

PNB

Uplifting Lives, Bridging the Nation

Integrated Annual Report 2023





Cover Rationale

Uplifting Lives, Bridging the Nation signifies PNB's mandate to enhance the economic wealth of the Bumiputera community and all Malaysians, for the prosperity of the nation. At the core of PNB's mandate is a profound sense of Purpose, to uplift the financial lives of Malaysians across generations.

Embracing diversity and inclusivity, PNB empowers its workforce to reach their full potential, recognising that varied perspectives drive innovative solutions. With agility, PNB navigates the ever-changing landscape, making strategic investments in sustainable initiatives that create long-term value.

Fuelled by courage and conviction, PNB boldly charts a course towards a brighter future, mindful of its responsibility as a steward of resources and the environment. By investing in sustainable practices and empowering the nation, PNB aims to leave a lasting legacy of positive impact, ensuring that prosperity extends far beyond its own time and benefits future generations.

01			
We Are PNB			
Our Renewed Purpose	4		
Key Financial Highlights	6		
A Sustainable Value Chain	10		
Our Approach to Sustainability	12		
Organisational Structure	16		
02			
Trust Built Through Strong Leadership			
Board of Trustees: Yayasan Pelaburan Bumiputra	19		
Board of Directors	20		
Leadership Team	24		
03			
Strategic Review			
Message From the Group Chairman	31		
The President & Group Chief Executive's Review	35		
04			
Creating Value			
Market Overview	41		
Engaging with Our Stakeholders	43		
Determining What is Material to Us	44		
The Risks We Consider	48		
05			
Portfolio Performance			
Strategic Asset Allocation	52		
Strategic Investments	54		
Public Markets	59		
Private Markets	63		
Real Estate	67		
ASNB Unit Trusts	73		
06			
Progressing with Our Sustainability Commitments			
Enable Transition to a Green Economy			76
· Net Zero Enterprise by 2025			76
· Net Zero Portfolio by 2050			78
· RM10 Billion in New Green and Transition Assets by 2030			83
Promote Equity and Inclusion			85
· Living Wage in PNB			85
· Labour Rights Policy			86
· 40% Women in PNB Leadership by 2025			92
· Balancing Profitability and Social Investments			93
Advocate Sound Governance Practices			111
· Triple Bottom Line Stewardship Model			111
· Transparency in Voting			113
· TCFD-Aligned Disclosure			115
07			
Continued Strength In Governance			
Corporate Governance Overview Statement			125
· Principle A : Board Leadership and Effectiveness			128
· Principle B : Effective Audit and Risk Management			142
· Principle C : Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders			162
Statement on Risk Management and Internal Control			163
08			
Sustaining Financial Value			
PNB Group Five-Year Consolidated Coterminous Proforma Financials			176
Independent Auditors' Report			177
Unit Trust Funds			179
09			
Appendix			
Enterprise GHG Performance Disclosure Statement			214
Statement of Assurance			217

Inside This Report

Basis of This Report

We are pleased to present Permodalan Nasional Berhad's (PNB) Integrated Annual Report (IAR) 2023 to our stakeholders. In our second IAR, we continue to showcase our commitment to enhancing reporting practices and disclosures in line with global practices. We aim to provide a transparent and comprehensive report detailing our business performance as well as our sustainability progress. This IAR follows the principles of the Integrated Reporting Framework established by the International Integrated Reporting Council.

Feedback

We welcome feedback and comments from our stakeholders, which can be communicated to us via info@pnb.com.my



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

Scope and Boundaries

Our financial and non-financial performance from 1 January 2023 to 31 December 2023 is elaborated in this IAR. All information provided are as at 31 December 2023 unless specified otherwise.

We also provide insights on our investment performance, strategic asset allocation and investment portfolios. These disclosures are complemented with our own assessments of challenges, opportunities and risks identified and encountered in FY2023 that has impacted the results of our performance.

References and Guidelines

PNB's IAR complies with the following disclosure requirements and frameworks:

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

We also adhere to the Global Reporting Initiative (GRI) which guides us in establishing our sustainability disclosures.

Materiality

The information included in this report is shaped by our material matters. Our materiality assessment process ensures we focus on what is most important to our target audience.

