring mechanisms to ensure compliance with all relevant laws, regulations and guidelines, internal policies and procedures, and ethical standards.

#### COMPLIANCE AND INTEGRITY GOVERNANCE STRUCTURE

##### Board Compliance Committee

This Committee was established to ensure that there are effective compliance and corruption risk management in place for the PNB Group to comply with the relevant laws, regulations and guidelines.

The Board is responsible for PNB Group's compliance with all laws, regulations and guidelines. The Board has established a Board Compliance Committee to oversee the implementation and operations of the Compliance and Integrity Programmes by the Compliance Department and Integrity Department, and which also supervises the Compliance Officer and Chief Integrity Officer ("CIGO"). The Compliance Officer assumes the key responsibility for PNB Group's compliance functions which include to establish, implement, operate and monitor the Compliance Programme for the PNB Group. The four (4) key functions of Integrity Department include complaint management, detection and verification, governance and integrity strengthening as well as implement the Integrity Programme. Reporting of the progress of Compliance and Integrity Programmes is directly made to the Board Compliance Committee.

To meet the objectives above, the Board Compliance Committee is responsible for setting the direction and strategy for compliance and integrity, including establishing the compliance and integrity frameworks and policies for the management of compliance and corruption risks. The Board Compliance Committee convenes quarterly to evaluate and review the findings of the compliance and integrity reports and to make recommendations in respect thereof. The structure of the overall compliance and integrity functions of the PNB Group will be reviewed as and when it is deemed necessary. Further details of the composition of the Board Compliance Committee and PNB Group's Compliance and Integrity Programmes are set out in this Statement.



## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### Scope of the Board Compliance Committee

The Board Compliance Committee has the authority and acts on behalf of the Board to oversee the following:

- The proper supervision and management of compliance and corruption risks;
- Assist the Board in discharging its responsibilities toward fulfilment of the requirements of the relevant laws, regulations, guidelines, licensing conditions and rules;
- Assist the Board in supervising all integrity related issues to ensure adoption of best practices and highest ethical standards; and
- The provision of advice, guidance and direction in relation to the implementation of the Compliance Charter and Framework, and the Integrity Charter and Framework of the PNB Group, as well as the Work Plans of the Compliance Department and Integrity Department.

### Functions of the Board Compliance Committee

In general, the functions or duties of the Board Compliance Committee are as follows:

- Provide oversight in the implementation of the Compliance and Integrity policies and frameworks including but not limited to the Compliance Charter and Framework, Integrity Charter and Framework, all other initiatives and workplans;
- In undertaking the implementation of the above, the Board Compliance Committee is mandated amongst others, to formulate, review and approve all matters with regards to the operations and activities of the Compliance Department and Integrity Department;
- Evaluate, and review the findings of the compliance and integrity reports presented by the Compliance Department and Integrity Department;
- Evaluate compliance and integrity breaches, recommend actions taken to address those breaches, and establish necessary disciplinary actions, if any;
- Review and approve the structure of the overall compliance and integrity functions and to delegate compliance or integrity responsibilities and authorities to the relevant parties, as it may deem necessary or appropriate, and to assist the Board in ensuring that a competent Head of Compliance and/or CIGO are/ is appointed and provided with appropriate standing, authority and independence;
- Address and take appropriate action on matters, recommendations and concerns expressed by the Head of Compliance and CIGO, regulators and auditors in relation to internal control weaknesses, client complaints and non-compliance or integrity governance issues;

- Recommend appropriate compliance and integrity policies to ensure the PNB Group's on-going compliance with relevant legal and regulatory requirements for approval of the Board;
- Review its own terms of reference and recommend any changes to the Board for approval;
- Perform other activities consistent with the terms of reference, the relevant laws, regulations, guidelines, licensing conditions and rules as the Board Compliance Committee or the Board deemed necessary or appropriate; and
- Promote, together with Senior Management of PNB Group, a sound compliance and integrity culture within PNB Group which emphasises high standards of ethical behaviours that create and support compliance and integrity.

### Composition and Attendance of the Board Compliance Committee

The Board Compliance Committee shall comprise at least three (3) members, and at least one third (1/3) of its total members shall be Independent members, and shall meet at least four (4) times a year. Additional meetings may be called at any time at the discretion of the Chairman of the Board Compliance Committee. For the year 2022, the Board Compliance Committee comprised four (4) members, three (3) of whom are Independent Non-Executive Directors. As at 31 December 2022, a total of five (5) meetings were held during the year under review. In view of the pandemic situation, the meetings were held virtually.

The composition of the Board Compliance Committee and the record of their attendance are as illustrated in the following table:

Chairman	
5/5	<b>Tan Sri Datuk Zainun Ali</b> <i>Independent Non-Executive Director</i>
Members	
5/5	<b>Dato Dr. Nik Ramlah Nik Mahmood</b> <i>Independent Non-Executive Director</i>
5/5	<b>Ahmad Zulqarnain Onn</b> <i>Non-independent Executive Director</i>
5/5	<b>Datuk Dr. Mohd. Yaakub Haji Johari</b> <i>Independent Non-Executive Director</i>

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### Activities of the Board Compliance Committee in 2022

In line with the terms of reference of the Board Compliance Committee, during the year under review, the Board Compliance Committee has approved, reviewed and monitored:

- The structure of the overall compliance and integrity functions of the PNB Group;
- The adequacy of resources and competencies of the staff of the Compliance Department and Integrity Department to execute their Work Plans, and the results of their work;
- The Work Plans and Key Performance Indicators of the Compliance Department and Integrity Department;
- The findings of the compliance and integrity report presented by the Compliance Officer and CIGO and made necessary recommendations when required;
- Compliance breaches, recommended actions to be taken to address the breaches and established such necessary actions;
- Matters relating to clients' complaints;
- Matters arising from Whistleblowing complaints;
- Recommendations for Board's approval on review of Compliance and Integrity policies and statement process namely:
  - Personal Trading Policy of PNB Group
  - PNB Group Anti-Money Laundering Counter Financing Terrorism and Targeted Financial Sanctions Framework
  - PNB Group Chinese Wall Policy
  - PNB Group Conflicts of Interest Policy
  - Code of Business Ethics of the PNB Group ("CoBE")
  - Whistleblowing Policy of the PNB Group ("Whistleblowing Policy")
  - PNB Group Anti-Bribery and Anti-Corruption Policy Statement ("ABC Statement")
  - Procurement Integrity Pact of the PNB Group ("PIP")
  - PNB Group Organisational Anti-Corruption Plan 2022 - 2024 ("OACP")

### OVERVIEW OF COMPLIANCE AND INTEGRITY PROGRAMMES

The Compliance and Integrity Programmes have been established and implemented based on the fundamental elements described in the "Guidelines on Compliance Function for Fund Management Companies" and "Guidelines on Unit Trust Funds" issued by the SC as well as the "Guidelines for the Management of IGU" issued by MACC and "Guidelines on Adequate Procedures" issued by Prime Minister's Department. It is designed to foster effective compliance and corruption risk management towards compliance with applicable laws and regulations, and other regulatory requirements relevant to PNB Group's business, while driving efficiencies and synergies through harmonising processes and approaches throughout the programmes. As the Compliance and Integrity Programmes is dynamic, it is regularly reviewed and enhanced to address the emerging compliance, integrity and corruption risks. Essentially, the Compliance and Integrity Programmes encompass policies, procedures and standards of conduct to prevent and detect violations to the rules, regulatory requirements, applicable laws and ethical standards.

As part of the Compliance and Integrity Division's continuous efforts in ensuring that regulatory compliance and corruption risks are effectively managed to support business growth, in line with the aspiration and risk appetite of the PNB Group, we are committed to establishing and implementing comprehensive Compliance and Integrity Programmes that are aligned with industry best practices and international standards. With the supervision and guidance of the Board, the Compliance and Integrity Division aims to be at the forefront of key compliance and integrity areas towards fulfilling the following aspirations:

- To ensure full compliance with all relevant laws and regulatory requirements of the SC, MACC and other relevant regulatory bodies;
- To ensure a business environment free from any forms of financial crimes, bribery and corruption, and a commitment to take a stern stance against any such acts;
- To increase the capability and visibility of the Compliance Department and Integrity Department in providing advice vis-à-vis operational activities to effectively function as a second line of defence; and
- To instil a strong compliance and integrity culture by promoting compliance and integrity in PNB's working culture.

### ONGOING COMPLIANCE AND INTEGRITY PROGRAMMES

During the period under review, the Compliance and Integrity Division had completed all its activities as per the approved workplans. In accomplishing the above aspirations, the Compliance and Integrity Programmes in 2022 focused on the following activities:

#### • Strengthening the Roles and Responsibilities of Compliance and Integrity Division through the Respective Charters and Frameworks

In adopting local and international standards and best practices to strengthen the Compliance and Integrity Division's effectiveness in performing its functions, roles and responsibilities, Compliance and Integrity Division continues to ensure, that it has in place the following, as required under the respective Charters and Frameworks of Compliance Department and Integrity Department:

- A vision and mandate for the Compliance and Integrity Division that is aligned with PNB Group's overall business strategy and which clearly outlines the scope of its roles and responsibilities;
- A sound and robust governance and reporting framework to enable effective compliance and integrity oversight and monitoring through appropriate processes, including escalation processes and the supporting infrastructure to effectively manage compliance and corruption risks;

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

- A fit-for-purpose organisation design and structure with clearly defined roles and responsibilities, capacity and capabilities to deliver compliance and integrity mandates;
  - Clearly defined Key Performance Indicators and consequence management framework; and
  - Commitment and involvement from key stakeholders to support, champion and reinforce compliance objectives.
- **Managing Compliance Risks**
    - **Adoption of Regulatory Technology**

PNB Group strives to continuously improve its compliance risk management programme in all areas. In this regard, the Compliance and Integrity Division has embraced the adoption of Regulatory Technology to ensure a systemic identification, prioritisation and mitigation of compliance and corruption risks for PNB Group.

The Compliance Risk Assessment System was developed and went live in December 2022 and is continually being refined with an objective of recording and providing a strategic view of PNB Group's key compliance risks. The system will allow all compliance risks to be assessed, rated, and prioritised as well as enabling better oversight of compliance risk mitigation measures.

Further to this, in bolstering the AML compliance risk management, the Compliance Department had adopted the Compliance Catalyst ("COMCAT") system to strengthen the standard of Know Your Customer (KYC) and Customer Due Diligence (CDD) processes and controls when onboarding and dealing with corporate and other legal entities. The system allows the business unit to obtain business information on their corporate customers and counter parties including enabling systematic identification of Ultimate Beneficial Owners ("UBO") and Ultimate Controllers ("UC") of entities that PNB deals with. This allows PNB Group to effectively rate its risks and manage any issues identified with such risks.

In aligning with the strategy for adopting Regulatory Technology, other systems were also enhanced to facilitate PNB Group in relation to AML and sanctions monitoring as follows:

      - Enhancing algorithms in the AML screening engine to enable more accurate and precise results in the KYC process.
      - Establishing a specific module in the AML System to process and monitor Law Enforcement Agencies' requests and directions in a timely and efficient manner, also facilitating better risk assessment of unitholders affected by such orders.
    - Embedding eKYC features and controls in online channels.
    - Embedding mandatory controls in relation to KYC and CDD processes across the different channels and systems.
  - **Technology Review Unit**

In 2022, the Compliance Department has established a Technology Review Unit to complement Risk, Audit and Compliance Department (RAC) oversight on Technology risks. The Technology review programme incorporated all relevant regulatory requirements as well as adoption (where appropriate) of international standards. In ensuring all key technology risks are identified and mitigated, RAC serves as check and balance function to review technology related proposals before being tabled to Management and Board committee as well as undertake advisory role on the effectiveness of control measures. Key activities for Technology Review Unit in 2022 include review of all technology policies, participation in the IT disaster recovery simulation test conducted by Technology Division and participation in SC's Capital Market Cyber Incident Tabletop Exercise and Capital Market Cyber Simulation.
  - **Tax Compliance**

In recognising the criticality of tax compliance, and acknowledging the codification of the governmental agreement between the Government of Malaysia with the United States for compliance to the Foreign Assets Tax Compliance Act ("FATCA"), PNB Group had embarked on a comprehensive review of both FATCA and Common Reporting Standards ("CRS") compliance within the PNB Group. This initiative is a preventative measure to avoid issues in tax compliance. The review is targeted to complete by June 2023.
  - **Strengthening Compliance Governance and Capabilities**
    - a. **Enhanced Compliance Monitoring**

In 2022, in an effort to monitor adequacy and effectiveness of internal procedures and processes, the Compliance Department has increased its reviews and testing of compliance controls throughout PNB through:

      - Thematic reviews of compliance to key regulatory guidelines and requirements.
      - Functional reviews of ASNB branches.
      - Quality control reviews of customer due diligence processes within the business unit.
      - Follow-up reviews of risk and issues remediation measures identified in regulatory and compliance reports.
      - Data analytic reports on key issues.
      - Reviews of reports submitted by compliance representatives.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### b. Building a Robust Community of Compliance Representatives

In ensuring a robust compliance culture within the first line of defence, the roles and responsibilities of appointed compliance representatives of the business units has been strengthened to support and enhance co-ordination between the Compliance Department and the business units for the purpose of compliance monitoring. In 2022, compliance representatives begun periodic review and reporting on AML operational controls at their respective business units to the Compliance Department.

Engagement sessions with the compliance representatives were also conducted from time to time not only to provide awareness on the policies and regulatory updates, but also to educate and inculcate the importance of a good compliance culture. Greater efforts have been made in 2022 to organise specific and customised briefings, as well as one-on-one engagement sessions with the compliance representatives of the business units to share and equip them with the necessary skills and knowledge to perform their functions effectively and meet the regulatory expectation. In 2022, 15 engagement sessions were conducted inclusive of operationalisation workshops on revised PNB Group AML Framework and due diligence process.

### c. Compliance Training and Awareness

In 2022, various initiatives have been undertaken under a structured and robust compliance communications and awareness programme with an increased focus on education on compliance risk and its management via digital and online communication tools and platforms that are accessible to all employees.

The existing online repository of laws, regulations, guidelines and policies were enhanced and made accessible to all employees. This continues to provide an easy and quick reference of regulatory and compliance information and knowledge for the employees to draw upon in performing their daily operations and which would allow them to keep abreast of applicable updates.

The summary of regulatory updates continued to be highlighted via email blasts to all staff. In 2022, a total of 32 regulatory updates, which includes awareness emails on various regulatory topics and their impacts to the relevant business units have been disseminated to ensure that our employees and business units are aware of and comply with the latest regulatory requirements. Further to the issuance and dissemination of the regulatory updates, to ensure smooth and effective implementation of the changes arising from the latest revision to the regulatory

requirements, the Compliance Department has also taken the initiative to keep track of the actions and measures undertaken by the business units via a structured communication and engagement plan with the employees, compliance representatives and key personnel of the business units as part of the implementation strategy.

Compliance Department also launched AML e-learning and assessment modules within PNB's existing learning management system pursuant to the revised Anti-Money Laundering and Counter-Financing Terrorism Framework of PNB Group. This is part of the initiative under the revised compliance learning programme which is developed to continually provide general and role-based learning on compliance to all employees.

During the period under review, four (4) compliance awareness sessions were conducted as part of an induction training programme to educate new employees on the relevant laws, regulations and guidelines applicable to the PNB Group and its licensed entities. Additionally, the new hires were also briefed on the compliance policies and procedures and the expected conduct and behaviour of the staff not only to ensure compliance with policies and procedures, but also to inculcate compliance cultures and values amongst the staff. Some of the topics briefed were the Compliance Charter and Programme, applicable laws, regulations and guidelines, compliance reporting structure, roles and functions of compliance committees, and policies of PNB Group such as No Gift Policy, Chinese Wall Policy and Conflicts of Interest Policy.

### d. Competency and Capabilities of Compliance Department

The Compliance Department appointed employees with diverse backgrounds, including in accounting and finance, legal, financial industry, information and technology, risk management and audit. The employees have the necessary qualities, skills, competencies and experience to perform the required functions in the Compliance Department. Notwithstanding that, the Compliance Department continuously embarks on employee development initiatives which aims to increase the level and diversity of skills and competency of the staff through training programmes, internally or externally. This includes professional certification and courses in various areas of compliance and integrity such as the Professional Certificate in Islamic Finance (Audit and Compliance) by INCEIF, Certified Capital Market Professional by SC, data analytics and management as well as information system.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### e. Stakeholder Engagement

Stakeholder Engagement plays an important role to the Compliance Department in ensuring amongst others that the business strategy is aligned with the regulatory requirements. Continuous engagement with the internal and external stakeholders of the Compliance Department are conducted from time to time not only to build relationships for mutual benefit and support, but also to have the stakeholders involved in the process of establishing and implementing new policies affecting the business strategy of PNB and its business units. Active engagements and consultations with the regulators and enforcement agencies such as SC, PDRM and MACC, have facilitated our compliance process and helped PNB to prioritise its initiatives in accordance with the regulatory requirements. In 2022, Compliance Department has participated in multiple activities and programmes organised by the SC, PDRM, MACC and other relevant authority bodies and enforcement agencies relating to new regulatory frameworks pursuant to AML, compliance and governance.

#### • Anti-Bribery and Anti-Corruption Statement

The Anti-Bribery and Anti-Corruption Policy Statement of PNB Group ("ABC Policy Statement") which was established in August 2020, formalises and solidifies PNB Group's commitment in upholding anti-bribery and securities laws applicable to PNB Group.

PNB Group is committed to conducting all its business dealings in an honest and ethical manner whilst maintaining the highest standard of integrity and corporate governance. All of the policies and procedures of PNB are established, implemented and enforced with a focused objective to safeguard PNB against any corrupt practices and unethical behaviour.

PNB Group acts in an open and transparent manner in all of its dealings with unitholders, employees, suppliers and all third-party contacts. In line with our National Anti-Corruption Plan 2019-2023 (NACP), the PNB Group has a zero-tolerance approach on corrupt practices and unethical behaviour and will take stern action to eradicate any activity that leads to bribery, corruption, misuse of power and embezzlement.

It is committed to creating an environment that enables and encourages its employees and the public to raise any concern on its conduct. With that in mind, the PNB Group has established various complaint channels that are available for any party to highlight those concerns directly to PNB, be it via email, online submission, personal submission, telephone or even via post, especially on matters relating to bribery, corruption, misuse of power and embezzlement. Genuine complaints will be treated confidentially and investigated in a transparent and fair manner.

As part of its commitment in ensuring that all its business dealings are conducted in an honest and ethical manner whilst maintaining the highest standard of integrity and corporate governance, various efforts have been undertaken by the PNB Group in relation to anti-corruption matters. During the period under review, in further strengthening its business conduct and in realising its utmost commitment to a Corruption-Free Business Environment pledge, the following initiatives have been undertaken by PNB:

#### • Revisions to PNB Group Anti-Bribery and Anti-Corruption Policies and Their Implementation

In an effort to further strengthen the business conducts of its Board, employees, stakeholders including business associates, the required revisions were made to CoBE, ABC Policy Statement, Whistleblowing Policy of PNB Group ("Whistleblowing Policy") and Procurement Integrity Pact of PNB Group ("PIP"). These revisions were made to align the said policies with the industry best practices.

#### • Corruption Risk Assessment and Identification

In further complying with the requirements of the Guidelines on Adequate Procedures pursuant to Section 17A of the MACC Act 2009, PNB Group continues its efforts to perform a corruption risk assessment in line with the Integrity Charter and Framework of the PNB Group. Additionally, as part of the requirements of ISO 37001:2016 Anti-Bribery Management Systems certification, Integrity Department in collaboration with various other business units within PNB Group have conducted the corruption risk assessment and identification involving other areas in the support functions comprising 29 business units in PNB.

#### • Establishment of PNB Group OACP 2022-2024

The PNB Group OACP was approved by the Board on 3 March 2022. It was developed as part of PNB's efforts to reinforce and sustain the trust of fellow Malaysians and the account holders of ASNB, and to also solidify PNB's commitment in supporting the Government's call for integrity to be a key component to drive the 12<sup>th</sup> Malaysia Plan of 2021-2025.

It was derived and formulated by referring to Malaysia's National Anti-Corruption Plan 2019-2023 and also the requirements of the Guidelines on Adequate Procedures pursuant to Section 17A of the MACC Act 2009. It is an integrated anti-corruption plan that is to be adopted and implemented by all internal stakeholders of PNB Group. This OACP outlines potential risks relating to governance, integrity and corruption and shall be the main reference and guide on issues relating to the prevention of corruption and bribery within the PNB Group. A total of 32 strategic objectives and 46 initiatives have been identified to be implemented from 2022 to 2024.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

The establishment of PNB Group OACP further strengthens and demonstrates PNB's continued commitment in upholding the trust mandated to it and the dedication to embracing and carrying out the legacy that has been set out by its founding leaders who are widely recognised for their high level of integrity, values and ethical conduct.

- **Surveillance Audits for Certification Under ISO 37001:2016 Anti-Bribery Management Systems ("ABMS")**

PNB has successfully achieved a clean audit report without Non-Conformance Report ("NCR") from the surveillance audit exercise for the certification under ISO 37001:2016 ABMS conducted by SIRIM QAS International Sdn Bhd ("SIRIM QAS") in March 2022. This certification is for the provision of fund management operations or activities, solidifies the commitment of PNB Group in eradicating potential corruption activities and its relentless effort to cultivate values of integrity and ethical conduct at all various levels within the organisation.