Assurance Approach

PNB's Enterprise emissions covering Scope 1 (mobile combustion), Scope 2 (purchased electricity), Scope 3 Category 5 (waste generated in operations), and Scope 3 Category 6 (business travel) for the period of 1 January 2023 to 31 December 2023 has obtained independent limited assurance by Ernst & Young PLT (EY) and presented to PNB's Management Sustainability Committee (MSC). EY's limited assurance report can be found on page 217 to 220. Additionally, the report's assurance comes from management, internal audit, independent external sources and service providers.

Forward-looking Statements

This report includes forward-looking statements reflecting our current outlook on PNB's future performance. Keywords such as "might", "forecast", "anticipate", "project", "may", "believe", "predict", "expect", "continue", "will", "estimate", "target", and similar expressions are utilised, and derived from realistic assumptions of the current operating landscape.

More importantly, they are not to be construed as a guarantee to our operating performance or financial outcomes. Our assumptions may differ from actual results based on unexpected events that are impacted by factors such as emerging business opportunities, changes in Group priorities, global and national economic conditions, government policies and other considerations.

We Are PNB

Our Renewed Purpose	4
Key Financial Highlights	6
A Sustainable Value Chain	10
Our Approach to Sustainability	12
Organisational Structure	16



Our Renewed Purpose



Our Renewed Purpose

PNB was established on 17 March 1978 as one of the instruments of the government's New Economic Policy (NEP). Over the last four decades, PNB has grown to become one of the largest fund management companies in Malaysia.

Our Mandate

To enhance the economic wealth of the Bumiputera community and all Malaysians, for the prosperity of the nation

Our Purpose

To uplift the financial lives of Malaysians across generations

Our Manifesto

At PNB, we exist to uplift the financial lives of Malaysians across generations. We are the bridge between where they are today and their hopes and dreams for tomorrow.

We are the connective thread that ties every Malaysian together, guiding us all in our collective journey towards greater financial health, wealth and wisdom.

Our Values

B R A V E



Bold

We strive to push the boundaries of what is possible.



Responsible

We take ownership and we do what we say we are going to do.



Agile

In a fast-changing world, we never stop moving.



Visionary

Our foresight and expertise inspire a better future.

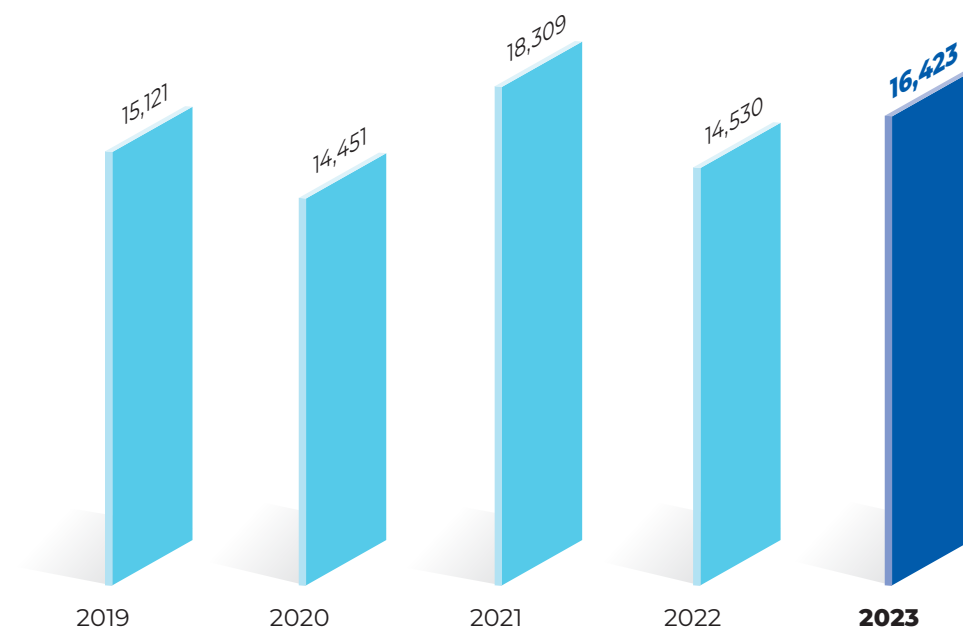


Empowering

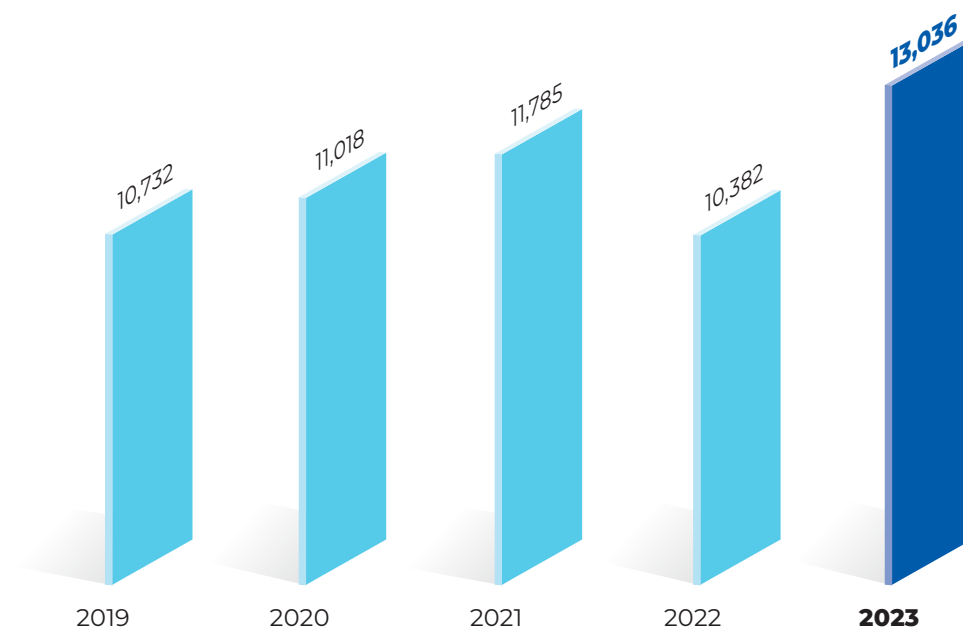
We work together, supporting each other to deliver on our shared goals.

Key Financial Highlights

PNB Group's Five-Year Consolidated Coterminous Proforma Gross Income
(RM million)



PNB Group's Five-Year Consolidated Coterminous Proforma Net Income
(RM million)



Key Financial Highlights

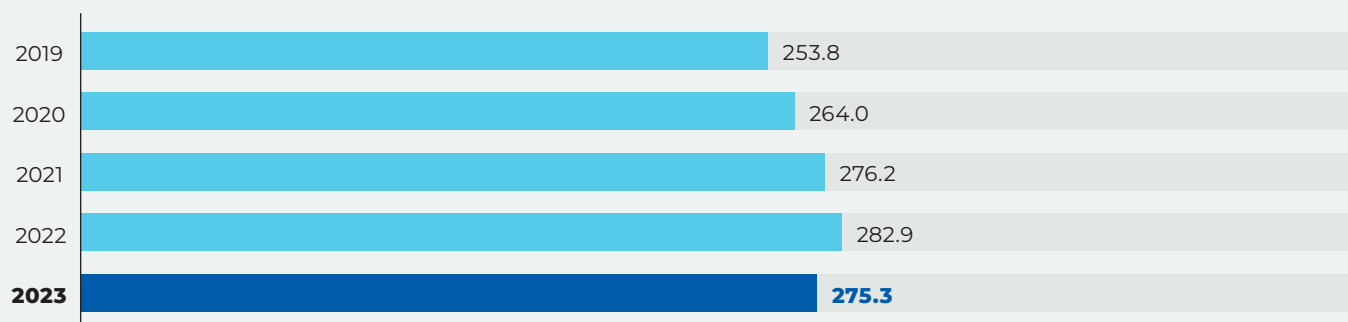
Assets Under Management

(RM billion)