Similarly, and in continuing the momentum from PNB being successful in its ISO37001:2016 ABMS surveillance audit, ASNB, a wholly-owned subsidiary company of PNB was also successful in its first surveillance audit by SIRIM QAS. The surveillance audit for ASNB on ISO37001:2016 ABMS was conducted in October 2022 and covered its seven (7) branches namely Kuala Terengganu, Melaka, Sungai Petani, Kuantan, Seremban, Temerloh and Sandakan.

ASNB also achieved a significant milestone when it successfully received a clean audit report from SIRIM QAS without NCR. These momentous achievements of PNB and ASNB formalised and solidified the commitment of the PNB Group in upholding anti-bribery laws and securities laws that apply to PNB Group, including without limitation, the MACC Act as well as the CMSA, and in performing continual improvement of its policies and procedures pertaining to bribery and corruption matters.

- **Government-Linked Investment Companies Integrity Event 2022 ("GIE")**

In conjunction with Hari Integriti Kebangsaan on 5 November 2022, PNB in collaboration with Khazanah Nasional Berhad, Kumpulan Wang Persaraan (Diperbadankan), Kumpulan Wang Simpanan Pekerja and Lembaga Tabung Angkatan Tentera (collectively, "GLIC"), organised the inaugural GIE on 9 November 2022 held at Mercu UEM Kuala Lumpur.

The closed-door event was curated for integrity officers of the GLICs and its investee companies and aims not only to address the operational issues faced by practitioners, but also to facilitate networking among fellow integrity officers. The event featured three (3) key speakers and saw the participation of approximately 200 attendees from more than 50 GLICs and their respective investee companies.

- **PNB In-House Certified Integrity Officer ("CeIO") Programme**

In an effort to promote and inculcate continuous integrity culture, PNB in collaboration with Malaysian Anti-Corruption Academy ("MACA") organised an in-house CeIO Programme for 43 staff members of PNB Group which included staff members from PNB, Amanah Saham Nasional Berhad (ASNB), PNB Commercial Sdn Berhad (PNBC), PNB Development Sdn Bhd (PNBD), Jewel Digital Ventures Sdn Bhd (JDV) and Attana Hotels & Resorts Sdn Bhd (Attana).

The programme was held at Espira Kinrara Hotel, Puchong starting from 2 August 2022 to 18 August 2022 and delivered by officers and trainers from MACC and MACA.

The CeIO Programme is aimed to deduce the best practices in strategic and tactical approaches in supporting the implementation of integrity management and to correlate between the framework of anti-corruption conventions, protocols and best practices in order to instill awareness on the importance of integrity management. The programme also serves as a means to assist the participants of the programme on how to apply compliance and monitoring systems in an organisation and help develop an organisational integrity plan as a tool to assimilate the culture of integrity within the PNB Group.

- **Intensifying Integrity Literacy and Awareness Programmes**

Training and awareness are the key components in inculcating integrity culture among the staff. We continuously reviewed our initiatives to promote integrity culture and behaviours through ongoing training and awareness programme established pursuant to the Integrity Charter and Framework.

This is a critical aspect to ensure that all new and existing employees of the PNB Group are reminded of their behaviours, roles and responsibilities in upholding compliance, integrity and an ethical code of conduct applicable to the employees.

- **Integrity Strengthening Programmes**

- **ISO 37001: 2016 ABMS Award Ceremony**

PNB and ASNB, which had attained the ISO 37001:2016 ABMS certifications from SIRIM QAS on 5 April 2021 and 30 December 2021 respectively, held a closed-door ceremony for the presentation of the ISO 37001:2016 ABMS awards on 8 February 2022. The awards were presented by SIRIM QAS Senior General Manager, Tuan Haji Mohd Hamim Imam Mustain and was witnessed by PNB Group Chairman, YABhg. Tun Arifin Zakaria.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

The adoption of the ISO 37001 ABMS reinforces the PNB Group initiatives to create a corruption-free business environment that aims to assure its unitholders and stakeholders of its commitment to conduct business in accordance with the highest level of integrity, ethical standards and accountability.

The announcements of the ISO 37001:2016 ABMS certification presentation ceremony were circulated via PNB Social Media (Instagram, Facebook and LinkedIn), the official website and SIRIM's social media together with other major news outlets i.e Berita Harian, New Straits Times, DagangNews.com, KL Screener and the Ringgit.

- **Onboarding Sessions with New Hires**

Four (4) integrity awareness sessions were conducted during the period under review, for all new hires of PNB Group as part of an induction training programme to inculcate integrity values and ethical behaviour as well as to introduce the relevant anti-corruption policies of PNB Group to the new hires. Among the topics briefed were the MACC Act 2009 and the Anti-Bribery and Anti-Corruption Policies of PNB Group pursuant to Section 17A of MACC Act as well as PNB's initiatives as laid under the ISO 37001:2016 ABMS.

- **Engagements via PNB Integrity Talk**

PNB Integrity Talk is a series of engagement with an external consultant covering relevant topics of interest including areas of Corporate Liability, where staff are to grasp the essence of corporate liability, its implications and practical application to ensure the business organisation continues to operate with clean and ethical practices. Other areas of concern includes understanding the current issues pertaining to sponsorships and donation requests that may expose organisation to accusations of favouritism, unfairness, abuse of power or authority and corruption. In addition, the talk also aims to improve the way the organisation protects its people from corruption, fraud and ensures that there is a favourable working environment, where staff understand the guidelines, in-house rules and code of ethics to follow. This mitigates the risk of being involved in corruption charges.

Another theme included in the PNB Integrity Talk is on PIP, which covers an overview of the main corruption and fraud risks potentially arising from third-party and counterparty relationships, and allow organisations to incorporate both local and international standards of preventing bribery in their routine day-to-day operations.

- **PenMas Round Table Discussion with PNB Group Senior Management**

A round table dialogue was also organised on 13 October 2022 between the Management of PNB and speakers from the Public Education section of MACC (PenMas). The event was held at Menara PNB and involved a lively and fruitful discussion between officers of PenMAS of MACC and PNB in relation to current events and scenarios faced by GLC in maintaining integrity and the challenges of promoting integrity culture in an organisation.

- **External Engagements with PNB Group Vendors**

The on-going efforts to cultivate ethical values and integrity through education, training and awareness are not just within the staff members of the PNB Group but it also encompasses other external parties that maintain business dealings with the PNB Group. In this regard, the Integrity Department has established close cooperation with the relevant business partners and associates of the PNB Group through a more systematic awareness programme designed to meet the industry's needs whilst at the same time supporting Government's efforts to eradicate bribery and corruption in Malaysia.

- **Integrity Virtual Roadshows**

Other integrity awareness initiatives conducted during the year under review included 16 Integrity Virtual Roadshow sessions which involved more than 1,800 staff members of the PNB Group. The roadshows were conducted from July to August 2022 in an effort to create exposure and awareness to the targeted audience on the establishment of PNB Group's OACP, which was approved on 3 March 2022.

- **Integrity Department Communications via E-Mail Blasts and Vlogs**

There were 14 e-mail blasts that included one video blog message from PNB to all employees of the PNB Group in an effort to inculcate and promote a culture of integrity among staff. Issues addressed in the email blasts included awareness of all PNB In-house ABC Policies (including Whistleblowing Policy), updates on relevant sections of the MACC Act that are applicable to PNB Group and the operationalisation of the Code of Business Ethics, ABC Policy Statement and Procurement Integrity Pact and Due Diligence.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### AUDIT COMMITTEE REPORT

#### COMPOSITION

**The Audit Committee (AC) shall comprise a minimum number of three (3) and a maximum number of six (6) Board members who shall be Non-Executive, a majority of whom are Independent Directors of the Board and/or the wholly owned subsidiary companies of the PNB Group ("BOD of PNB Group").**

**Also, a former partner of the external audit firm of the PNB Group shall observe a cooling-off period of at least three (3) years before being appointed as a member of the Audit Committee.**

**The AC shall meet at least four (4) times a year. Additional meetings may be called at any time at the discretion of the Chairman of the AC.**

Currently, the AC comprises four (4) members, all of whom are Independent Non-Executive Directors. The Chairman is not the Chairman of the Board of PNB. The composition of the AC is as follows:

#### Chairman

**Datuk Mohd. Anwar Yahya**  
*Independent Non-Executive Director*

#### Members

**Dato Dr. Nik Ramlah Nik Mahmood**  
*Independent Non-Executive Director*

**Tan Sri Dr Nik Norzrul Thani  
N. Hassan Thani**  
*Independent Non-Executive Director*

**Datu Haji Soedirman Haji Aini**  
*Independent Non-Executive Director*

This is in line with the Listing Requirements of Bursa Malaysia Securities Berhad (Bursa Malaysia) and the Malaysian Code of Corporate Governance, which prescribes that the AC must consist of at least three (3) members, with the Chairman and a majority of the members being Independent Non-Executive directors.

The primary role and responsibilities of the AC are to monitor and evaluate the effectiveness of internal controls and to ensure that the financial statements comply with the Malaysian Financial Reporting Standards.

#### TERMS OF REFERENCE

The AC is governed by its terms of reference, the most recent revision of which was adopted by the Board in November 2021. The Board must approve the appointments of Committee members and the Chairman of the Committee. AC members are not permitted to designate alternate members.

The AC has the authority to:

- i. Investigate any matter within its Terms of Reference;
- ii. Have full and unrestricted access to any information and documents or resources about the PNB Group;
- iii. Have direct communication channels with the internal and external auditors or both, without the attendance of other executive directors and employees of the PNB Group whenever deemed necessary;
- iv. Have the authority to seek any information it requires from any employee of PNB Group and all employees are directed to cooperate with any request made by the AC;
- v. Have the authority to form and delegate authority to sub-Committees, which shall be subject to its own terms of reference as approved by the AC;
- vi. Be able to obtain, at the expense of PNB, external legal or other independent professional advice it considers necessary; and
- vii. Secure the resources (i.e. staff and material) to perform its duties as set out in these Terms of Reference.

The duties and responsibilities of the AC includes the following:

#### a) Financial Reporting

- i. Ensure fair and transparent reporting and prompt publication of financial statements;
- ii. Understand the method used to account for any complex and unusual transactions where their treatment may be open to different approaches and any significant accounting policy issues, or audit adjustments recommended by external auditors (those agreed by the Senior Management of the PNB Group and those waived);
- iii. Assess PNB's financial position or condition and consider the question of going concerned;
- iv. Review the interim (half-yearly results) and year-end financial statements, before the approval by the Board; and
- v. Provide the Board with assurance on the quality and reliability of financial information used by the Board and of the financial information issued publicly by PNB Group.



## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### b) Risk Management and Internal Control

- i. Review the adequacy and effectiveness of the establishment and implementation of risk management, internal controls, anti-corruption, whistleblowing, and governance processes of the PNB Group based on audit reports prepared by the company's Internal Assurance Department (IAD);
- ii. Review the adequacy of the Corporate Governance disclosures about the preparation of the PNB Group Annual Report, before approval by the Board; and
- iii. Review third-party opinions on the design and effectiveness of the internal control framework of the PNB Group.

### c) Internal Audit

- i. Review, approve and report to the Board as and when required regarding the audit plan, audit reports, audit charter, appointment, remuneration, performance evaluation, removal and redeployment of the Head of the IAD;
- ii. Review and approve the performance and effectiveness of the internal audit function on an annual basis;
- iii. Noting significant disagreements between the Head of the IAD and the Senior Management of the PNB Group, irrespective of whether these have been resolved, to identify any impact, the disagreements may have on the audit process or findings; and
- iv. Review the ISO Internal Quality Audit and third-party audit findings and ensure corrective measures are undertaken for the effective implementation of the Group's quality management system.

### d) External Audit

- i. Review, approve and report to the Board the audit plan, audit reports, the system of internal controls, audit fees, appointment or re-appointment, resignation and dismissal of the external auditors; and
- ii. Assess and monitor the performance, suitability, objectivity and independence of the external auditors.

### e) Related Party Transactions

Review and report to the Board any Related Party Transactions and conflict of interest situation which may arise within PNB and/ or PNB Group, including any transaction, procedure or course of conduct that raises questions on corporate governance and integrity of the Group's Management.

### Other functions of the Committee

- a) To discuss with the Deputy President & Group Chief Financial Officer (GCFO) of PNB on the following:
  - the quality and effectiveness of existing accounting policies;
  - implementation of recommendations made by the external auditors;
  - internal controls and procedures;
  - provisions that are required to be made or to be written off on investments and fixed assets; and
  - other matters raised either by the AC or Deputy President & GCFO of PNB.
- b) To monitor controls to ensure compliance with corporate policies and to prevent or control significant conflicts of interest on the part of the Senior Management or other employees of PNB Group;
- c) To monitor compliance with corporate codes or policies governing the ethical behaviour of employees in business activities;
- d) To consider any special review or investigation of any matter deemed necessary within these Terms of Reference by the Board;
- e) To ensure co-ordination between internal and external auditors;
- f) To review any other reports issued by the Group, which relate to the responsibilities of the AC.

### ACTIVITIES

A total of twelve (12) meetings were held during the year under review. Details of meeting attendance are set out below:

Chairman	
12/12	<b>Datuk Mohd. Anwar Yahya</b> <i>Independent Non-Executive Director</i>
Members	
11/12	<b>Dato Dr. Nik Ramlah Nik Mahmood</b> <i>Independent Non-Executive Director</i>
12/12	<b>Tan Sri Dr Nik Norzrul Thani N. Hassan Thani</b> <i>Independent Non-Executive Director</i>
12/12	<b>Datu Haji Soedirman Haji Aini</b> <i>Independent Non-Executive Director</i>

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

The PGCE, the Deputy President & Group Chief Financial Officer and the Group Head, Internal Assurance are permanent invitees and attend the AC meetings to brief and provide clarification to the Committee on their areas of responsibility. Other members of the Management are also invited to specific agendas to support detailed discussions during the Committee's meetings.

External auditors are invited to attend the AC meetings to discuss and review the annual audited financial statements of PNB, ASNB and its unit trust funds and PNB Group.

### SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE

During the year under review, in discharging its duties and functions, the AC carried out the following activities:

#### Financial Reporting:

- i. Reviewed annual reports and interim reports of unit trust funds before presenting them to the Board for approval.

#### Risk Management and Internal Control:

- i. Reviewed the Corporate Governance Disclosures which include the Corporate Governance Overview Statement, Statement on Risk Management and Internal Control, Statement on Corporate Compliance and Integrity, Audit Committee Report and Shariah Advisory Committee Report in relation to the preparation of the PNB Annual Report 2021, before approval by the Board.

#### External Audit:

- i. Reviewed and approved the Audit Planning for Yayasan Pelaburan Bumiputra (YPB) Group;
- ii. Reviewed and monitored the content of the external auditor's management letter, in order to assess whether it is based on a good understanding of the company's business and establish whether recommendations have been acted upon and understand the reasons should these have not been acted upon;
- iii. Reviewed the external auditor's audited financial statements, audit issues and matters arising for the PNB Group; and
- iv. Reviewed the performance, independence and fees of the external auditors.

#### Internal Audit:

- i. Reviewed and approved the IAD's Annual Audit Plan 2022 and the adequacy of resources;
- ii. Reviewed the internal audit reports and ensured that the agreed action plans were implemented by the Management in a timely and effective manner;
- iii. Assessed the quality of internal audits performed in 2022;
- iv. Reviewed the result of the post audit feedback surveys; and
- v. Reviewed and approved the Key Performance Indicators achievement for 2021 and Proposed Key Performance Indicators for 2022.

#### Internal Assurance Department

In discharging its responsibilities, the Audit Committee is assisted by the Internal Assurance Department (IAD). The IAD comprises of 34 staff, who are segregated into six units as below:

##### 1. PNB and Subsidiaries

Responsible for the execution of internal audit assignments for PNB's operations, namely Group Finance, Procurement, Human Capital, Property and PNB's subsidiaries namely Attana Hotels and Resorts Sdn. Bhd., Projek Lintasan Kota Holdings Sdn. Bhd (Prolintas), Pelaburan Hartanah Nasional Berhad (PHNB), and PNB Merdeka Ventures Sdn. Berhad to name a few.

##### 2. Investment

Responsible for the execution of internal audit assignments for PNB's strategy and investment-related business units (Strategic Asset Allocation, Public Equity Investments, Private Investments, Fixed Income Investments, Strategic Investments, Real Estate Investments) and Governance (Compliance, AML/CFT, Treasury, Risk Management, Shariah).

##### 3. Unit Trust

Responsible for the execution of internal audit assignments for ASNB's operations or functions and ASNB branch operations.

##### 4. Information Technology (IT)

Responsible for the execution of internal audit assignments for IT audits on PNB, ASNB and PNB subsidiaries, income distribution verifications and system development initiatives undertaken by PNB and subsidiaries.

##### 5. Internal Quality Audit (IQA)

Responsible for the execution of quality management systems audit of the ISO 9001 QMS, MS 1900 Shariah-based QMS and anti-bribery management system audit of the ISO 37001 ABMS for certified business units and entities namely, PNB, ASNB, Public Markets & related areas, Real Estate & Property Operations, Perdana Kuala Lumpur City Centre, Perdana Kota Bharu, Villea Rompin Resort & Golf, Espira Kinrara and Attana Golf Sdn. Bhd.

##### 6. Quality Assurance and Special Projects

Responsible for the quality assurance of internal audit reports to Management and Audit Committee and execution of non-core audit activities and special projects for the Department.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### Summary of IAD's Activities and Initiatives

During the year under review, the IAD completed a total of 127 internal audit and internal quality audit assignments, as per planned. These are summarised as follows:

#### I. Business process audits on:

- Functions such as Compliance, Unit Trusts, Treasury, Strategic Asset Allocation, Equity Market Operations, Contingency Funding Plan, PNB UK Properties, Shariah Management, Integrity, Risk Management, Communications, Human Resource Development and Facilities Management;
- Subsidiaries' operations such as Pelaburan Hartanah Nasional Berhad (PHNB), PNB Development, Attana Hotels and Resorts Sdn. Bhd., Perdana Kota Bharu, PNB (UK) Ltd;
- ASNB branches' operations;
- Anti-Money Laundering and Counter Financing of Terrorism Process in PNB and ASNB; and
- Federation of Investment Managers Malaysia (FIMM)'s Annual Compliance Review on ASNB.

#### II. IT audits on:

- Disaster Recovery (DR) Simulation Test 1/2022 and 2/2022;
- Mobile Device Security;
- IT Benchmarking;
- Verification on myASNB's Online Credentials;
- Assessment on Technology Division's Policies;
- Cybersecurity on PNB's selected subsidiaries;
- Income Distribution for 16 ASNB unit trust funds; and
- Anti-Money Laundering and Counter Financing of Terrorism systems in PNB and ASNB.

#### III. Follow-up:

- Follow up on reports issued prior to year 2022.

#### IV. Surprise Cash Counts:

- ASNB branches; and
- Hotels under Attana Hotels and Resorts Sdn. Bhd.

#### V. Control Self-Assessment:

- ASNB branches; and
- Attana Hotels and Resorts Sdn. Bhd.

#### VI. Quality Management System (QMS) on:

- PNB Real Estate and Property Operations Division;
- PNB Public Markets and Related Areas (PMRA);
- ASNB;
- Perdana Kuala Lumpur City Centre;
- Perdana Kota Bharu;
- Villea Rompin Resort and Golf;
- Espira Kinrara;
- Attana Golf Sdn. Bhd.

#### VII. Anti-Bribery Management System (ABMS) on:

- PNB; and
- ASNB.

#### VIII. Special Reviews:

- Conducted special reviews requested by the Management.

#### IX. Non-audit tasks:

- Attended tender activities as observer;
- Verified fixed asset disposals by the Procurement Department;
- Verified PNB Development Value Homes' applicants' documentation; and
- Verified ASNB quizzes and PNB Group events.

Other key initiatives conducted include certifications for all IAD staff on:

- Six (6) auditors have completed and been certified with the INCEIF Professional Certificate in Islamic Finance (Shariah Audit and Compliance);
- Two (2) auditors have completed and obtained certification in Certified CyberSecurity Foundation + Practitioner;
- One (1) auditor has obtained the Certified CyberSecurity Specialist (CSS) certification;
- Eleven (11) auditors are pursuing the Certified Fraud Examiner (CFE) certification;
- Organised the Integrity, Risk, Assurance and Compliance (iRAC) Week 2022 which aims to raise awareness of the importance of governance across the PNB Group. This is in collaboration with the Risk Management, Compliance and Integrity Departments; and
- Completed phase 1 of the Audit Management System project, which aimed to automate the audit process from annual audit planning risk assessments, audit scheduling, project management, analysis and reporting.

In 2023, the IAD is planning to conduct 126 internal audits and internal quality audit assignments, comprising business process audits, IT audits, follow-ups, Surprise Cash Counts, Control Self-Assessments and Quality Management Systems Audits.