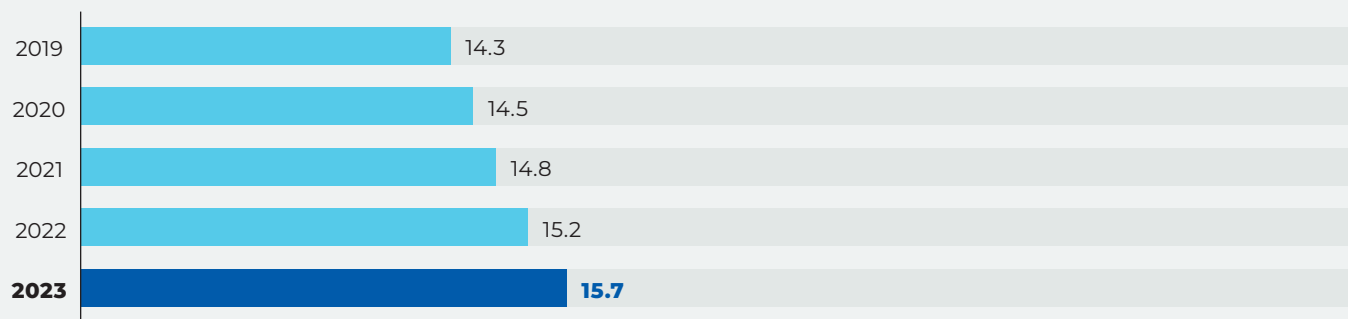
Units in Circulation

(Billion)



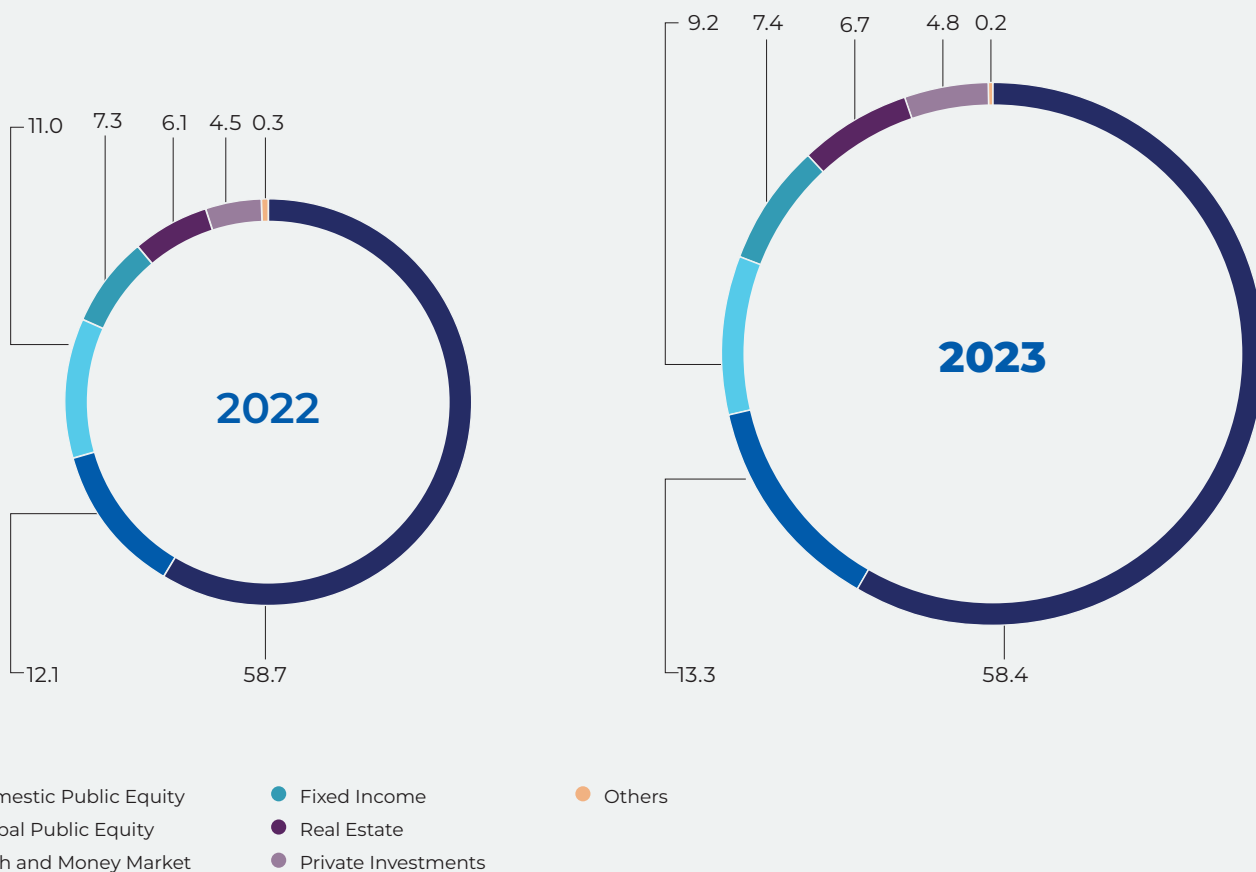
Number of Accounts

(Million)



Key Financial Highlights

PNB Group's Asset Allocation by Asset Class (%)



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 (%)	2.89	2.79	2.50	2.89	-	3.45	3.12	0.50	3.31	3.62
Total return (%)	11.96	(2.40)	(4.60)	12.30	18.92	9.04	(0.69)	13.47	(1.81)	5.52
Net income* (RM million)	12.1	1.5	32.2	11.1	11.6	11.8	32.0	5.6	88.3	43.9
Units in circulation FYE (billion units)	1.6	1.2	1.9	0.3	0.7	0.8	1.1	1.0	2.6	1.3