Other on-going and planned key initiatives include:

- Control Self-Assessment (CSA), Data Analytics, Guest Auditor Programme and Advisory Services. All these initiatives will be implemented on a continuous basis with gradual refinement as and when to effectively respond to shifting business and risk landscapes;
- Phase 2 of the Internal Audit Management System project;
- Enhancing staff knowledge and skills via training in the areas of Environment, Social and Governance (ESG), Shariah, ACL audit methodologies and professional certifications such as Certified Fraud Examiner (CFE) and Certified Information Systems Auditor (CISA); and
- Organising the annual Integrity, Risk, Assurance and Compliance (iRAC) Week 2023.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### SHARIAH ADVISORY COMMITTEE REPORT

#### COMPOSITION

The Shariah Advisory Committee (SAC) was set up to give advice as well as opinions and guidance on matters pertaining to Shariah compliance issues for the investments made by PNB, and to assist PNB to always comply with Shariah principles. The SAC convenes every quarter to review the "Status Kepatuhan Syariah Pelaburan PNB dan Dana Unit Amanah" and to discuss and approve the proposals according to Shariah requirements.

The Shariah Advisory Committee (SAC) comprises the following members:

#### Chairman

4/4

**Tan Sri Dr. Mohd Daud Bakar**  
Independent Non-Executive Director

#### Members

3/4

**Dato' (Dr.) Haji Nooh Gadot**  
Independent Non-Executive Director

3/4

**Prof. Emeritus Dato' Paduka Dr. Mahmood Zuhdi Haji Abd. Majid**  
Passed away on 17 June 2023  
Independent Non-Executive Director

4/4

**SS. Dato' Haji Mohamad Shukri Mohamad (Dato' Kaya Perba)**  
Independent Non-Executive Director

4/4

**Dr. Aida Othman**  
Independent Non-Executive Director

4/4

**Wan Abdul Rahim Kamil Wan Mohamed Ali**  
Independent Non-Executive Director

4/4

**Datuk Prof. Dr. Mohamad Akram Laldin**  
Independent Non-Executive Director

Attendance

### SAC COMMITMENTS

PNB strives to uphold Shariah principles in every aspect of its operations and business activities through the continuous improvement of Shariah compliance requirements in PNB. After acquiring the "Harus" fatwa from all State Fatwa Councils for all unit trust products in 2017, PNB continues to focus on broader Shariah initiatives to foster a vibrant Shariah Management landscape at PNB in 2022.

### SAC CERTIFICATION

PNB SAC hereby certifies that the products (as listed below) managed by ASNB, a unit trust fund management company wholly owned by PNB, are Shariah compliant and that all Shariah compliant requirements have been implemented in accordance with PNB's internal Shariah compliance controls approved by PNB SAC.

#### Fixed Price Funds

##### Fund Name

- Amanah Saham Bumiputera (ASB)
- Amanah Saham Bumiputera 2 (ASB 2)
- Amanah Saham Bumiputera 3-Didik (ASB 3 Didik)
- Amanah Saham Malaysia (ASM)
- Amanah Saham Malaysia 2-Wawasan (ASM 2 Wawasan)
- Amanah Saham Malaysia 3 (ASM 3)

#### Variable Price Funds

##### Fund Name

- Amanah Saham Nasional (ASN)
- ASN Equity 2
- ASN Equity 3
- ASN Equity 5
- ASN Equity Global
- ASN Imbang (Mixed Asset Balanced) 1 (ASN Imbang 1)
- ASN Imbang (Mixed Asset Balanced) 2 (ASN Imbang 2)
- ASN Imbang (Mixed Asset Balanced) 3 Global (ASN Imbang 3 Global)
- ASN Sara (Mixed Asset Conservative) 1 (ASN Sara 1)
- ASN Sara (Mixed Asset Conservative) 2 (ASN Sara 2)

The quarterly reports are generated based on the information provided and disclosed to SAC members entitled "Status Kepatuhan Syariah Pelaburan PNB dan Dana Unit Amanah ASNB" during the SAC meetings held in 2022 as follows:



## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### SHARIAH INITIATIVES 2022

PNB is enthused to move forward with more remarkable accomplishments by initiating various Shariah measures aimed at strengthening comprehensive Shariah compliance and to ensure the integrity and continuity of the Islamic investment industry in Malaysia. Guided by these objectives, the company is committed to generating sustainable returns for its stakeholders while at the same time proactively playing its part in maintaining public confidence in its Shariah-compliant investment operations.

#### 1. Continuous Commitment towards Shariah-compliant Investment according to the Securities Commission Malaysia (SC)'s Shariah Screening Methodology and PNB Maqasid Al-Shariah Screening Methodology

PNB upholds Shariah principles in every aspect of its operations and business activities through the creation and increased Shariah compliant requirements in the company. PNB is committed to generating sustainable returns for its stakeholders while simultaneously safeguarding the public trust by ensuring all ASNB unit trust funds remain Shariah-compliant following Shariah principles and the Maqasid Al-Shariah screening methodology which has been approved by PNB SAC. All funds have been classified as "Harus" or permissible by the National Fatwa Council and all states Fatwa Committees in Malaysia.

During the year under review, PNB's investments had successfully maintained a Shariah-compliant status, according to the SC's Shariah

screening methodology, at more than 77% since 2021. Meanwhile, the remaining 23% of the company's total investments are Shariah-compliant according to the company's Maqasid Al-Shariah screening methodology. This achievement strengthens PNB's position as a trusted investment house with Shariah-compliant products as well as assists in encouraging stability and growth of the Islamic investment industry in Malaysia.

#### 2. Corporate Engagement

PNB's commitment to stakeholder engagement is built upon the understanding that knowledge-sharing, widening of experiences and adopting a learner mindset will help the company to understand the needs of the Muslim investing communities as well as to measure the impact of its programmes and thereafter make the necessary enhancements.

PNB actively engages with all its stakeholders including the regulatory bodies, state religious institutions, government agencies, government-linked investment companies (GLICs), and other related institutions to deepen its understanding of the respective stakeholders' requirements to further enhance its Shariah-compliant products.

Among the engagement sessions held in 2022:

<b>a) Regulatory bodies and States' religious institutions:</b>	1) Selangor Mufti Department 2) Wakaf Penang 3) Majlis Agama Islam Wilayah Persekutuan (MAIWP) 4) Jabatan Kemajuan Islam Malaysia (JAKIM) 5) Jabatan Agama Islam Wilayah Persekutuan (JAWI) 6) Pusat Pungutan Zakat Wilayah Persekutuan (PPZ-MAIWP) 7) Jabatan Wakaf, Zakat dan Haji (JAWHAR) 8) Yayasan Wakaf Malaysia (YWM)
<b>b) Government agencies, GLICs, Financial Institutions and other associations:</b>	1) Bank Islam Malaysia Berhad 2) Affin Islamic Bank Berhad 3) Hong Leong Islamic Bank 4) CIMB Islamic Bank 5) Small Medium Enterprise Development Bank Malaysia Berhad (SME Bank) 6) Petronas 7) Human Resource Development Corporation 8) Lembaga Tabung Haji 9) Employees Provident Fund (EPF) 10) The Association of Shariah Advisors in Islamic Finance (ASAS)
<b>c) Higher educational institutions:</b>	1) Universiti Teknologi Mara (UiTM) 2) Universiti Sains Islam Malaysia (USIM) 3) Kolej Yayasan Pahang-Yarmouk University 4) International Islamic University Malaysia (IIUM)

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### 3. Bolstering MoU with UiTM

Following PNB's Memorandum of Understanding (MoU) with Universiti Teknologi MARA (UiTM) in 2020 to produce a smart collaboration in inter-disciplinary and cross-disciplinary aspects, PNB organised a series of online Maqasid Al-Shariah awareness programme mainly in UiTM Shah Alam campus as well as UiTM campuses nationwide.

### 4. Sponsorships to Strengthen Contemporary Islamic Studies

In line with PNB's Shariah commitment to support the development of the Islamic finance industry in Malaysia, the company's sponsorship are as follows:

Programmes	Description
<p><b>1) 10<sup>th</sup> ASEAN International Conference on Islamic Finance (AICIF) 2022</b></p> <ul style="list-style-type: none"> <li>- Hosted by IIUM Institute of Islamic Banking and Finance (IIBF)</li> </ul>	<p>Annual event aimed at providing a platform for all relevant stakeholders in Islamic finance to discuss and evaluate the current state of Islamic finance as well as to highlight the issues and challenges in the industry today.</p>
<p><b>2) 5<sup>th</sup> International Conference on Zakat, Waqf and Islamic Philanthropy (ZAWFI 2022)</b></p> <ul style="list-style-type: none"> <li>- Hosted by Institut Kajian Zakat Malaysia (IKaZ), Academy of Contemporary Islamic Studies (ACIS), Universiti Teknologi MARA, Malaysia</li> </ul>	<p>The conference was called upon to address several objectives:</p> <ul style="list-style-type: none"> <li>• Identify the issues relating to Hibah and philanthropy of Muslims locally and internationally;</li> <li>• Share knowledge and academic study findings; and</li> <li>• Create networking opportunities as well as strengthen the collaboration between universities, religious institutions and industry.</li> </ul>

### 5. PNB Shariah Governance Framework (PNB SGF)

Considering the importance of attaining sound Shariah governance, PNB Group reaffirms its entire commitment to putting in place robust Shariah compliance and control functions. The establishment of the PNB SGF ultimately contributes to enhancing and safeguarding PNB's value while adhering to our company's policies to ensure that all investments made by the company and the unit trust funds under its management shall abide by the PNB Shariah Manual, PNB Shariah Advisory Committee's resolutions, Shariah principles, and the related requirements.

Despite there being no requirements for PNB to do so, the adoption of the Shariah Governance Framework is pertinent to further enhance Shariah-compliant investment processes effectively. In preparing the PNB SGF, PNB adopted the "Shariah Governance Framework for Islamic Financial Institutions" manual, issued by Bank Negara Malaysia in 2010. The framework plays a critical role in supporting the development of the Islamic financial industry in a structured manner to ensure continuous and comprehensive Shariah compliance.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

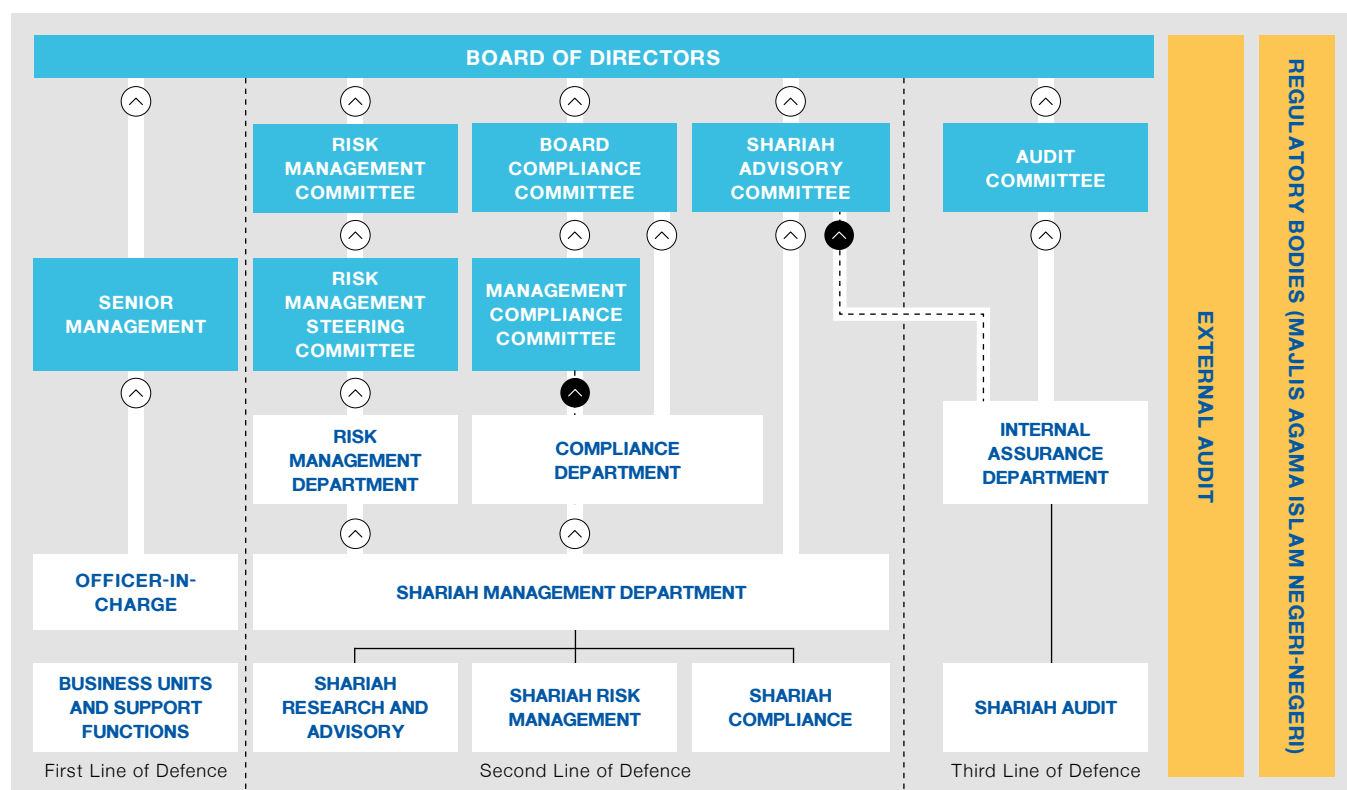
### i. Shariah Awareness

During the year under review, PNB has conducted Shariah training programmes and put in place initiatives to strengthen Shariah internal processes to facilitate its implementation in 2023:

Training or Awareness Programmes	Description
1) <b>Shariah Governance Training 2022 by The Association of Shariah Advisors in Islamic Finance (ASAS)</b>	This session was organised for all Shariah Compliance Representatives (SCRs) within PNB Group. This training has covered three (3) main courses: Shariah compliance, Shariah risk management and Shariah audit. This training provided SCRs practical knowledge of SGF covering the review process and methodology of Shariah compliance, Shariah risk and Shariah audit.
2) <b>Briefing Session: PNB Group's Shariah Governance Framework (PNB SGF) by Head, Shariah Management, PNB</b>	This session which was provided to all employees of PNB aimed to inculcate Shariah awareness among employees on Shariah internal control functions and its reporting processes.

### ii. PNB SGF Structure

The adoption of PNB Group's Three Lines of Defence Model in Managing Shariah Non-Compliance Risks:



## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### iii. Four main functions of PNB SGF:

Function	Description
<b>Shariah Research and Advisory</b>	Responsible for conducting Shariah research and providing Shariah advice.
<b>Shariah Risk Management</b>	Responsible for ensuring efficient and effective management of Shariah non-compliance risks.
<b>Shariah Compliance Review</b>	Responsible for Shariah compliance monitoring and review for the purpose of continuous assessment in accordance with the Shariah Manual and SAC's resolutions.
<b>Shariah Audit</b>	Responsible for Shariah auditing for the purpose of independent periodical assessment and objective assurance on the degree of Shariah compliance.

### 6. Forum Wakaf PNB 2022

In collaboration with Jabatan Wakaf, Zakat dan Haji (JAWHAR), Yayasan Waqaf Malaysia (YWM) and Majlis Agama Islam Wilayah Persekutuan (MAIWP), PNB organised Forum Wakaf PNB 2022 on 6 September 2022 at Espira Kinrara, Puchong.

The objective of the forum is to establish a joint effort between PNB with Majlis Agama Islam Negeri (MAIN) as well as wakaf management agencies in Malaysia. The forum serves as a platform to discuss the current issues and challenges in the wakaf industry. Themed "Bersama Membina Sinergi Pengurusan Wakaf yang Dinamik", the forum received encouraging participation from 98 participants from Majlis Agama Islam Negeri (MAIN), wakaf management agencies and government-linked investment companies (GLIC).

The organisation of the forum is in line with PNB's commitment to supporting efforts to develop wakaf instruments in Malaysia as a source for the socio-economic development of the community. Constructive feedback, comments and positive suggestions have been received from the forum's participants during the forum and through the survey conducted.

### 7. Maqasid Al-Shariah Awareness Programme

PNB's Maqasid Al-Shariah awareness programme is a Shariah investment literacy programme that aims to educate its stakeholders on the company's Maqasid screening process and provide assurance on the Shariah status of ASNB's unit trust funds.

The company had successfully organised five (5) Maqasid Al-Shariah Awareness in 2022 which benefitted approximately a total of 3,550 participants.

Target Audience	No. of Audience
<b>Bank Islam Eastern Region</b>	<b>200</b>
<b>Persatuan Mahasiswa Kolej Yayasan Pahang- Yarmouk University</b>	<b>250</b>
<b>Surau Al-Muhsinin, Petronas</b>	<b>600</b>
<b>Akademi Pengajian Islam Kontemporari (ACIS) UiTM Shah Alam</b>	<b>500</b>
<b>5<sup>th</sup> International Virtual Conference on Zakat, Waqf and Islamic Philanthropy (ZAWFI 2022)</b>	<b>2,000</b>
<b>Total</b>	<b>3,550</b>

### Bicara Maqasid TV and Radio Programme

In 2022, PNB stepped forward to engage with the public by extensively delivering information through various mediums, especially TV and Radio. PNB collaborates with TV AlHijrah and Radio Institute of Islamic Studies Malaysia, or Radio IKIM.

The Bicara Maqasid programme on TV AlHijrah and Radio IKIM covers topics including Islamic Financial Management, Status Harus PNB, Wakaf, Hibah Amanah and Zakat.

The overview of the programme is as follows:

#### TV AlHijrah:

- Presented by one host and two panelists (comprises a speaker from PNB and celebrity guest)
- Genre: Forum + Interactive
- Six episodes with 60 minutes runtime for each episode
- Recording
- Total views: 695,000 (source: TV AlHijrah)

#### Radio IKIM:

- Presented by two hosts and one panelist (speaker from PNB or guest speaker)
- 12 episodes with 30 minutes broadcast for each episode
- Live radio on the "Warna Pagi" segment (from 9.30am to 10.00am)
- Total views: approximately +600,000

The objective of this initiative is to dispel any disputes or confusion regarding the status of ASNB products and PNB investments and enable wider communication with the public. At the same time, PNB also helps broaden the horizons in improving Shariah compliance with strong support from various levels of groups in society.



## CORPORATE GOVERNANCE OVERVIEW STATEMENT

## PRINCIPLE C

# INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

### COMMUNICATION WITH STAKEHOLDERS

The Board recognises the importance of ensuring that its stakeholders are well informed and updated on the Group's developments. PNB discloses quarterly updates on its investment activities, including its overall asset allocation, assets under management, consolidated coterminous proforma income and developments pertaining to the execution of its Strategic Plan. Through its official website at [www.pnb.com.my](http://www.pnb.com.my), members of the public may also access up-to-date information on PNB. In recent years, PNB has also begin sharing news and updates through social media channels namely, Instagram, Facebook and LinkedIn to reach different segments of society.

Maintaining an open and constructive dialogue with stakeholders is essential for business. It is how we understand community expectations, identify issues, and discover opportunities to serve our unitholders and help our communities prosper. Our approach to stakeholder engagement is set out below. In all interactions with stakeholders, we are committed to being respectful, responsive, open and authentic in our engagement on issues of mutual importance. Our key stakeholders include:



Connecting with our many and varied stakeholders is an important part of our strategy. Maintaining an open and constructive dialogue with our stakeholders helps us to identify emerging issues, contributes to risk management, and allows us to discover opportunities to improve our performance. It also helps us understand community expectations, and explore opportunities to collaborate with our partners on issues of mutual interest.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## OVERVIEW

2022 was a considerably challenging year for PNB, with continuous market volatility, ongoing geopolitical exposures and global monetary tightening policy which continue to shape the economy, financial, and risk landscape globally and in particular Malaysia. Thus, PNB continues to adopt a proactive approach in providing oversight on risk management on an Enterprise-wide level. PNB remains committed to strengthening and enhancing its operational efficiency and resiliency to maintain a high degree of efficacy in risk management by all lines of defense.