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

Key Financial Highlights

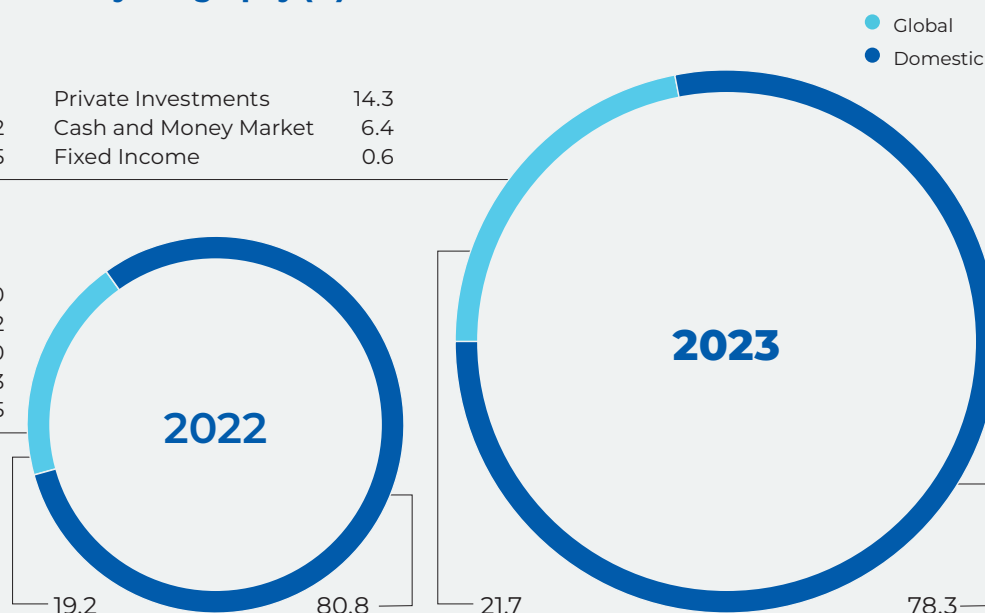
PNB Group's Asset Allocation by Geography (%)

Global

Public Equity	61.2	Private Investments	14.3
Real Estate	17.5	Cash and Money Market	6.4
		Fixed Income	0.6

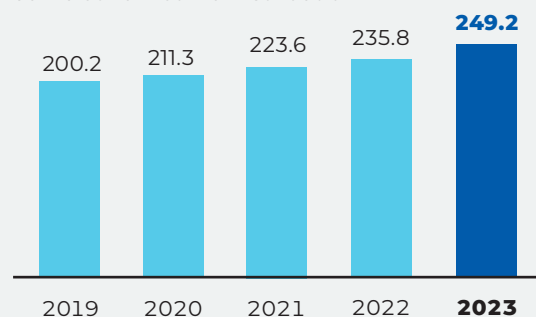
Global

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

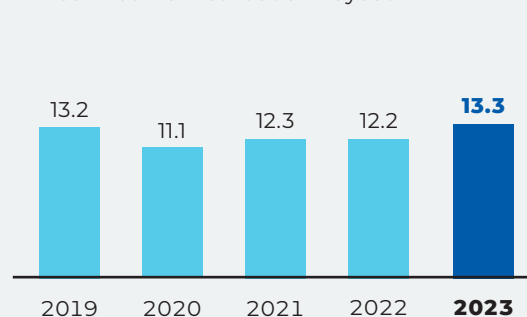


Income Distribution (RM billion)

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)	5.25*	5.00	5.00	4.50	4.50	4.50
Net income (RM million)	7,581.7	524.8	361.4	875.7	1,039.2	653.7
Units in circulation FYE (billion units)	175.0	12.4	7.4	22.7	23.1	15.2

* Comprising income distribution of 4.25 sen per unit and bonus of 1.00 sen per unit.

A Sustainable Value Chain

1

Unitholders invest in Amanah Saham Nasional Berhad (ASNB) products

2

PNB manages the investments of the unit trust funds

ASNB

Fixed Price Unit Trust Funds

Variable Price Unit Trust Funds

* Launched to the public on 11 March 2024 and accessible only via the Robo Investment Advisory (RIA) offering in the myASNB app.

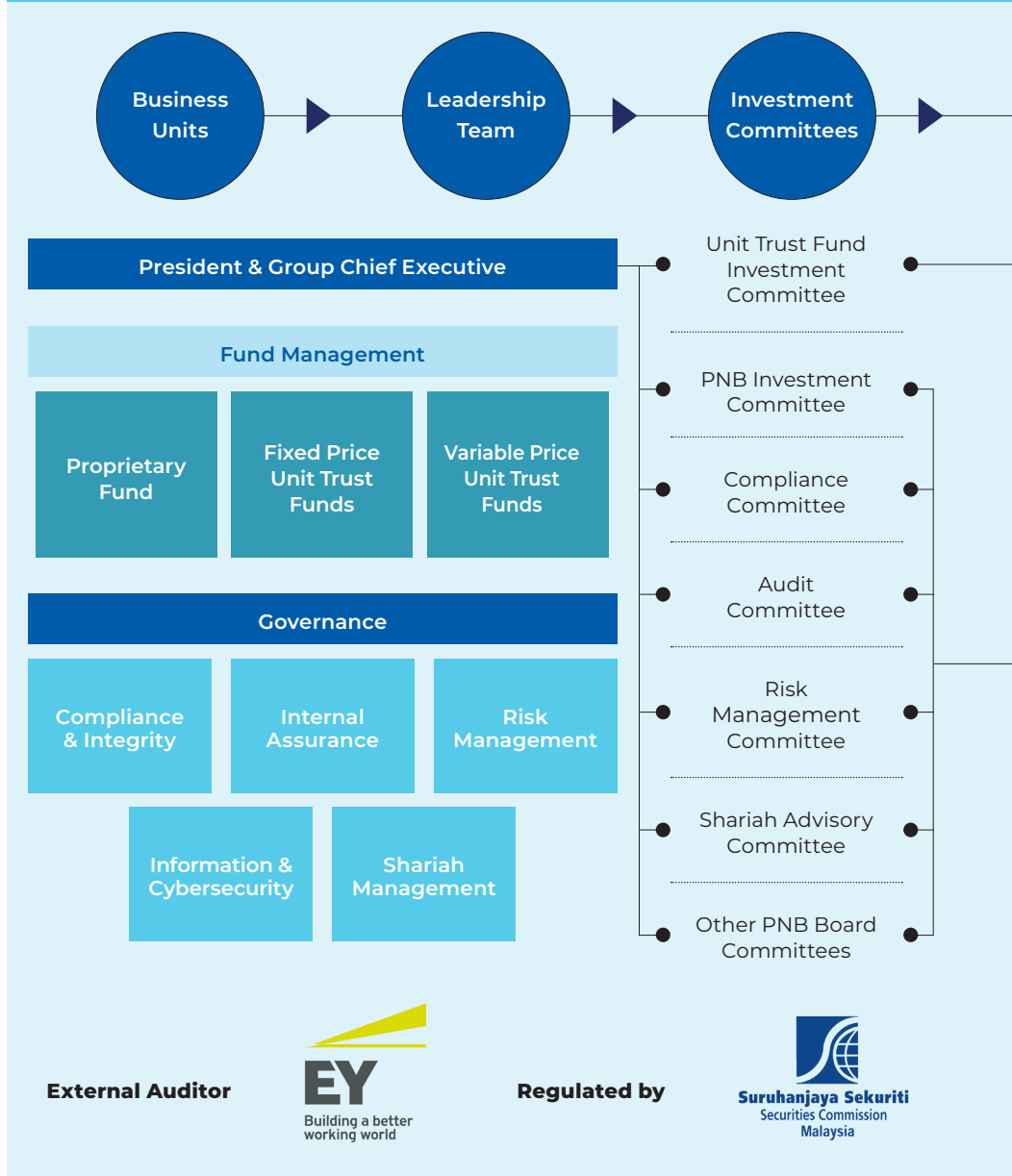
Enabling the sharing of corporate wealth to unitholders