## RISK MANAGEMENT

The independence of the risk management function and its close alignment to the business ensures consistent and effective risk oversight via the following fundamental risk elements:

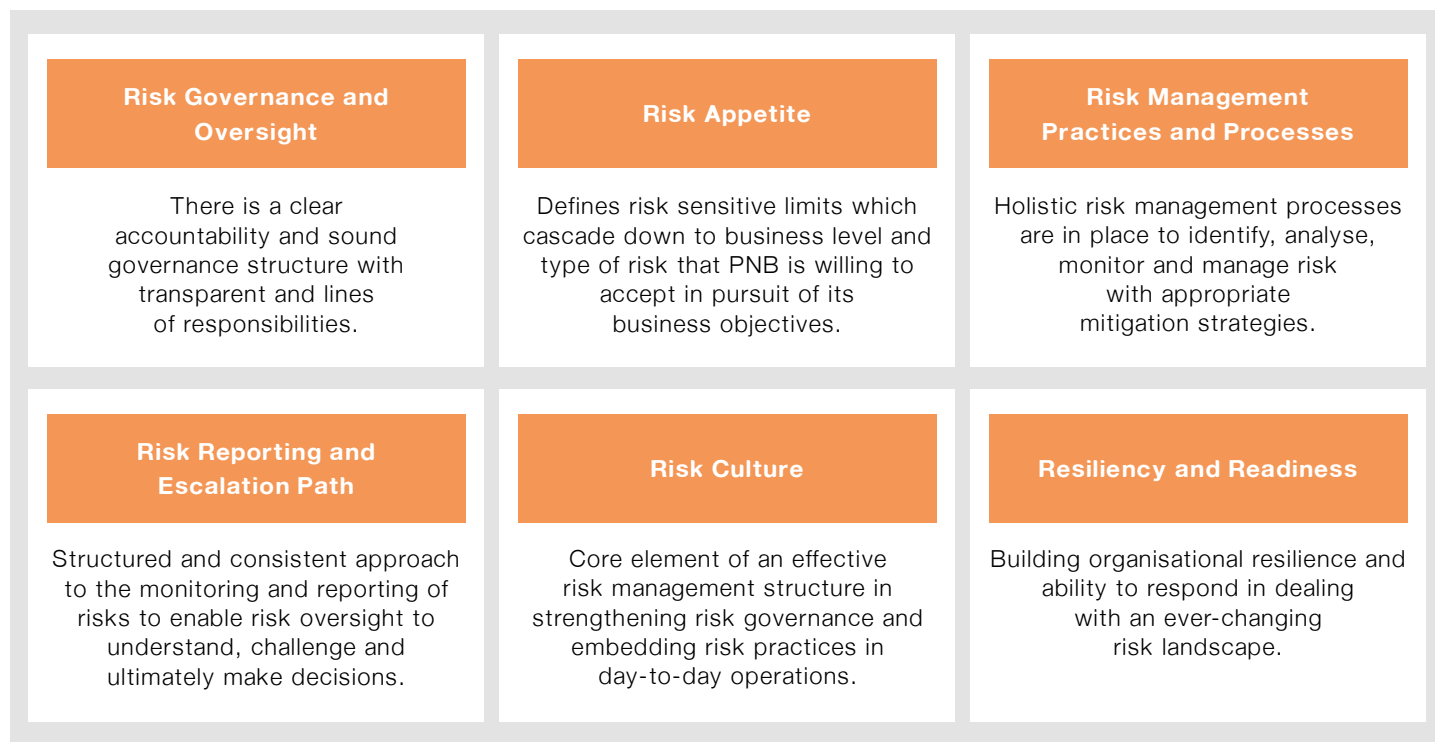


Diagram 1: Fundamental risk elements

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

### Risk Management Framework and System

The Enterprise Risk Management (ERM) framework outlines the process for identifying, assessing, monitoring and managing risks within the PNB Group. This serves as a measure for PNB to optimise its returns on risk taking activities within PNB's Risk Appetite as approved by the Board.

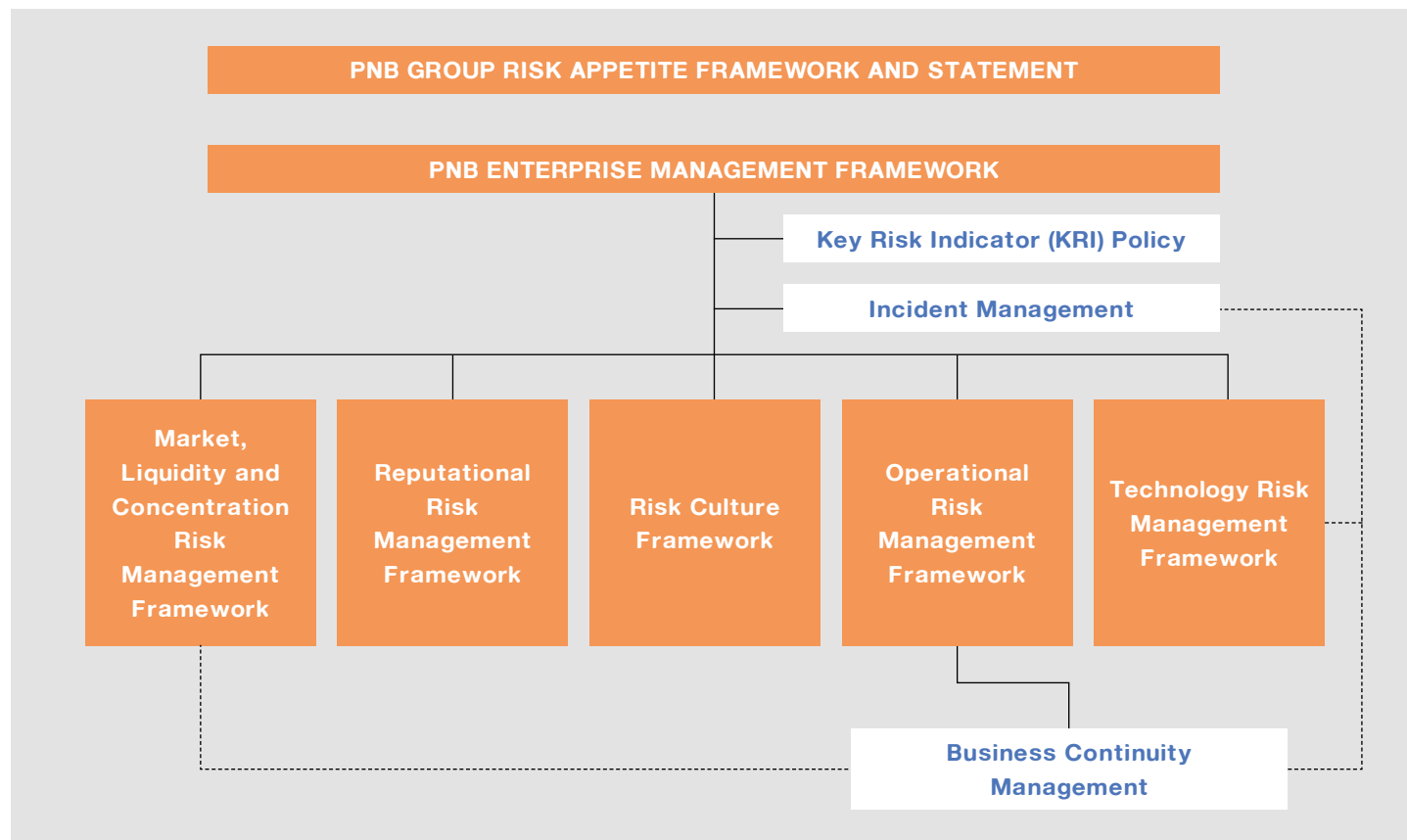


Diagram 2: PNB Enterprise Risk Management Framework

The key objectives of establishing a structured and integrated ERM framework are outlined below:

- Identifying, analysing and understanding each of the material risks at all levels of the Group;
- Ensuring risks are managed in line with the PNB's Risk Appetite;
- Embedding risk management into day-to-day decision-making;
- Ensuring appropriate strategies, policies, effective operating controls and other mitigations are in place and operating effectively; and
- Facilitating a proactive risk culture.

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

### Risk Governance and Oversight

PNB adopts Three Lines of Defence Model with a formalised and effective governance structure in place. The structure promotes a uniformed view of risk across PNB by ensuring a consistent and effective implementation of risk management practices throughout the organisation with involvement of Board and Senior Management. Clear lines of responsibility and accountability is outlined to segregate between the three lines to promote productive key risk discussions at various levels.

The PNB Risk Governance Structure is as shown below:

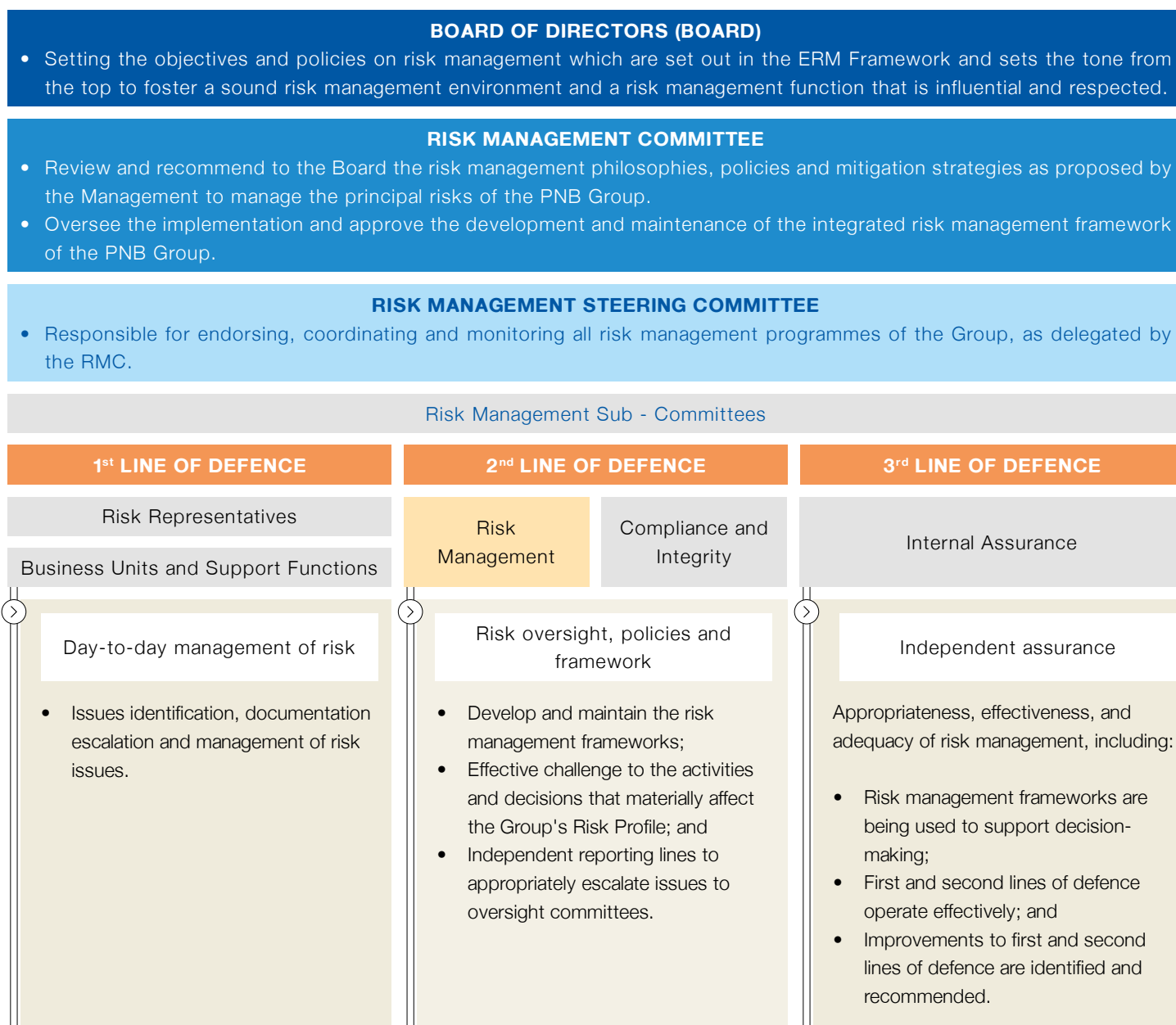


Diagram 3: PNB Group Three Lines of Defence model

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

### Board Responsibility

The Board maintains a reliable system of risk management and internal control to safeguard the interest of PNB and unitholders. The Board is responsible for setting the objectives and policies on risk management and sets the tone from the top to foster a sound risk management environment and a risk management function that is influential and respected. The Board will ensure that the system of risk management within the Group is adequately robust to respond to changes in the business environment and to support PNB in achieving its objectives.

To effectively carry out its risk and control oversight responsibilities, the Board has established and delegated its responsibilities to the Risk Management Committee (RMC), which includes the oversight of PNB's Enterprise Risk Management (ERM) framework. The RMC is responsible for assisting the Board by overseeing and approving the ongoing development, maintenance and implementation of the integrated risk management frameworks, policies and activities. In addition, the RMC is delegated with the responsibility to assess, identify, measure and monitor the overall risk exposure of the Group and ensure that sufficient mitigation strategies are in place.

### RISK MANAGEMENT COMMITTEE

#### COMPOSITION AND ATTENDANCE OF THE RMC

**The RMC shall comprise a maximum number of five (5) and a minimum number of three (3) Board members of the PNB Group, all of whom shall be Non-Executive Directors, with a minimum ratio of Independent Non-Executive Directors set at one-third (1/3) of the Committee.**

**The Committee shall meet as often as it determines appropriate and/or as directed by the Board, but not less than four (4) times a year, each of which shall be convened prior to any meeting of the Board. Additional meetings may be called at any time at the discretion of the Chairman of the Committee.**

Currently, the RMC comprises four (4) members, all of whom are Independent Non-Executive Directors. As at 31 December 2022, a total of six (6) meetings were held during the year under review. The composition of the RMC and the record of their attendance are as follows:

Chairman	
6/6	<b>Dato Dr. Nik Ramlah Nik Mahmood</b> <i>Independent Non-Executive</i>
Members	
6/6	<b>Tan Sri Dr Nik Norzrul Thani N. Hassan Thani</b> <i>Independent Non-Executive Director</i>
6/6	<b>Datuk Mohd. Anwar Yahya</b> <i>Independent Non-Executive Director</i>
6/6	<b>Datin Norazah Mohamed Razali</b> <i>Independent Non-Executive Director</i>

### Management Responsibility

The Risk Management Steering Committee (RMSC) is a Management Committee chaired by the PGCE. The RMSC is responsible for endorsing, co-ordinating and monitoring all risk management programmes of the Group, as delegated by the RMC.

The RMSC assists the RMC to discharge its primary responsibilities of identifying principal risks and implementing appropriate systems and risk assessment processes to manage risks issues, which could impact the achievement of the Group's business objectives.

The RMSC also forwards any recommendations to the Board, through the RMC, on all matters regarding the risk management activities under its purview or as directed by the Board.

RMSC is further assisted by the Risk Management Sub-Committees. These Sub-Committees are established among the working group level to foster collaboration in identifying, discussing and/or evaluating risk-related matters and to provide solutions across departments or business units.

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

### PNB RISK APPETITE

Risk appetite is an integral part of the overall PNB ERM Framework which is driven by both top-down Board leadership and bottom-up involvement of Management at all levels. It sets out the risk capacity and types of risk that PNB is willing to accept and translates it into risk limits and/or tolerance to measure, manage and evaluate PNB's risk profile in pursuit of its strategic and business objectives. Risk appetite is dynamic and adaptable to internal and external changes such as market conditions, business requirements and stakeholders' expectations. It is embedded into PNB's risk management structure and integrated into PNB's business strategic planning, objectives, day-to-day operations and decisions throughout PNB.

### RISK MANAGEMENT PRACTICES AND PROCESSES

#### Risk Practices

The framework provides a strong control environment through the implementation of appropriate systems and risk assessment processes to manage risks in line with key and relevant guidelines such as:

- International Organisation of Standardisation (ISO) 31000:2018 Risk Management;
- International Organisation of Standardisation (ISO) 22301:2012 for Business Continuity Management System; and
- Guidelines on Unit Trust Funds issued by the Securities Commission Malaysia.

The framework and its sub-components are continuously reviewed, enhanced and communicated to all levels to build business and operational resiliency in line with business objectives, industry best practices and regulatory guidelines.

#### Risk Process

The risk management practices and process enables systematic identification, evaluation, monitoring and reporting of risk exposure across the Group.

The key elements of an effective ERM are as follows:

<b>Risk Assessment Process</b>	The overall process of risk identification, risk analysis and risk evaluation as documented in the Risk Register.
<b>Risk Monitoring and Review</b>	The Risk Register and Key Risk Indicators (KRIs) are used by the Management as a tool to monitor and manage changes in risk exposures over time.

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

### Risk Reporting and Escalation Path

PNB adopts a structured and consistent approach to the monitoring and reporting of risks of PNB Group, to ensure effective management and provide assurance to the Board that all risks are being effectively managed. Risk reporting enables risk oversight bodies to understand, challenge and ultimately make informed decisions on the Group's material risk issues.

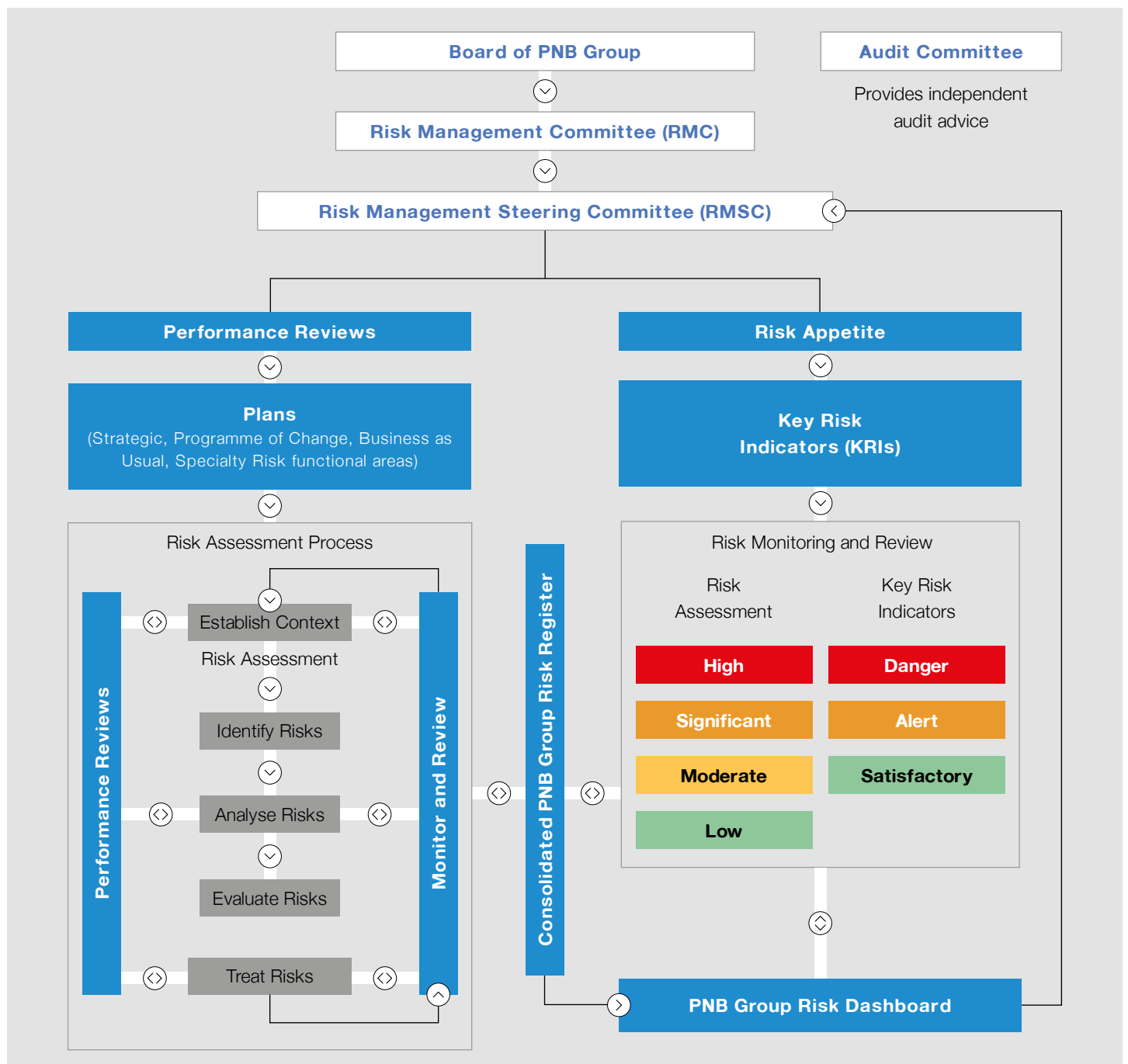
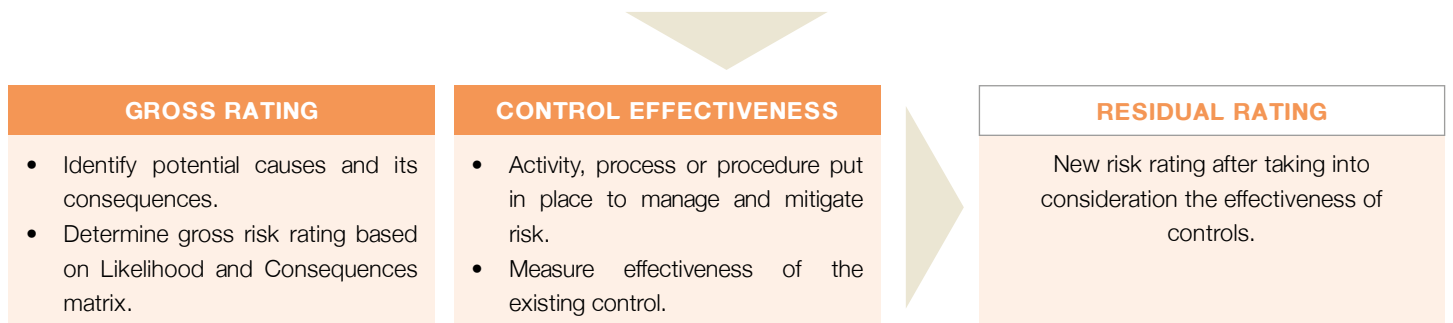
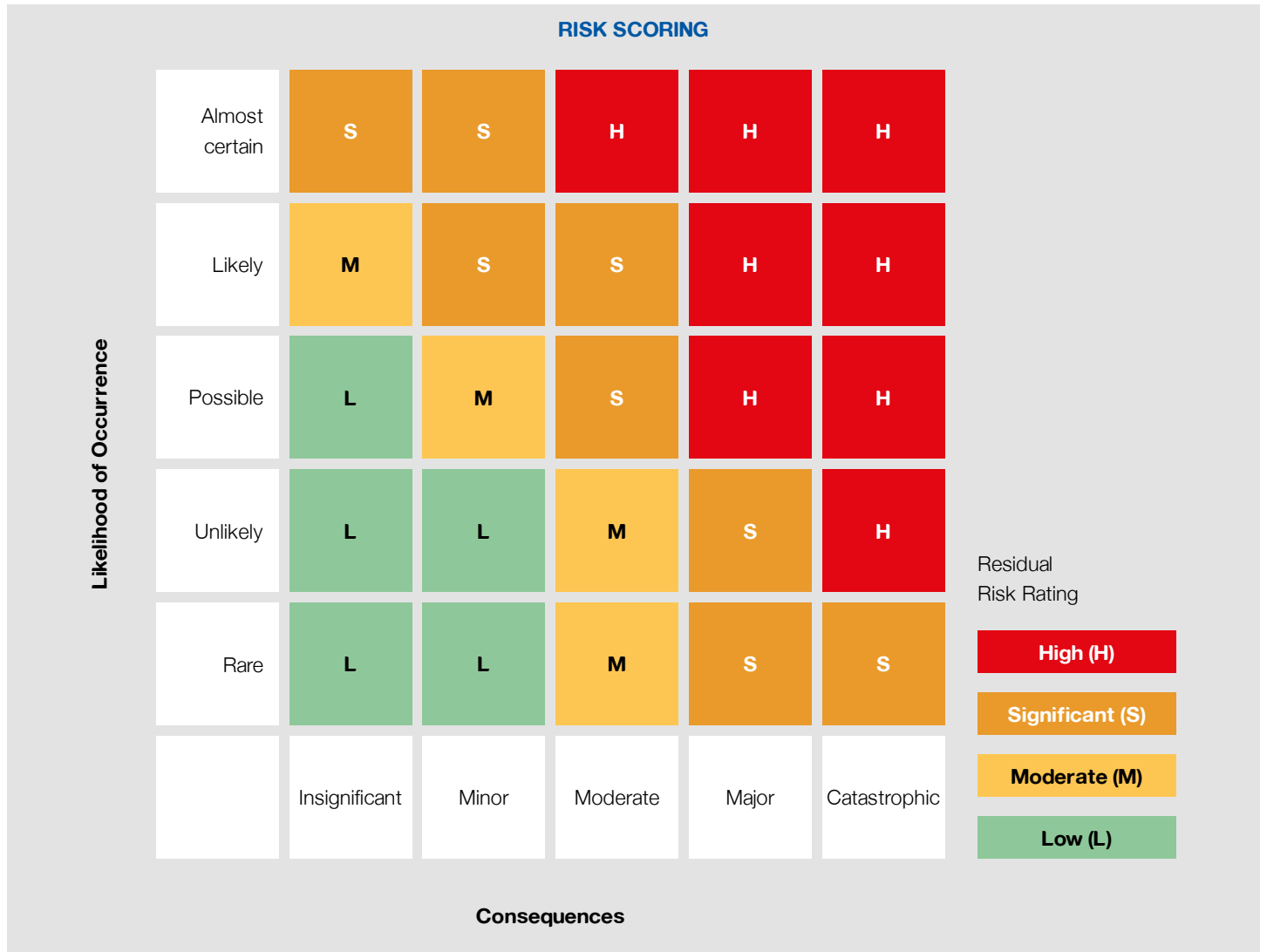


Diagram 4: Risk management and reporting process

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL



PNB has 253 risk registers comprising 59 departments within the 16 divisions.



## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

### Key Risk Indicators Policy (KRIs)

KRIs are used by the Management as a tool to monitor and manage changes in key risk exposures over time. It provides insight into business operations' risk exposure as well as operational and control weaknesses through the monitoring of main drivers of exposure associated with the key risk. KRIs mainly act as early warning signals for potential risks and control issues that may arise in the current business environment.

Key risks in PNB are monitored via the Enterprise and Departmental KRI dashboards. Key risks that may lead to serious concerns or issues, are periodically presented to the RMSC and RMC by the Risk Management Department.

### Incident Management Policy (IMP)

Operational risk or compliance event resulting from a breakdown of internal processes, people, systems, or external events that have the potential to cause a financial, reputational or regulatory impact on PNB are defined as an "incident". This includes near-miss events that could result in a financial loss.

PNB's IMP outlines the minimum requirements and the process for identifying, capturing, reporting and managing incidents within PNB with the aim to:



Diagram 5: Incident Management

The IMP is linked to PNB Business Continuity Management (BCM). All incidents depending on the severity level, are escalated to the respective Management Committees immediately. When required the Crisis Management Team will be activated to centrally manage and co-ordinate strategic response to minimise the loss and interruptions to the business operations.

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

### Market, Liquidity and Concentration (MLC) Risk Framework

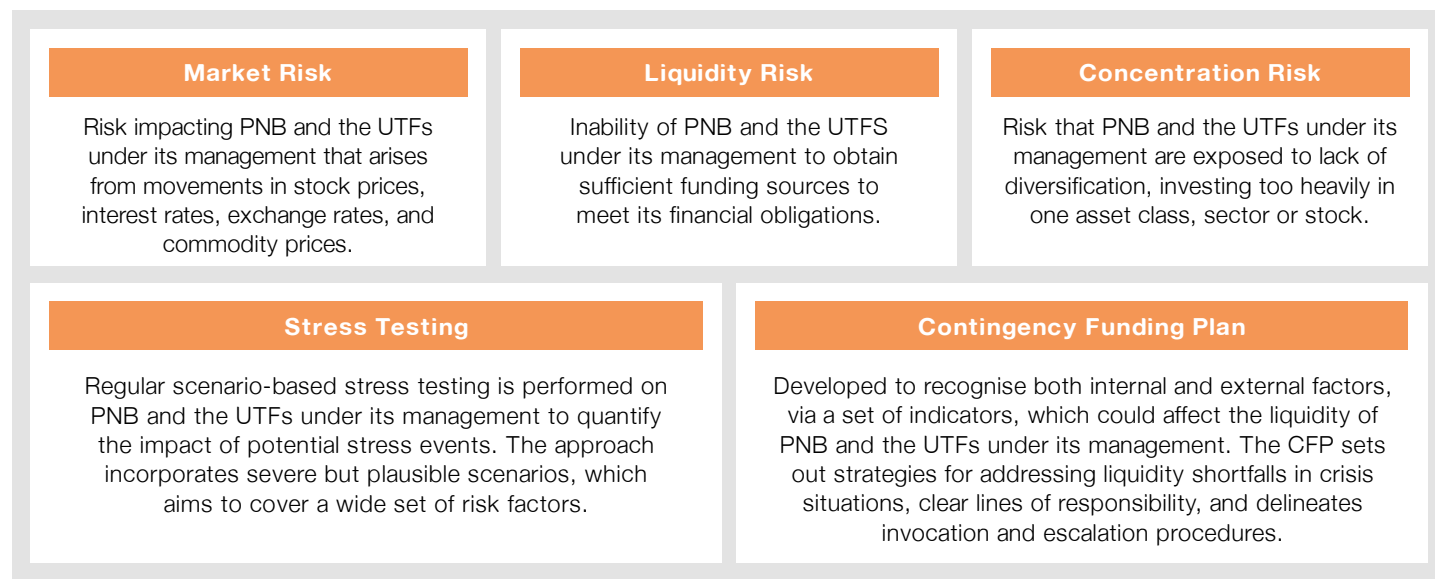


Diagram 6: Market, Liquidity and Concentration (MLC) Risk Framework

The risks highlighted above are managed by MLC Risk Framework, which outlines the risk management approach to systematically identify, assess, monitor, and report areas that can potentially affect PNB and the UTFs under its management. This is to ensure that current exposure is within the approved risk appetite commensurate with its defined objective and strategy. This process involves periodic reporting to the Board and respective Management Committees to promote risk oversight and effective decision-making.

Several mitigation plans are in place to address any unexpected market, liquidity and concentration risk such as diversification efforts in line with the Strategic Asset Allocation and allocating an adequate level of investments in liquid assets to enhance the funds' ability to raise funding in a timely manner.

A robust MLC Risk Framework involves continuous review of appropriate risk measures (e.g. Value-at-Risk and other established KRIs) for all asset classes, continuous enhancements on periodic risk reports for better portfolio insights and regular updates to ensure its alignment with PNB's strategic and business objectives.

Outcome of the exercise facilitates the decision to put in place mitigation plans to withstand stress events. Therefore, the funding plan is developed where it sets out strategies for addressing liquidity shortfalls in crisis situations.

### Operational Risk Management (ORM)

The ORM outlines the process for identifying, assessing, monitoring and managing operational risks within PNB. Against this background, the ORM framework contributes to the management of performance outcomes and supports decision-making in the business. The ORM measures and mitigates the risk of loss from inadequate or failed internal processes, people and systems, or from external events. Operational losses are actual financial losses arising from operational risk.

PNB utilises the ORM with the following objectives:

- To manage operational risks in line with PNB's Risk Appetite Statements;
- To drive business improvements through effective operational risk management; and
- To identify and manage risks that may impede PNB's ability to achieve its business objectives.

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The ORM covers the following areas:

<b>Human Resource Management</b>	Risk caused by inadequate staff, recruitment process, reward and appraisal, training and development, motivating culture and inadequate social policy.
<b>Technology Risk Management</b>	The risk arising from technology failures or cyber intrusion of IT systems, applications, platforms or infrastructure, which could result in financial loss, disruptions in services or operations, or reputational harm.
<b>Project Risk Management</b>	<p>Project risk is the effect of uncertainty on project objectives, which relates to project execution, management and delivery.</p> <p>This can include both the downside (potential for loss or detrimental impact) and the upside (potential for gain).</p>
<b>Outsourcing and Vendor Risk Management</b>	Outsourcing risk arising from inexperienced providers or non performing vendors.
<b>Security Risk Management</b>	<p>Physical security: physical access control - deterring, detecting, delaying, and responding to breaches.</p> <p>People security: personnel, personal and human behavioural security.</p> <p>Information security: protection, classification and handling of information.</p>
<b>Compliance and Integrity Management</b>	Risk of legal or regulatory sanction, financial loss or reputational damage to PNB arising from a failure to apply the regulatory standards expected which includes law and regulations, regulatory and codes of practice.
<b>Financial Crime Management</b>	<p>Fraud - any dishonest behaviour to obtain an unjust advantage (financial or otherwise).</p> <p>Anti-Money Laundering - to identify, manage and mitigate the risk of money-laundering or terrorism financing the organisation may reasonably face through the provision of designated services.</p>
<b>Safety and Health</b>	Risk of injury or harm at workplace which include chemical due to inadequate or absence of safety and health measures.
<b>Business Continuity Management</b>	<p>Risk event occurred due to business disruption, system failures and force majeure.</p> <ul style="list-style-type: none"> <li>• Risk of business opportunity loss from failure to meet Recovery Time Objective (RTO).</li> <li>• Loss or damage of data or documents or premises.</li> <li>• IT systems failure, business closure due to external sources (pandemic, force majeure, etc).</li> </ul>

Diagram 7: Areas of Operational Risk Management

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

### Technology Risk Management Framework

As PNB embarked on its Digital Transformation Journey as one of its key business strategies, PNB continuously assess its various technology enablement measures or tools and strengthens its existing risk controls to mitigation technology and cyber security risks. These include, amongst others, enhancing cybersecurity tools and features, building up system reliability, improving resiliency, enhancing technology governance and conducting cyber simulation.

The Technology Risk Management Framework (TRMF) is continuously enhanced based on international standards and guidance issued by regulatory bodies. PNB's Technology Risk Universe which forms part of TRMF, are divided into eleven (11) pillars.

<b>Strategy Alignment</b>	Refers to the risk emanating from ineffective IT strategy such as failure to integrate business and IT strategies leading to inappropriate investments and misaligned expectations; and risk of technology obsolescence.
<b>Cyber Security</b>	Refers to the risk associated with financial loss, disruption or damage to the reputation of the company from failure, unauthorised access of its internet connected systems and data (e.g. from cyber attacks).
<b>Outsourcing</b>	Refers to the risk that arises from engagement with technology vendors and third-party service providers for the provision of financial products and services, such as disruption to the availability of the company's systems or business operations due to failure of the service provider in delivering the expected services.
<b>Physical Environment</b>	Refers to the risk of the company's inability to maintain acceptable service levels through, and beyond, severe disruptions to its critical business processes and the IT systems which support them.
<b>Application and databases</b>	Refers to the risk of faulty coding in applications triggering an event that negatively impacts the infrastructure, system, data and business operations. Database risk refers to the risk of information or data breaches or loss, integrity or inconsistency and unavailability.
<b>IT Infrastructure</b>	Refers to the risk arises from lack of capacity and availability planning which may include under-provisioning or over-provisioning, hardware incompatibility, software incompatibility, network issues and outages, migration issues, downtime, disaster recovery, vendor reliability, and unexpected costs.
<b>Human resource</b>	Risk caused by inadequate staff, recruitment process, reward and appraisal, training and development, inappropriate motivating culture and inadequate social policy.
<b>Data</b>	Refers to all risks associated with the authorisation, completeness, accuracy and consistency of data as they are entered, processed by, summarised by and reported by the various information systems deployed by the company. Also covers risks associated with unauthorised access to the data stored in the information systems.
<b>Change Management</b>	Risk arising from the implementation of technology projects such as introduction of new or enhanced products or services which leverages new technologies and digitalisation to address evolving customer expectations. This also includes the risks that could threaten successful project implementation and the risks that a project failure will lead to a broader impact on the company's operational capabilities.
<b>IT Operations</b>	Refers to the risk associated with all aspects of the performance of IT systems and services such as failure of infrastructure and application resulting in disruptions and non-availability of IT systems.
<b>Legal and Compliance</b>	Refers to the risk of ineffective risk management where key technology risks are not effectively and promptly identified and addressed due to: <ol style="list-style-type: none"> <li>Inappropriate operating model used in the management of technology risks; and;</li> <li>Lack of risk management personnel (i.e. from Control and Business or Support Functions) who possess technology knowledge balance by the risk management capabilities to provide objective risk assessments.</li> </ol>

Diagram 8: Technology Risk Universe

These pillars serve as a foundation in conducting independent risk assessment in relation to IT Systems and projects. Effective approaches to technology risk management provide meaningful information that appropriately supports decision-making and oversight across the Group.

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

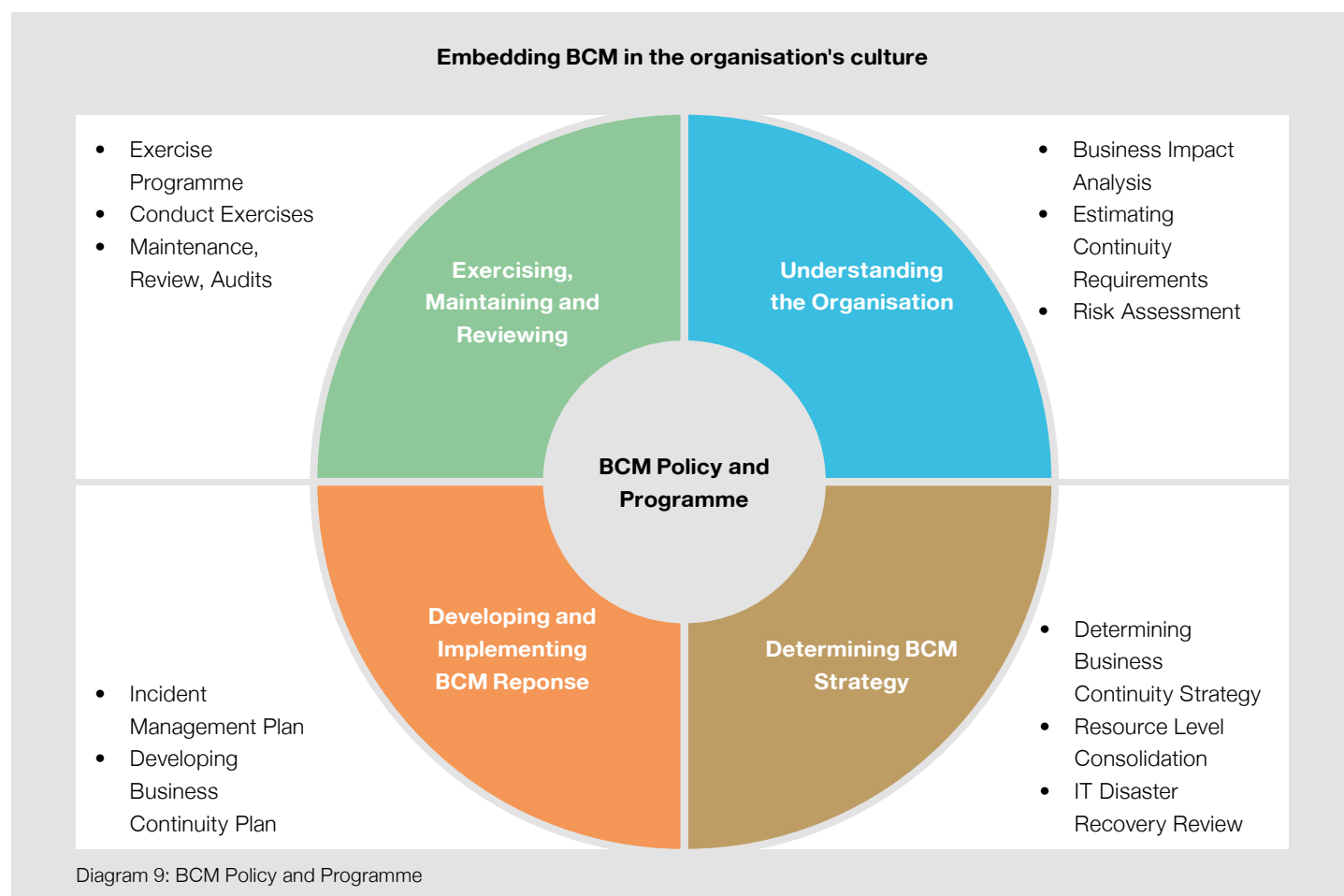
### Reputational Risk Management

Negative perceptions regarding PNB's business practices, conduct or financial performance arising from one or more events may adversely influence the confidence of unitholders and other various stakeholders of the Group. This may give rise to reputational risk by affecting or damaging PNB's reputation. Under the Reputational Risk Management Framework, the key areas of reputational risk for the Group are represented by its respective reputational risk drivers which are measured and monitored in managing reputational risk.

### RESILIENCY AND READINESS

#### Business Continuity Management

PNB has been continuously building up its operational resilience to ensure its adaptability, suitability and effectiveness as part of preventive measures in mitigating business disruption guided by PNB's Business Continuity Management Programme. The Programme allows PNB to protect the wellbeing of all employees, ensuring sustainability of the business operations whilst safeguarding PNB's reputation and image.



The BCM programme is periodically reviewed, tested and updated to ensure PNB's ability to respond, recover and resume critical business functions effectively during a disruptive incident. Among the key initiatives was a virtual crisis simulation exercise and participation in the Cyber Drill exercise conducted by SC. These activities heightened awareness and strengthened preparedness in coordinating response and recovery activities amongst PNB staff.

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

### RISK CULTURE

Risk culture plays a vital role in the execution of PNB's enterprise risk management strategy. It impacts decision-making and determines how PNB identifies, understands, discusses, and acts on risks. PNB's risk culture is driven by the Board and Management, where expected values, principles, behaviors and attitudes towards risk management are escalated throughout PNB.

PNB continuously aims to strengthen its risk culture towards inculcating a risk intelligent culture which encompasses ensuring rapid escalation, detection, and effective management of risks at the enterprise level by anticipating and managing challenges.

The Risk Culture Framework (RCF) outlines key focus areas to enhance the level of risk function competencies and capacities across the organisation and instil a culture where everyone is responsible in ensuring integrity, accountability and transparency. RCF encourages collaboration between the First and Second Lines of Defence to ensure risk monitoring tools and platforms are implemented effectively and successfully in elevating risk culture maturity level.

PNB has in place a Risk Culture Programme which aims and aspires to achieve risk intelligence culture.

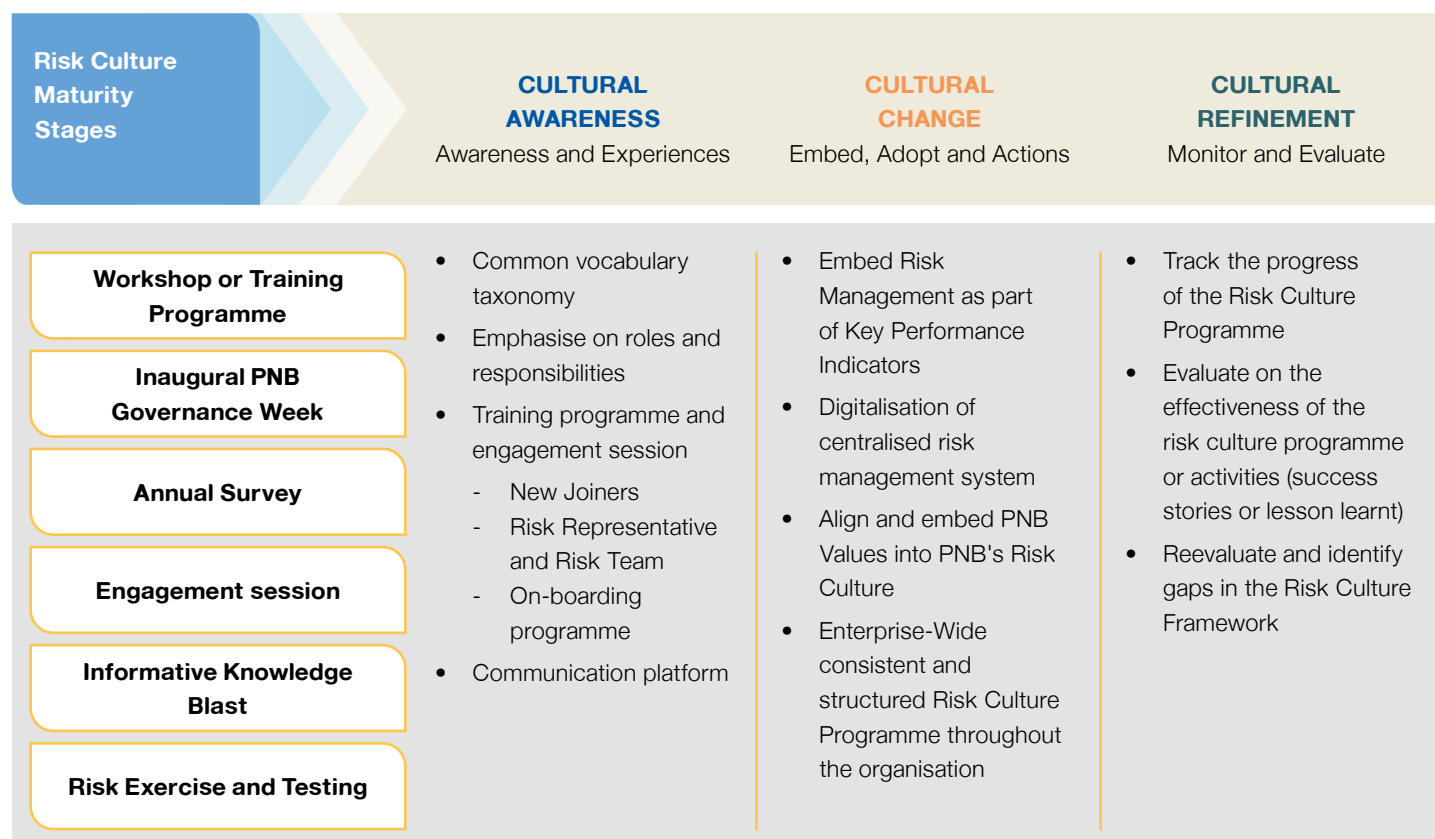


Diagram 10: Risk Culture

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

### INTERNAL AUDIT FUNCTION

The Group Head, Internal Assurance is a Member of the Malaysian Institute of Accountants (MIA) and the Institute of Internal Auditors Malaysia (IIAM). He is also a permanent invitee to the Management Compliance Committee, Risk Management Committee, Technology Committee, OSHA Committee, Risk Management Steering Committee, Business Continuity Management Committee and Whistleblowing Committee in PNB.

The Group Head, Internal Assurance reports directly to the Audit Committee (AC) of the Board of Directors of PNB and administratively to the PGCE. In addition, the Internal Assurance Department (IAD) is independent of the activities and operations of the business and other support units within the PNB Group.

In assisting the Group to achieve its objectives, the IAD employs a systematic and disciplined approach to assess the adequacy, efficiency and effectiveness of risk management, internal controls and governance processes.

The principal responsibility of the IAD is to provide independent, reasonable and objective assurance as well as consulting services designed to add value and improve the efficiency of the PNB Group's operations and internal controls. In addition, IAD conducts investigations, special and/or ad-hoc reviews or assessments on internal controls as and when requested by the Management and/or the Audit Committee.

The IAD's scope of coverage encompasses all of PNB's business and support units, including its subsidiaries.

The responsibility of the IAD Internal Quality Audit (IQA) aims to provide an independent assessment and assurance towards the certified entities within the PNB Group. It is designed to add value and improve the degree of conformance with the documentation and requirements of the respective International Organisation for Standardisation (ISO) Standards.

As of 31 December 2022, IAD had a total staff strength of 34 individuals from diverse backgrounds and qualifications.

### Standards of Practice

The IAD's processes and activities are guided by the Audit Charter and governed by the relevant regulatory guideline and mandatory guidance established under the International Professional Practices Framework by The Institute of Internal Auditors (IIA). The IAD is also a corporate member of the Institute of Internal Auditors Malaysia (IIAM) and subscribes to the standards issued by the IIAM.

For Internal Quality Audits, the practice conforms to the following:

- (a) ISO 9001:2015 Quality Management Systems;
- (b) MS 1900:2014 Shariah-Based Quality Management Systems; and
- (c) ISO 37001:2016 Anti-Bribery Management System (ABMS).

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

### Annual Audit Plan

The IAD develops a risk-based annual audit plan which outlines the audit engagements within the PNB Group for the year. The audit plan, which is reviewed and approved by the AC, is agile and revised accordingly throughout the planned year to incorporate any significant changes to the key risks and indicators which may impact the PNB Group operations.

### Communicating Results

The IAD's findings and the Management's responses are tabled to the AC to ensure that the Management undertakes the agreed remedial actions. Before tabling to AC, the findings are deliberated at the senior management level and action plans are put in place to complete the necessary preventive and corrective actions. Subsequently, the IAD conducts follow-ups on the respective departments or business units to ensure that the necessary action plans are carried out to achieve the intended results.

### Quality Assurance Improvement Programme

The IAD has established a structured quality assurance and improvement programme (QAIP). The QAIP, which has a strong emphasis on the effectiveness and efficiency of audit processes, continues to be applied to assess the quality of audit processes adopted. The Department engages an independent external party to perform an external assessment at least once every three years, of which the latest assessment was performed in 2021.

### STANDARD OPERATING PROCEDURES

Standard Operating Procedures (SOPs) are developed to achieve efficiency, quality output, and standardisation of performance, while reducing non-compliance with regulatory requirements. SOPs provide instructions and guidelines for employees to perform their jobs precisely and consistently to achieve end-results with the desired quality. They are crucial elements in PNB's internal control system.

By incorporating the risk-based approach as required in ISO 9001:2015, the departmental-level SOPs established by PNB is in line with the policies approved by the Board and have efficaciously met the prerequisite requirements towards good corporate governance for all its departments. These risk-based SOPs help staff members to be more aware and mindful of the risks associated with their jobs.

The refinement of the existing SOPs and the creation of new SOPs are crucial elements of the implementation phase of Business Process Re-engineering projects, with these SOPs forming the foundation of a successful handover to business owners at the end of each project. PNB has also established an electronic Business Process Database (eBPD) to ensure proper documentation of all SOPs. SOPs used in the eBPD are adequately protected, and accessible to and understood and implemented by staff members within PNB.

### ASSURANCE FROM PRESIDENT & GROUP CHIEF EXECUTIVE (PGCE) AND GROUP CHIEF FINANCIAL OFFICER (GCFO) ON INTERNAL CONTROL AND RISK MANAGEMENT

The Board has been assured by the PGCE and GCFO that the company's risk management and internal control systems are operating adequately and effectively in all material aspects for the financial year under review.



# *Sustaining Financial Value*



<b>PNB Group 5-Year Consolidated Coterminous Proforma Financials</b>	<b>158</b>
<b>Independent Auditors' Report</b>	<b>159</b>
<b>Unit Trust Funds</b>	<b>160</b>

# PNB GROUP 5-YEAR CONSOLIDATED COTERMINOUS PROFORMA FINANCIALS

FOR THE YEAR ENDED 31 DECEMBER

	2018 RM MILLION	2019 RM MILLION	2020 RM MILLION	2021 RM MILLION	2022 RM MILLION
Gross Income <sup>1</sup>	20,307	15,121	14,451	18,309	<b>14,530</b>
Net Income <sup>1</sup>	17,009	10,732	11,018	11,785	<b>10,382</b>
Total Assets <sup>2</sup>	298,517	312,005	322,642	336,684	<b>341,609</b>
Return on Assets <sup>3</sup>	6.0%	3.5%	3.5%	3.6%	<b>3.1%</b>

## Notes:

- <sup>1</sup> Income figures based on proforma aggregate gross and net income respectively of PNB and its unit trust funds, adjusted to be coterminous according to year ended 31 December.
- <sup>2</sup> Total Assets (Assets under Management) based on proforma aggregate of PNB's gross investment assets, the Value of Fund (before distribution) of the fixed price funds and Net Asset Value (before distribution) of the variable price funds.
- <sup>3</sup> Return on Assets = Net income divided by average total assets

# INDEPENDENT AUDITORS' REPORT

(INCORPORATED IN MALAYSIA)

## OPINION

The summary financial information which comprises the statements of financial position as at the respective financial year ends and the statements of comprehensive income for the financial years then ended for the unit trust funds listed below, are derived from the complete audited financial statements of these unit trust funds for the respective financial years then ended:

1. Amanah Saham Bumiputera - 31 December 2020, 2021 and 2022;
2. Amanah Saham Bumiputera 2 - 31 March 2020, 2021 and 2022;
3. Amanah Saham Bumiputera 3 - Didik - 30 June 2020, 2021 and 2022;
4. Amanah Saham Malaysia - 31 March 2020, 2021 and 2022;
5. Amanah Saham Malaysia - 2 Wawasan - 31 August 2020, 2021 and 2022;
6. Amanah Saham Malaysia 3 - 30 September 2020, 2021 and 2022;
7. Amanah Saham Nasional - 31 December 2020, 2021 and 2022;
8. ASN Equity 2 - 30 June 2020, 2021 and 2022;
9. ASN Imbang (Mixed Asset Balanced) 1 - 30 November 2020, 2021 and 2022;
10. ASN Umbrella (the umbrella fund for ASN Imbang (Mixed Asset Balanced) 2, ASN Equity 3, and ASN Sara (Mixed Asset Conservative) 1) - 31 March 2020, 2021 and 2022;
11. ASN Equity 5 - 30 September 2020, 2021 and 2022;
12. ASN Sara (Mixed Asset Conservative) 2 - 30 September 2020, 2021 and 2022;
13. ASN Imbang (Mixed Asset Balanced) 3 Global - 31 December 2021 and 2022;
14. ASN Equity Global - 31 December 2022.
15. ASN Sukuk - 25 November 2022

In our opinion, the accompanying summary financial information is consistent, in all material respects with the respective audited financial statements, in accordance with the basis described on pages 160 to 191.

## SUMMARY FINANCIAL INFORMATION

The summary financial information for Amanah Saham Bumiputera, Amanah Saham Bumiputera 2, Amanah Saham Bumiputera 3 - Didik, Amanah Saham Malaysia, Amanah Saham Malaysia - 2 Wawasan and Amanah Saham Malaysia 3 does not contain all the disclosures required by the Malaysian Financial Reporting Standards as modified by the specification provided by the Securities Commission Malaysia's Guidelines on Unit Trust Funds in Malaysia. The summary financial information for Amanah Saham Nasional, ASN Equity 2, ASN Imbang (Mixed Asset Balanced) 1, ASN Umbrella, ASN Equity 5, ASN Sara (Mixed Asset Conservative) 2, ASN Imbang (Mixed Asset Balanced) 3 Global, ASN Equity Global and ASN Sukuk does not contain all the disclosures required by the Malaysian Financial Reporting Standards and International Financial Reporting Standards. Reading the summary financial information and the auditors' report thereon, therefore, is not a substitute for reading the audited financial statements and the auditors' report of these unit trust funds.

## THE AUDITED FINANCIAL STATEMENTS AND OUR REPORT THEREON

We expressed an unmodified audit opinion on those audited financial statements in our reports for the respective financial years then ended. The audited financial statements and the summary financial information do not reflect the effects of the events that occurred subsequent to the date of our reports on the audited financial statements.

## INFORMATION OTHER THAN THE SUMMARY FINANCIAL INFORMATION AND AUDITORS' REPORT THEREON

The Directors are responsible for the other information. The other information comprises the general information of the fund, fund snapshot, fund performance and asset allocation of the unit trust funds and does not include the summary financial information and our auditors' report thereon.

Our opinion on the summary financial information does not cover the other information and we do not express any form of assurance conclusion thereon.

## DIRECTORS' RESPONSIBILITY FOR THE SUMMARY FINANCIAL INFORMATION

The Directors are responsible for the preparation of the summary financial information in accordance with the basis described on pages 30 and 35.

## AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on whether the summary financial information is consistent, in all material respects, with the audited financial statements of the respective unit trust funds based on our procedures, which are conducted in accordance with Malaysian Approved Standard on Auditing (ISA) 810 (Revised), "Engagements to Report on Summary Financial Statements".

## RESTRICTION ON USE

Our report on the summary financial information of the unit trust funds for the respective financial years then ended is issued solely to the Board of Directors of Permodalan Nasional Berhad. We do not assume responsibility to any other person for the content of this report.



**Ernst & Young PLT**

2 March 2023

Kuala Lumpur

# UNIT TRUST FUNDS

(INCORPORATED IN MALAYSIA)

**Launch Date**

2 January 1990

**Fund Type**

Income

**Fund Category**

Mixed Asset

**Investment Objective**

To generate long-term, consistent and competitive returns to unitholders whilst ensuring the preservation of capital at minimal risk tolerance level.

**Asset Allocation**

- Up to 90% of its Value of Fund (VOF) in equities
- Up to 50% of its VOF in other asset classes
- Minimum 5% of its VOF in cash or liquid assets

**Performance Benchmark**

Maybank 12-Month Fixed Deposit

**Notes:**

1. Source: Fund Annual Report 2022.
  2. The above Summarised Statements of Comprehensive Income and Summarised Statements of Financial Position are derived from the audited financial statements of the respective unit trust funds.
- # For balances up to 30,000 unit only.

**FUND SNAPSHOT**

Financial Year Ended 31 Dec	2020	2021	2022
Units in Circulation (million units)	173,829	181,909	<b>186,245</b>
Number of accounts	10,190,534	10,367,645	<b>10,639,551</b>

**FUND FINANCIALS**

Summarised Statements of Comprehensive Income for the year ended 31 Dec (RM'000)	2020	2021	2022
Total investment income	7,280,724	10,394,590	<b>8,001,228</b>
Total expenses	905,698	3,458,504	<b>1,808,101</b>
Net income before taxation	6,375,026	6,936,086	<b>6,193,127</b>
Less: Taxation	-	-	-
Net income after taxation	6,375,026	6,936,086	<b>6,193,127</b>
Other comprehensive income	-	-	-
<b>Total comprehensive income</b>	<b>6,375,026</b>	<b>6,936,086</b>	<b>6,193,127</b>

## UNIT TRUST FUNDS

(INCORPORATED IN MALAYSIA)

### FUND PERFORMANCE

Financial Year Ended 31 Dec	2020	2021	2022
Income Distribution (RM million)	5,902.81	7,510.24	<b>6,179.03</b>
Income Distribution (sen per unit)	3.50	4.25	<b>3.35</b>
Bonus (sen per unit)	0.75	0.75	<b>1.25</b>
Special Bonus (sen per unit) #	0.75	-	<b>0.50</b>
Benchmark Return (%)	2.18	1.85	<b>2.27</b>

### ASSET ALLOCATION

(% of Net Asset Value)

Financial Year Ended 31 Dec	2020	2021	2022
Equity	81.98	80.61	<b>79.26</b>
Fixed Income	7.74	7.15	<b>8.09</b>
Others	10.28	12.24	<b>12.65</b>
<b>TOTAL</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

Notes:

- Source: Fund Annual Report 2022
  - The above Summarised Statements of Comprehensive Income and Summarised Statements of Financial Position are derived from the audited financial statements of the respective unit trust funds
- # For balances up to 30,000 unit only

## UNIT TRUST FUNDS

(INCORPORATED IN MALAYSIA)



ASB 2

**Launch Date**

2 April 2014

**Fund Type**

Income

**Fund Category**

Mixed Asset

**Investment Objective**

To provide a regular income stream whilst preserving unitholders' investment capital through a mixed asset portfolio.

**Asset Allocation**

- Up to 90% of its Value of Fund (VOF) in equities
- Up to 50% of its VOF in other asset classes
- Minimum 5% of its VOF in cash or liquid asset

**Performance Benchmark**

Maybank 12-Month Fixed Deposit

## Notes:

1. Source: Fund Annual Report 2022.
2. The above Summarised Statements of Comprehensive Income and Summarised Statements of Financial Position are derived from the audited financial statements of the respective unit trust funds.

## FUND SNAPSHOT

Financial Year Ended 31 Mar	2020	2021	2022
Units in Circulation (million units)	10,978	11,488	<b>11,965</b>
Number of accounts	439,543	459,416	<b>481,030</b>

## FUND FINANCIALS

Summarised Statements of Comprehensive Income for the year ended 31 Mar (RM'000)	2020	2021	2022
Total investment income	556,211	601,597	<b>645,528</b>
Total expenses	41,111	104,825	<b>129,862</b>
Net income before taxation	515,100	496,772	<b>515,666</b>
Less: Taxation	-	-	-
Net income after taxation	515,100	496,772	<b>515,666</b>
Other comprehensive income	-	-	-
<b>Total comprehensive income</b>	<b>515,100</b>	<b>496,772</b>	<b>515,666</b>

## UNIT TRUST FUNDS

(INCORPORATED IN MALAYSIA)

### FUND PERFORMANCE

Financial Year Ended 31 Mar	2020	2021	2022
Income Distribution (RM million)	514.22	482.01	<b>506.06</b>
Income Distribution (sen per unit)	4.75	4.25	<b>4.30</b>
Benchmark Return (%)	3.04	1.95	<b>1.85</b>

### ASSET ALLOCATION

(% of Net Asset Value)

Financial Year Ended 31 Mar	2020	2021	2022
Equity	82.07	78.08	<b>86.33</b>
Fixed Income	12.29	8.85	<b>6.74</b>
Others	5.64	13.07	<b>6.93</b>
<b>TOTAL</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

Notes:

1. Source: Fund Annual Report 2022
2. The above Summarised Statements of Comprehensive Income and Summarised Statements of Financial Position are derived from the audited financial statements of the respective unit trust funds

## UNIT TRUST FUNDS

(INCORPORATED IN MALAYSIA)



ASB 3 Didik

**Launch Date**

20 April 2001

**Fund Type**

Growth

**Fund Category**

Mixed Asset

**Investment Objective**

To provide an investment opportunity that generates reasonable long-term growth and returns.

**Asset Allocation**

- Up to 90% of its Value of Fund (VOF) in equities
- Up to 50% of its VOF in other asset classes
- Minimum 5% of its VOF in cash or liquid assets

**Performance Benchmark**

Maybank 12-Month Fixed Deposit

## Notes:

1. Source: Fund Annual Report 2022.
2. The above Summarised Statements of Comprehensive Income and Summarised Statements of Financial Position are derived from the audited financial statements of the respective unit trust funds.

## FUND SNAPSHOT

Financial Year Ended 30 Jun	2020	2021	2022
Units in Circulation (million units)	6,512	6,785	<b>7,062</b>
Number of accounts	298,560	302,672	<b>308,198</b>

## FUND FINANCIALS

Summarised Statements of Comprehensive Income for the year ended 30 Jun (RM'000)	2020	2021	2022
Total investment income	343,522	338,838	<b>457,217</b>
Total expenses	51,878	40,669	<b>183,569</b>
Net income before taxation	291,644	298,169	<b>273,648</b>
Less: Taxation	-	-	-
Net income after taxation	291,644	298,169	<b>273,648</b>
Other comprehensive income	-	-	-
<b>Total comprehensive income</b>	<b>291,644</b>	<b>298,169</b>	<b>273,648</b>



## UNIT TRUST FUNDS

(INCORPORATED IN MALAYSIA)

### FUND PERFORMANCE

Financial Year Ended 30 Jun	2020	2021	2022
Income Distribution (RM million)	273.74	284.92	<b>297.51</b>
Income Distribution (sen per unit)	4.25	4.25	<b>4.25</b>
Benchmark Return (%)	2.81	1.85	<b>1.89</b>

### ASSET ALLOCATION

(% of Net Asset Value)

Financial Year Ended 30 Jun	2020	2021	2022
Equity	81.72	84.61	71.48
Fixed Income	12.57	10.45	8.78
Others	5.71	4.94	19.74
<b>TOTAL</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

Notes:

1. Source: Fund Annual Report 2022
2. The above Summarised Statements of Comprehensive Income and Summarised Statements of Financial Position are derived from the audited financial statements of the respective unit trust funds.

## UNIT TRUST FUNDS

(INCORPORATED IN MALAYSIA)



### Launch Date

20 April 2000

### Fund Type

Income

### Fund Category

Mixed Asset

### Investment Objective

To provide unitholders with a long-term investment opportunity that generates regular and competitive returns through a diversified portfolio of investments.

### Asset Allocation

- Up to 90% of its Value of Fund (VOF) in equities
- Up to 50% of VOF in other asset classes
- Minimum 5% of VOF in cash or liquid assets

### Performance Benchmark

Maybank 12-Month Fixed Deposit

### Notes:

1. Source: Fund Annual Report 2022.
2. The above Summarised Statements of Comprehensive Income and Summarised Statements of Financial Position are derived from the audited financial statements of the respective unit trust funds.

## FUND SNAPSHOT

Financial Year Ended 31 Mar	2020	2021	2022
Units in Circulation (million units)	20,544	21,279	<b>22,087</b>
Number of accounts	553,188	559,222	<b>567,904</b>

## FUND FINANCIALS

Summarised Statements of Comprehensive Income for the year ended 31 Mar (RM'000)	2020	2021	2022
Total investment income	1,001,275	1,030,329	<b>1,333,106</b>
Total expenses	260,199	191,775	<b>546,511</b>
Net income before taxation	741,076	838,554	<b>786,595</b>
Less: Taxation	-	-	-
Net income after taxation	741,076	838,554	<b>786,595</b>
Other comprehensive income	-	-	-
<b>Total comprehensive income</b>	<b>741,076</b>	<b>838,554</b>	<b>786,595</b>

## UNIT TRUST FUNDS

(INCORPORATED IN MALAYSIA)

### FUND PERFORMANCE

Financial Year Ended 31 Mar	2020	2021	2022
Income Distribution (RM million)	869.58	850.12	<b>879.80</b>
Income Distribution (sen per unit)	4.25	4.00	<b>4.00</b>
Benchmark Return (%)	3.04	1.95	<b>1.85</b>

### ASSET ALLOCATION

(% of Net Asset Value)

Financial Year Ended 31 Mar	2020	2021	2022
Equity	79.04	79.09	<b>82.42</b>
Fixed Income	13.43	8.48	<b>6.72</b>
Others	7.53	12.43	<b>10.86</b>
<b>TOTAL</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

Notes:

1. Source: Fund Annual Report 2022
2. The above Summarised Statements of Comprehensive Income and Summarised Statements of Financial Position are derived from the audited financial statements of the respective unit trust funds

## UNIT TRUST FUNDS

(INCORPORATED IN MALAYSIA)

**ASM 2 Wawasan****Launch Date**

28 August 1996

**Fund Type**

Income

**Fund Category**

Mixed Asset

**Investment Objective**

To provide a reasonable level of regular distribution income to unitholders from investments in a selected portfolio of authorised investments.

**Asset Allocation**

- Up to 90% of its Value of Fund (VOF) in equities
- Up to 50% of its VOF in other asset classes
- Minimum 5% of its VOF in cash or liquid assets

**Performance Benchmark**

Maybank 12-Month Fixed Deposit

## Notes:

1. Source: Fund Annual Report 2022.
2. The above Summarised Statements of Comprehensive Income and Summarised Statements of Financial Position are derived from the audited financial statements of the respective unit trust funds.

### FUND SNAPSHOT

Financial Year Ended 31 Aug	2020	2021	2022
Units in Circulation (million units)	22,586	23,031	<b>23,533</b>
Number of accounts	890,038	897,145	<b>906,646</b>

### FUND FINANCIALS

Summarised Statements of Comprehensive Income for the year ended 31 Aug (RM'000)	2020	2021	2022
Total investment income	1,046,150	1,171,876	<b>933,238</b>
Total expenses	180,057	245,027	<b>159,172</b>
Net income before taxation	866,093	926,849	<b>774,066</b>
Less: Taxation	-	-	-
Net income after taxation	866,093	926,849	<b>774,066</b>
Other comprehensive income	-	-	-
<b>Total comprehensive income</b>	<b>866,093</b>	<b>926,849</b>	<b>774,066</b>

## UNIT TRUST FUNDS

(INCORPORATED IN MALAYSIA)

### FUND PERFORMANCE

Financial Year Ended 31 Aug	2020	2021	2022
Income Distribution (RM million)	901.71	919.06	<b>882.25</b>
Income Distribution (sen per unit)	4.00	4.00	<b>3.75</b>
Benchmark Return (%)	2.60	1.85	<b>1.98</b>

### ASSET ALLOCATION

(% of Net Asset Value)

Financial Year Ended 31 Aug	2020	2021	2022
Equity	79.82	82.49	<b>82.10</b>
Fixed Income	12.04	9.95	<b>9.23</b>
Others	8.14	7.56	<b>8.67</b>
<b>TOTAL</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

Notes:

1. Source: Fund Annual Report 2022
2. The above Summarised Statements of Comprehensive Income and Summarised Statements of Financial Position are derived from the audited financial statements of the respective unit trust funds

## UNIT TRUST FUNDS

(INCORPORATED IN MALAYSIA)



ASM 3

**Launch Date**

5 August 2009

**Fund Type**

Income

**Fund Category**

Mixed Asset

**Investment Objective**

To provide a regular and consistent income stream whilst preserving unitholders' investment capital over a long-term horizon through a diversified portfolio of investments.

**Asset Allocation**

- Up to 90% of its Value of Fund (VOF) in equities
- Up to 50% of its VOF in other asset classes
- Minimum 5% of its VOF in cash or liquid assets

**Performance Benchmark**

Maybank 12-Month Fixed Deposit

## Notes:

1. Source: Fund Annual Report 2022.
2. The above Summarised Statements of Comprehensive Income and Summarised Statements of Financial Position are derived from the audited financial statements of the respective unit trust funds.

### FUND SNAPSHOT

Financial Year Ended 30 Sep	2020	2021	2022
Units in Circulation (million units)	14,314	14,826	<b>15,298</b>
Number of accounts	513,720	525,038	<b>551,685</b>

### FUND FINANCIALS

Summarised Statements of Comprehensive Income for the year ended 30 Sep (RM'000)	2020	2021	2022
Total investment income	732,637	830,587	<b>711,633</b>
Total expenses	181,612	247,454	<b>103,517</b>
Net income before taxation	551,025	583,133	<b>608,116</b>
Less: Taxation	-	-	-
Net income after taxation	551,025	583,133	<b>608,116</b>
Other comprehensive income	-	-	-
<b>Total comprehensive income</b>	<b>551,025</b>	<b>583,133</b>	<b>608,116</b>

## UNIT TRUST FUNDS

(INCORPORATED IN MALAYSIA)

### FUND PERFORMANCE

Financial Year Ended 30 Sep	2020	2021	2022
Income Distribution (RM million)	567.79	589.31	<b>572.67</b>
Income Distribution (sen per unit)	4.00	4.00	<b>3.75</b>
Benchmark Return (%)	2.50	1.85	<b>2.04</b>

### ASSET ALLOCATION

(% of Net Asset Value)

Financial Year Ended 30 Sep	2020	2021	2022
Equity	82.86	85.76	<b>84.74</b>
Fixed Income	9.85	6.89	<b>5.99</b>
Others	7.29	7.35	<b>9.27</b>
<b>TOTAL</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

Notes:

1. Source: Fund Annual Report 2022
2. The above Summarised Statements of Comprehensive Income and Summarised Statements of Financial Position are derived from the audited financial statements of the respective unit trust funds

## UNIT TRUST FUNDS

(INCORPORATED IN MALAYSIA)



### Launch Date

20 April 1981

### Fund Type

Growth

### Fund Category

Equity

### Investment Objective

To generate a reasonable level of income distribution and capital appreciation to unitholders through a diversified portfolio of investments.

### Asset Allocation

- 70% - 90% of the fund's Net Asset Value (NAV) in equities
- The balance of its NAV in fixed income securities, money market instruments and other capital market instruments as permitted by the fund's deed, inclusive of liquid assets.

### Performance Benchmark

80% FTSE Bursa Malaysia 100 (FBM100); 20% Maybank 12-Month Fixed Deposit

### Notes:

1. Source: Fund Annual Report 2022.
2. The above Summarised Statements of Comprehensive Income and Summarised Statements of Financial Position are derived from the audited financial statements of the respective unit trust funds.

## FUND SNAPSHOT

Financial Year Ended 31 Dec	2020	2021	2022
Units in Circulation (million units)	1,801	1,755	<b>1,732</b>
Number of accounts	1,214,483	1,213,161	<b>1,210,294</b>

## FUND FINANCIALS

Summarised Statements of Comprehensive Income for the year ended 31 Dec (RM'000)	2020	2021	2022
Total investment income/(loss)	60,659	29,574	<b>(33,534)</b>
Total expenses	13,169	16,075	<b>13,732</b>
Net income/(loss) before taxation	47,490	13,499	<b>(47,266)</b>
Less: Taxation	-	-	-
Net income/(loss) after taxation	47,490	13,499	<b>(47,266)</b>
Other comprehensive loss	(31,371)	(4,458)	<b>(9,950)</b>
<b>Total comprehensive income/(loss)</b>	<b>16,119</b>	<b>9,041</b>	<b>(57,216)</b>
Total comprehensive income/(loss) for the year is made up of the following:			
Realised	36,948	32,938	<b>30,253</b>
Unrealised	(20,829)	(23,897)	<b>(87,469)</b>
	16,119	9,041	<b>(57,216)</b>



## UNIT TRUST FUNDS

(INCORPORATED IN MALAYSIA)

Summarised Statements of Financial Position as at 31 Dec (RM'000)	2020	2021	2022
Investments	1,144,435	1,074,728	<b>962,597</b>
Other Assets	10,768	21,070	<b>45,127</b>
Total Assets	1,155,203	1,095,798	<b>1,007,724</b>
Liabilities	(37,788)	(29,312)	<b>(42,920)</b>
<b>Unitholder Capital/NAV</b>	<b>1,117,415</b>	<b>1,066,486</b>	<b>964,804</b>

### FUND PERFORMANCE

Financial Year Ended 31 Dec	2020	2021	2022
Distribution Yield (%)	3.26	2.63	<b>2.98</b>
Total Return (%)	1.25	0.55	<b>(5.66)</b>
Benchmark Return (%)	3.53	(2.96)	<b>(3.76)</b>

Financial Year Ended 31 Dec	1 Year	3 Years	5 Years
Annualised Total Return (%)	(5.66)	(1.34)	<b>(2.31)</b>
Benchmark Return (%)	(3.76)	(1.12)	<b>(2.38)</b>

### ASSET ALLOCATION

(% of Net Asset Value)

Financial Year Ended 31 Dec	2020	2021	2022
Equity	90.09	88.14	<b>84.31</b>
Fixed Income	5.27	2.93	<b>5.22</b>
Others	4.64	8.93	<b>10.47</b>
<b>TOTAL</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

#### Notes:

- Source: Fund Annual Report 2022
- The above Summarised Statements of Comprehensive Income and Summarised Statements of Financial Position are derived from the audited financial statements of the respective unit trust funds

## UNIT TRUST FUNDS

(INCORPORATED IN MALAYSIA)



### ASN Equity 2

#### Launch Date

9 June 1999

#### Fund Type

Growth

#### Fund Category

Equity

#### Investment Objective

To provide unitholders with a reasonable dividend yield and capital appreciation at an acceptable level of risk through investments made in accordance with the Deed and securities law in a diversified portfolio of securities, principally in Malaysian equity securities.

#### Asset Allocation

- 70% - 90% of the fund's Net Asset Value (NAV) in equities
- The balance of its NAV in fixed income securities, money market instruments and other capital market instruments as permitted by the fund's deed, inclusive of liquid assets.

#### Performance Benchmark

80% FTSE Bursa Malaysia 100 (FBM100); 20% Maybank 12-Month Fixed Deposit

#### Notes:

1. Source: Fund Annual Report 2022.
2. The above Summarised Statements of Comprehensive Income and Summarised Statements of Financial Position are derived from the audited financial statements of the respective unit trust funds.

### FUND SNAPSHOT

Financial Year Ended 30 Jun	2020	2021	2022
Units in Circulation (million units)	1,471	1,299	<b>1,237</b>
Number of accounts	33,277	34,577	<b>35,409</b>

### FUND FINANCIALS

Summarised Statements of Comprehensive Income for the year ended 30 Jun (RM'000)	2020	2021	2022
Total investment income/(loss)	30,200	61,024	<b>(47,412)</b>
Total expenses	9,604	12,574	<b>10,004</b>
Net income/(loss) before taxation	20,596	48,450	<b>(57,416)</b>
Less: Taxation	-	-	-
Net income/(loss) after taxation	20,596	48,450	<b>(57,416)</b>
Other comprehensive income/(loss)	(74,715)	12,075	<b>(44,021)</b>
<b>Total comprehensive income/(loss)</b>	<b>(54,119)</b>	<b>60,525</b>	<b>(101,437)</b>
Total comprehensive income/(loss) for the year is made up of the following:			
Realised	29,531	24,268	<b>13,186</b>
Unrealised	(83,650)	36,257	<b>(114,623)</b>
	(54,119)	60,525	<b>(101,437)</b>

## UNIT TRUST FUNDS

(INCORPORATED IN MALAYSIA)

Summarised Statements of Financial Position as at 30 Jun (RM'000)	2020	2021	2022
Investments	767,542	662,255	<b>560,803</b>
Other Assets	5,840	37,263	<b>33,762</b>
Total Assets	773,382	699,518	<b>594,565</b>
Liabilities	(40,936)	(40,362)	<b>(95,620)</b>
<b>Unitholder Capital/NAV</b>	<b>732,446</b>	<b>659,156</b>	<b>498,945</b>

### FUND PERFORMANCE

Financial Year Ended 30 Jun	2020	2021	2022
Distribution Yield (%)	4.02	3.47	<b>2.78</b>
Total Return (%)	(6.77)	5.42	<b>(18.27)</b>
Benchmark Return (%)	(7.77)	4.05	<b>(5.64)</b>

Financial Year Ended 30 Jun	1 Year	3 Years	5 Years
Annualised Total Return (%)	(18.27)	(7.04)	<b>(4.31)</b>
Benchmark Return (%)	(5.64)	(3.25)	<b>(2.46)</b>

### ASSET ALLOCATION

(% of Net Asset Value)

Financial Year Ended 30 Jun	2020	2021	2022
Equity	89.26	86.83	<b>83.75</b>
Fixed Income	7.78	3.15	<b>2.03</b>
Others	2.96	10.02	<b>14.22</b>
<b>TOTAL</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

#### Notes:

- Source: Fund Annual Report 2022
- The above Summarised Statements of Comprehensive Income and Summarised Statements of Financial Position are derived from the audited financial statements of the respective unit trust funds

## UNIT TRUST FUNDS

(INCORPORATED IN MALAYSIA)



### ASN Equity 3

#### Launch Date

17 March 2003

#### Fund Type

Growth &amp; Income

#### Fund Category

Equity

#### Investment Objective

To provide an investment opportunity which generates reasonable long-term growth and returns to fulfil part or all of the immediate liquidity requirements to enable the unitholders and/or their children and/or charges to continuously meet their on-going medical requirements in the long-term.

#### Asset Allocation

- 70% - 90% of the fund's Net Asset Value (NAV) in equities
- The balance of its NAV in fixed income securities, money market instruments and other capital market instruments as permitted by the fund's deed, inclusive of liquid assets.

#### Performance Benchmark

80% FTSE Bursa Malaysia 100 (FBM100); 20% Maybank 12-Month Fixed Deposit

#### Notes:

1. Source: Fund Annual Report 2022.
2. The above Summarised Statements of Comprehensive Income and Summarised Statements of Financial Position are derived from the audited financial statements of the respective unit trust funds.

### FUND SNAPSHOT

Financial Year Ended 31 Mar	2020	2021	2022
Units in Circulation (million units)	2,414	2,164	<b>1,992</b>
Number of accounts	89,327	86,306	<b>84,950</b>

### FUND FINANCIALS

Summarised Statements of Comprehensive Income for the year ended 31 Mar (RM'000)	2020	2021	2022
Total investment income	53,696	134,816	<b>21,928</b>
Total expenses	27,485	26,895	<b>24,865</b>
Net income/(loss) before taxation	26,211	107,921	<b>(2,937)</b>
Less: Taxation	-	-	-
Net income/(loss) after taxation	26,211	107,921	<b>(2,937)</b>
Other comprehensive income/(loss)	(286,803)	253,390	<b>17,747</b>
<b>Total comprehensive income/(loss)</b>	<b>(260,592)</b>	<b>361,311</b>	<b>14,810</b>
Total comprehensive income/(loss) for the year is made up of the following:			
Realised	97,345	76,834	<b>52,707</b>
Unrealised	(357,937)	284,477	<b>(37,897)</b>
	(260,592)	361,311	<b>14,810</b>

## UNIT TRUST FUNDS

(INCORPORATED IN MALAYSIA)

Summarised Statements of Financial Position as at 31 Mar (RM'000)	2020	2021	2022
Investments	1,916,021	1,979,369	<b>1,750,781</b>
Other Assets	55,011	33,294	<b>52,072</b>
Total Assets	1,971,032	2,012,663	<b>1,802,853</b>
Liabilities	(81,020)	(84,015)	<b>(84,272)</b>
<b>Unitholder Capital/NAV</b>	<b>1,890,012</b>	<b>1,928,648</b>	<b>1,718,581</b>

### FUND PERFORMANCE

Financial Year Ended 31 Mar	2020	2021	2022
Distribution Yield (%)	4.15	3.96	<b>2.96</b>
Total Return (%)	(11.62)	18.32	<b>(0.34)</b>
Benchmark Return (%)	(15.41)	18.73	<b>(1.06)</b>

Financial Year Ended 31 Mar	1 Year	3 Years	5 Years
Annualised Total Return (%)	(0.34)	1.39	<b>1.11</b>
Benchmark Return (%)	(1.06)	(0.21)	<b>(0.70)</b>

### ASSET ALLOCATION

(% of Net Asset Value)

Financial Year Ended 31 Mar	2020	2021	2022
Equity	81.92	85.99	<b>82.40</b>
Fixed Income	8.17	6.75	<b>6.86</b>
Others	9.91	7.26	<b>10.74</b>
<b>TOTAL</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

Notes:

- Source: Fund Annual Report 2022
- The above Summarised Statements of Comprehensive Income and Summarised Statements of Financial Position are derived from the audited financial statements of the respective unit trust funds

## UNIT TRUST FUNDS

(INCORPORATED IN MALAYSIA)



## ASN Equity 5

**Launch Date**

24 September 2018

**Fund Type**

Growth

**Fund Category**

Equity

**Investment Objective**

To generate a reasonable level of capital appreciation and income distribution to the unitholders through a diversified portfolio of investments.

**Asset Allocation**

- 70% - 90% of the fund's Net Asset Value (NAV) in equities
- The balance of its NAV in fixed income securities, money market instruments and other capital market instruments as permitted by the fund's deed, inclusive of liquid assets.

**Performance Benchmark**

80% FTSE Bursa Malaysia 100 (FBM100); 20% Maybank 12-Month Fixed Deposit

## Notes:

1. Source: Fund Annual Report 2022.
2. The above Summarised Statements of Comprehensive Income and Summarised Statements of Financial Position are derived from the audited financial statements of the respective unit trust funds.

## FUND SNAPSHOT

Financial Year Ended 30 Sep	2020	2021	2022
Units in Circulation (million units)	414	344	<b>378</b>
Number of accounts	11,036	11,202	<b>13,297</b>

## FUND FINANCIALS

Summarised Statements of Comprehensive Income for the year ended 30 Sep (RM'000)	2020	2021	2022
Total investment income/(loss)	23,162	22,897	<b>(13,934)</b>
Total expenses	5,590	7,913	<b>5,195</b>
Net income/(loss) before taxation	17,572	14,984	<b>(19,129)</b>
Less: Taxation	-	-	-
Net income/(loss) after taxation	17,572	14,984	<b>(19,129)</b>
Other comprehensive income/(loss)	(21,658)	23,839	<b>(18,085)</b>
<b>Total comprehensive income/(loss)</b>	<b>(4,086)</b>	<b>38,823</b>	<b>(37,214)</b>
Total comprehensive income/(loss) for the year is made up of the following:			
Realised	13,520	12,017	<b>9,803</b>
Unrealised	(17,606)	26,806	<b>(47,017)</b>
	(4,086)	38,823	<b>(37,214)</b>

## UNIT TRUST FUNDS

(INCORPORATED IN MALAYSIA)

Summarised Statements of Financial Position as at 30 Sep (RM'000)	2020	2021	2022
Investments	378,550	328,194	<b>314,631</b>
Other Assets	13,304	13,267	<b>8,261</b>
Total Assets	391,855	341,461	<b>322,892</b>
Liabilities	(24,741)	(13,225)	<b>(10,246)</b>
<b>Unitholder Capital/NAV</b>	<b>367,114</b>	<b>328,236</b>	<b>312,646</b>

### FUND PERFORMANCE

Financial Year Ended 30 Sep	2020	2021	2022
Distribution Yield (%)	3.49	2.99	<b>2.83</b>
Total Return (%)	(0.56)	10.71	<b>(10.77)</b>
Benchmark Return (%)	(2.00)	3.01	<b>(8.83)</b>

Financial Year Ended 30 Sep	1 Year	3 Years	Since inception
Annualised Total Return (%)	(10.77)	(0.59)	<b>(1.42)</b>
Benchmark Return (%)	(8.83)	(2.73)	<b>(4.04)</b>

### ASSET ALLOCATION

(% of Net Asset Value)

Financial Year Ended 30 Sep	2020	2021	2022
Equity	88.23	88.44	<b>83.07</b>
Fixed Income	4.24	-	<b>9.46</b>
Others	7.53	11.56	<b>7.47</b>
<b>TOTAL</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

#### Notes:

- Source: Fund Annual Report 2022
- The above Summarised Statements of Comprehensive Income and Summarised Statements of Financial Position are derived from the audited financial statements of the respective unit trust funds

## UNIT TRUST FUNDS

(INCORPORATED IN MALAYSIA)



ASN Imbang 1

**Launch Date**

16 October 2001

**Fund Type**

Balanced

**Fund Category**

Mixed Asset

**Investment Objective**

To generate capital growth over the medium to long-term period by investing in a balanced portfolio of investments and through re-investment of distribution, if any.

**Asset Allocation**

- 35% - 65% of the fund's Net Asset Value (NAV) in equities
- The balance of its NAV in fixed income securities, money market instruments and other capital market instruments as permitted by the fund's deed, inclusive of liquid assets.

**Performance Benchmark**

50% FTSE Bursa Malaysia 100 (FBM100): 50% Maybank 12-Month Fixed Deposit

## Notes:

1. Source: Fund Annual Report 2022.
2. The above Summarised Statements of Comprehensive Income and Summarised Statements of Financial Position are derived from the audited financial statements of the respective unit trust funds.

## FUND SNAPSHOT

Financial Year Ended 30 Nov	2020	2021	2022
Units in Circulation (million units)	1,222	1,002	916
Number of accounts	46,156	44,752	47,559

## FUND FINANCIALS

Summarised Statements of Comprehensive Income for the year ended 30 Nov (RM'000)	2020	2021	2022
Total investment income/(loss)	71,804	53,215	(22,923)
Total expenses	14,334	13,710	12,895
Net income/(loss) before taxation	57,470	39,505	(35,818)
Less: Taxation	-	-	-
Net income/(loss) after taxation	57,470	39,505	(35,818)
Other comprehensive income/(loss)	(38,032)	29,972	(5,143)
<b>Total comprehensive income/(loss)</b>	<b>19,438</b>	<b>69,477</b>	<b>(40,961)</b>
Total comprehensive income/(loss) for the year is made up of the following:			
Realised	41,321	30,688	25,369
Unrealised	(21,883)	38,789	(66,330)
	19,438	69,477	(40,961)



## UNIT TRUST FUNDS

(INCORPORATED IN MALAYSIA)

Summarised Statements of Financial Position as at 30 Nov (RM'000)	2020	2021	2022
Investments	1,156,866	978,414	<b>791,532</b>
Other Assets	25,090	8,571	<b>44,941</b>
Total Assets	1,181,956	986,985	<b>836,473</b>
Liabilities	(58,090)	(33,818)	<b>(27,512)</b>
<b>Unitholder Capital/NAV</b>	<b>1,123,866</b>	<b>953,167</b>	<b>808,961</b>

### FUND PERFORMANCE

Financial Year Ended 30 Nov	2020	2021	2022
Distribution Yield (%)	3.61	2.88	<b>3.07</b>
Total Return (%)	1.75	6.38	<b>(4.28)</b>
Benchmark Return (%)	2.49	(0.45)	<b>(0.64)</b>

Financial Year Ended 30 Nov	1 Year	3 Years	5 Years
Annualised Total Return (%)	(4.28)	1.19	<b>0.64</b>
Benchmark Return (%)	(0.64)	0.46	<b>(0.02)</b>

### ASSET ALLOCATION

(% of Net Asset Value)

Financial Year Ended 30 Nov	2020	2021	2022
Equity	60.08	59.83	<b>47.99</b>
Fixed Income	33.46	34.44	<b>34.54</b>
Others	6.46	5.73	<b>17.47</b>
<b>TOTAL</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

#### Notes:

- Source: Fund Annual Report 2022
- The above Summarised Statements of Comprehensive Income and Summarised Statements of Financial Position are derived from the audited financial statements of the respective unit trust funds

## UNIT TRUST FUNDS

(INCORPORATED IN MALAYSIA)


**ASN Imbang 2**
**Launch Date**

17 March 2003

**Fund Type**

Growth &amp; Income

**Fund Category**

Mixed Asset Balanced

**Investment Objective**

To provide an investment opportunity which generates reasonable long-term growth and returns to meet part or all of the periodic liquidity requirements of unitholders and enable them to fulfil the financial planning needs for education of the unitholders and/or their children.

**Asset Allocation**

- 35% - 65% of the fund's Net Asset Value (NAV) in equities
- The balance of its NAV in fixed income securities, money market instruments and other capital market instruments as permitted by the fund's deed, inclusive of liquid assets.

**Performance Benchmark**

50% FTSE Bursa Malaysia 100 (FBM100); 50% Maybank 12-Month Fixed Deposit

**Notes:**

1. Source: Fund Annual Report 2022.
2. The above Summarised Statements of Comprehensive Income and Summarised Statements of Financial Position are derived from the audited financial statements of the respective unit trust funds.

### FUND SNAPSHOT

Financial Year Ended 31 Mar	2020	2021	2022
Units in Circulation (million units)	1,627	1,460	<b>1,286</b>
Number of accounts	86,426	85,147	<b>83,245</b>

### FUND FINANCIALS

Summarised Statements of Comprehensive Income for the year ended 31 Mar (RM'000)	2020	2021	2022
Total investment income	32,497	169,266	<b>5,604</b>
Total expenses	15,944	17,765	<b>17,932</b>
Net income/(loss) before taxation	16,553	151,501	<b>(12,328)</b>
Less: Taxation	-	-	-
Net income/(loss) after taxation	16,553	151,501	<b>(12,328)</b>
Other comprehensive income/(loss)	(121,130)	73,282	<b>11,208</b>
<b>Total comprehensive income/(loss)</b>	<b>(104,577)</b>	<b>224,783</b>	<b>(1,120)</b>
Total comprehensive income/(loss) for the year is made up of the following:			
Realised	53,093	49,054	<b>35,300</b>
Unrealised	(157,670)	175,729	<b>(36,420)</b>
	(104,577)	224,783	<b>(1,120)</b>

## UNIT TRUST FUNDS

(INCORPORATED IN MALAYSIA)

Summarised Statements of Financial Position as at 31 Mar (RM'000)	2020	2021	2022
Investments	1,347,866	1,374,038	<b>1,115,105</b>
Other Assets	44,253	24,284	<b>95,363</b>
Total Assets	1,392,119	1,398,322	<b>1,210,468</b>
Liabilities	(59,093)	(48,124)	<b>(54,583)</b>
<b>Unitholder Capital/NAV</b>	<b>1,333,026</b>	<b>1,350,198</b>	<b>1,155,885</b>

### FUND PERFORMANCE

Financial Year Ended 31 Mar	2020	2021	2022
Distribution Yield (%)	4.27	3.36	<b>2.85</b>
Total Return (%)	(6.68)	16.64	<b>(0.10)</b>
Benchmark Return (%)	(8.77)	12.32	<b>0.12</b>

Financial Year Ended 31 Mar	1 Year	3 Years	5 Years
Annualised Total Return (%)	(0.10)	2.83	<b>2.61</b>
Benchmark Return (%)	0.12	0.86	<b>0.80</b>

### ASSET ALLOCATION

(% of Net Asset Value)

Financial Year Ended 31 Mar	2020	2021	2022
Equity	51.66	58.87	<b>55.04</b>
Fixed Income	38.62	28.96	<b>29.19</b>
Others	9.72	12.17	<b>15.77</b>
<b>TOTAL</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

#### Notes:

- Source: Fund Annual Report 2022
- The above Summarised Statements of Comprehensive Income and Summarised Statements of Financial Position are derived from the audited financial statements of the respective unit trust funds

## UNIT TRUST FUNDS

(INCORPORATED IN MALAYSIA)



**ASN Imbang 3  
Global**

### Launch Date

16 September 2020

### Fund Type

Growth & Income

### Fund Category

Mixed Asset Balance

### Investment Objective

To generate a reasonable level of capital appreciation and income distribution to the unitholders by investing in a balanced portfolio of investments.

### Asset Allocation

- 35% - 65% of the fund's NAV in equities
- The balance of its NAV in fixed income securities and money market instruments, inclusive of liquid assets

### Performance Benchmark

50% MSCI ACWI: 50% Maybank 12-months Fixed Deposit

### Notes:

1. Source: Fund Annual Report 2022.
2. The above Summarised Statements of Comprehensive Income and Summarised Statements of Financial Position are derived from the audited financial statements of the respective unit trust funds.

## FUND SNAPSHOT

Financial Year Ended 31 Dec	2021	2022
Units in Circulation (million units)	1,380	<b>1,511</b>
Number of accounts	29,378	<b>36,812</b>

## FUND FINANCIALS

Summarised Statements of Comprehensive Income for the year ended 31 Dec (RM'000)	16.9.2020 to 31.12.2021	2022
Total investment income/(loss)	25,828	<b>(148,033)</b>
Total expenses	19,095	<b>23,074</b>
Net income/(loss) before taxation	6,733	<b>(171,107)</b>
Less: Taxation	-	-
Net income/(loss) after taxation	6,733	<b>(171,107)</b>
Other comprehensive loss	(1,375)	<b>(4,612)</b>
<b>Total comprehensive income/(loss)</b>	<b>5,358</b>	<b>(175,719)</b>
Total comprehensive income/(loss) for the year is made up of the following:		
Realised	13,397	<b>8,833</b>
Unrealised	(8,039)	<b>(184,552)</b>
	5,358	<b>(175,719)</b>

## UNIT TRUST FUNDS

(INCORPORATED IN MALAYSIA)

Summarised Statements of Financial Position as at 31 Dec (RM'000)	2021	2022
Investments	1,394,369	<b>1,329,250</b>
Other Assets	29,263	<b>38,045</b>
Total Assets	1,423,632	<b>1,367,295</b>
Liabilities	(18,689)	<b>(11,462)</b>
<b>Unitholder Capital/NAV</b>	<b>1,404,943</b>	<b>1,355,833</b>

### FUND PERFORMANCE

Financial Year Ended 31 Mar	2021	2022
Distribution Yield (%)	1.23	<b>0.50</b>
Total Return (%)	3.04	<b>(11.45)</b>
Benchmark Return (%)	16.68	<b>(6.45)</b>

Financial Year Ended 31 Mar	1 Year	Since inception
Annualised Total Return (%)	(11.45)	<b>(3.92)</b>
Benchmark Return (%)	(6.45)	<b>3.90</b>

### ASSET ALLOCATION

(% of Net Asset Value)

Financial Year Ended 31 Mar	2021	2022
Equity	55.18	<b>36.83</b>
Fixed Income	14.84	<b>42.95</b>
Others	29.98	<b>20.22</b>
<b>TOTAL</b>	<b>100.00</b>	<b>100.00</b>

#### Notes:

1. Source: Fund Annual Report 2022
2. The above Summarised Statements of Comprehensive Income and Summarised Statements of Financial Position are derived from the audited financial statements of the respective unit trust funds

## UNIT TRUST FUNDS

(INCORPORATED IN MALAYSIA)



ASN Sara 1

**Launch Date**

17 March 2003

**Fund Type**

Growth &amp; Income

**Fund Category**

Mixed Asset Conservative

**Investment Objective**

To provide an investment opportunity which generates reasonable long-term growth and returns, and a reliable income stream to enable unitholders and/or their children and/or charges to meet part or all of their retirement needs.

**Asset Allocation**

- 20% - 80% of the fund's Net Asset Value (NAV) in fixed income securities and money market instruments, inclusive of liquid assets
- The balance of its NAV in equities

**Performance Benchmark**

30% FTSE Bursa Malaysia 100 (FBM100); 70% Maybank 12-Month Fixed Deposit

## Notes:

1. Source: Fund Annual Report 2022.
2. The above Summarised Statements of Comprehensive Income and Summarised Statements of Financial Position are derived from the audited financial statements of the respective unit trust funds.

## FUND SNAPSHOT

Financial Year Ended 31 Mar	2020	2021	2022
Units in Circulation (million units)	2,043	2,609	<b>2,395</b>
Number of accounts	69,872	85,776	<b>96,801</b>

## FUND FINANCIALS

Summarised Statements of Comprehensive Income for the year ended 31 Mar (RM'000)	2020	2021	2022
Total investment income	77,934	220,710	<b>12,031</b>
Total expenses	22,417	31,091	<b>32,713</b>
Net income/(loss) before taxation	55,517	189,619	<b>(20,682)</b>
Less: Taxation	-	-	-
Net income/(loss) after taxation	55,517	189,619	<b>(20,682)</b>
Other comprehensive income/(loss)	(90,613)	66,370	<b>23,975</b>
<b>Total comprehensive income/(loss)</b>	<b>(35,096)</b>	<b>255,989</b>	<b>3,293</b>
Total comprehensive income/(loss) for the year is made up of the following:			
Realised	86,674	89,024	<b>75,375</b>
Unrealised	(121,770)	166,965	<b>(72,082)</b>
	(35,096)	255,989	<b>3,293</b>

## UNIT TRUST FUNDS

(INCORPORATED IN MALAYSIA)

Summarised Statements of Financial Position as at 31 Mar (RM'000)	2020	2021	2022
Investments	2,160,885	2,973,011	<b>2,617,508</b>
Other Assets	57,749	45,229	<b>99,062</b>
Total Assets	2,218,634	3,018,240	<b>2,716,570</b>
Liabilities	(95,832)	(94,487)	<b>(102,295)</b>
<b>Unitholder Capital/NAV</b>	<b>2,122,802</b>	<b>2,923,753</b>	<b>2,614,275</b>

### FUND PERFORMANCE

Financial Year Ended 31 Mar	2020	2021	2022
Distribution Yield (%)	4.38	3.14	<b>2.75</b>
Total Return (%)	(0.90)	11.22	<b>0.10</b>
Benchmark Return (%)	(4.15)	8.13	<b>0.86</b>

Financial Year Ended 31 Mar	1 Year	3 Years	5 Years
Annualised Total Return (%)	0.10	3.33	<b>3.35</b>
Benchmark Return (%)	0.86	1.49	<b>1.65</b>

### ASSET ALLOCATION

(% of Net Asset Value)

Financial Year Ended 31 Mar	2020	2021	2022
Equity	28.16	29.25	<b>36.60</b>
Fixed Income	61.14	56.50	<b>54.45</b>
Others	10.70	14.25	<b>8.95</b>
<b>TOTAL</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

Notes:

1. Source: Fund Annual Report 2022
2. The above Summarised Statements of Comprehensive Income and Summarised Statements of Financial Position are derived from the audited financial statements of the respective unit trust funds.

## UNIT TRUST FUNDS

(INCORPORATED IN MALAYSIA)



### ASN Sara 2

#### Launch Date

24 September 2018

#### Fund Type

Conservative

#### Fund Category

Mixed Asset

#### Investment Objective

To provide investors with liquidity and regular income stream with potential long-term capital growth.

#### Asset Allocation

- 20% - 80% of the fund's Net Asset Value (NAV) in fixed income securities and money market instruments, inclusive of liquid assets
- The balance of its NAV in equities

#### Performance Benchmark

30% FTSE Bursa Malaysia 100 (FBM100); 70% Maybank 12-Month Fixed Deposit

#### Notes:

1. Source: Fund Annual Report 2022.
2. The above Summarised Statements of Comprehensive Income and Summarised Statements of Financial Position are derived from the audited financial statements of the respective unit trust funds.

## FUND SNAPSHOT

Financial Year Ended 30 Sep	2020	2021	2022
Units in Circulation (million units)	1,702	1,712	<b>1,553</b>
Number of accounts	39,589	42,860	<b>44,421</b>

## FUND FINANCIALS

Summarised Statements of Comprehensive Income for the year ended 30 Sep (RM'000)	2020	2021	2022
Total investment income/(loss)	72,237	59,949	<b>(70,525)</b>
Total expenses	15,715	21,628	<b>19,202</b>
Net income/(loss) before taxation	56,522	38,321	<b>(89,727)</b>
Less: Taxation	-	-	-
Net income/(loss) after taxation	56,522	38,321	<b>(89,727)</b>
Other comprehensive income/(loss)	7,348	24,255	<b>(25,592)</b>
<b>Total comprehensive income/(loss)</b>	<b>63,870</b>	<b>62,576</b>	<b>(115,319)</b>
Total comprehensive income/(loss) for the year is made up of the following:			
Realised	48,254	48,738	<b>45,085</b>
Unrealised	15,616	13,838	<b>(160,404)</b>
	63,870	62,576	<b>(115,319)</b>



## UNIT TRUST FUNDS

(INCORPORATED IN MALAYSIA)

Summarised Statements of Financial Position as at 30 Sep (RM'000)	2020	2021	2022
Investments	1,735,688	1,750,478	<b>1,398,105</b>
Other Assets	38,023	28,807	<b>60,033</b>
Total Assets	1,773,711	1,779,285	<b>1,458,138</b>
Liabilities	(68,073)	(49,700)	<b>(44,261)</b>
<b>Unitholder Capital/NAV</b>	<b>1,705,638</b>	<b>1,729,585</b>	<b>1,413,877</b>

### FUND PERFORMANCE

Financial Year Ended 30 Sep	2020	2021	2022
Distribution Yield (%)	3.59	2.77	<b>2.94</b>
Total Return (%)	5.31	3.58	<b>(7.20)</b>
Benchmark Return (%)	1.04	2.40	<b>(2.03)</b>

Financial Year Ended 30 Sep	1 Year	3 Years	Since inception
Annualised Total Return (%)	(7.20)	0.41	<b>1.00</b>
Benchmark Return (%)	(2.03)	0.45	<b>0.09</b>

### ASSET ALLOCATION

(% of Net Asset Value)

Financial Year Ended 30 Sep	2020	2021	2022
Equity	29.35	37.46	<b>29.36</b>
Fixed Income	46.98	50.35	<b>58.20</b>
Others	23.67	12.19	<b>12.44</b>
<b>TOTAL</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

#### Notes:

- Source: Fund Annual Report 2022
- The above Summarised Statements of Comprehensive Income and Summarised Statements of Financial Position are derived from the audited financial statements of the respective unit trust funds.

## UNIT TRUST FUNDS

(INCORPORATED IN MALAYSIA)


**ASN Equity Global**
**Launch Date**

1 September 2021

**Fund Type**

Growth

**Fund Category**

Equity

**Investment Objective**

The Fund seek to provide investors with capital growth opportunities through investment in securities primarily in the global equity market.

**Asset Allocation**

- 75% - 99% of the fund's NAV in global equities and equity-related securities
- The balance of its NAV in money market and fixed income instruments

**Performance Benchmark**

90% MSCI ACWI: 10% Maybank 1-month Fixed Deposit

**Notes:**

1. Source: Fund Annual Report 2022.
2. The above Summarised Statements of Comprehensive Income and Summarised Statements of Financial Position are derived from the audited financial statements of the respective unit trust funds.

### FUND SNAPSHOT

Financial Year Ended 31 Dec	2022
Units in Circulation (million units)	954
Number of accounts	24,146

### FUND FINANCIALS

Summarised Statements of Comprehensive Income for the year ended 31 Dec (RM'000)	1.9.2021 to 31.12.2022
Total investment loss	(134,132)
Total expenses	21,274
Net loss before taxation	(155,406)
Less: Taxation	-
Net loss after taxation	(155,406)
Other comprehensive loss	-
<b>Total comprehensive loss</b>	<b>(155,406)</b>
Total comprehensive loss for the year is made up of the following:	
Realised	(90,701)
Unrealised	(64,705)
	<b>(155,406)</b>

## UNIT TRUST FUNDS

(INCORPORATED IN MALAYSIA)

Summarised Statements of Financial Position as at 31 Dec (RM'000)	2022
Investments	778,838
Other Assets	12,450
Total Assets	791,288
Liabilities	(1,654)
<b>Unitholder Capital/NAV</b>	<b>789,634</b>

### FUND PERFORMANCE

Financial Year Ended 31 Dec	2022
Distribution Yield (%)	-
Total Return (%)	(17.21)
Benchmark Return (%)	(9.17)

Financial Year Ended 31 Dec	Since inception
Annualised Total Return (%)	(13.22)
Benchmark Return (%)	(9.17)

### ASSET ALLOCATION

(% of Net Asset Value)

Financial Year Ended 31 Dec	2022
Equity	70.30
Fixed Income	-
Others	29.70
<b>TOTAL</b>	<b>100.00</b>

#### Notes:

- Source: Fund Annual Report 2022
- The above Summarised Statements of Comprehensive Income and Summarised Statements of Financial Position are derived from the audited financial statements of the respective unit trust funds

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