6

PNB Runs a Robust End-to-End Process for Investment Selection



With an Effective Governance Operating Model

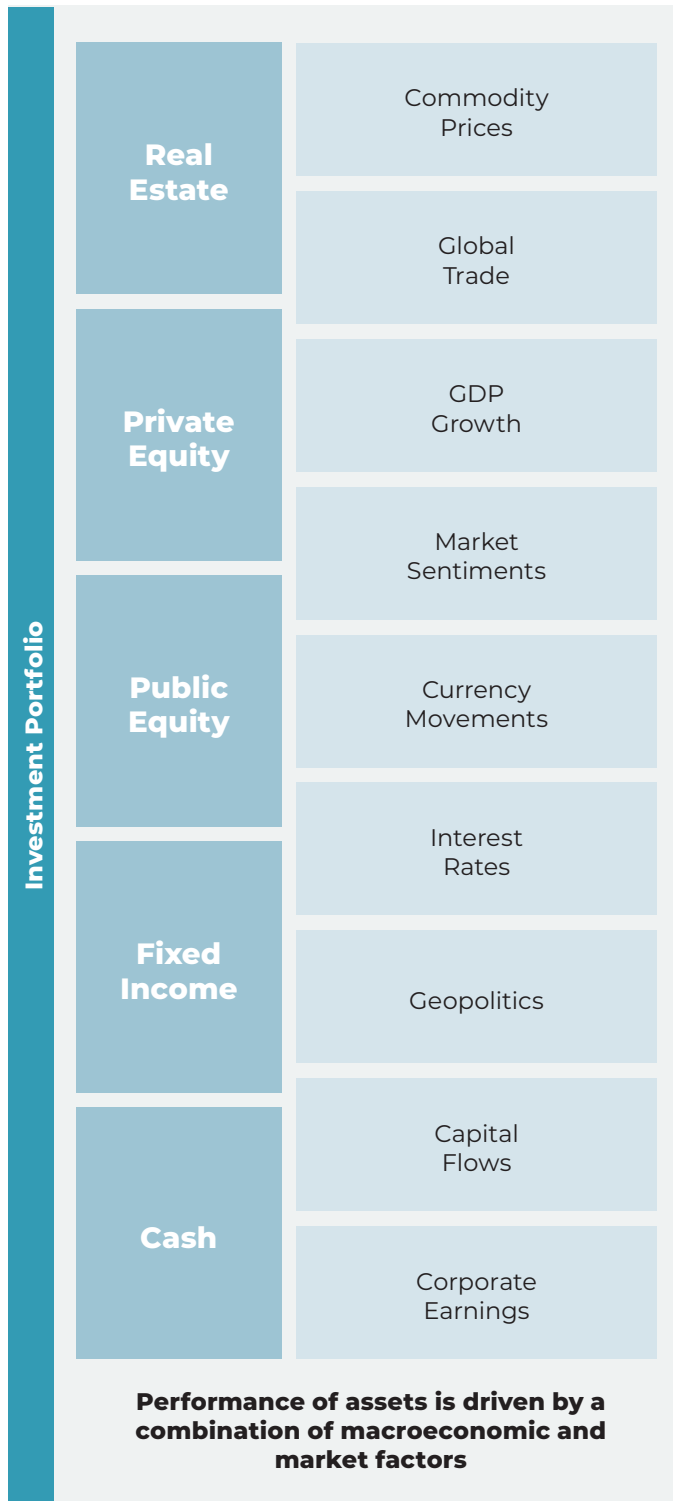
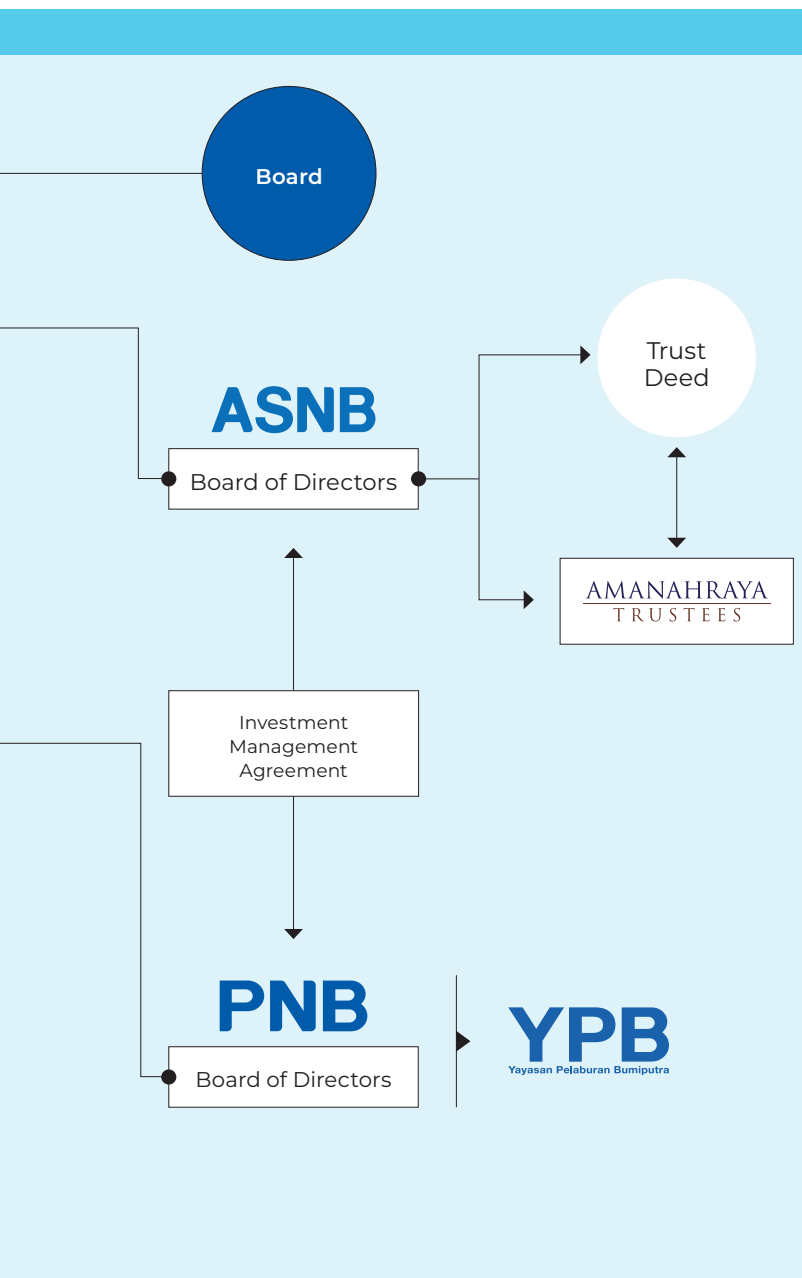


Annual income distribution to unitholders is derived from the performance of the portfolio

5

A Sustainable Value Chain

3 Investments are made across a diversified portfolio of asset classes and geographies to manage risk exposure



4 The returns of the portfolio are generated from realised capital gains and recurring income from each asset class

Performance of assets is driven by a combination of macroeconomic and market factors

Our Approach to Sustainability

At PNB, we remain committed to honouring our mandate to enhancing the wealth of our unitholders through long-term sustainable value creation. In today's rapidly evolving global landscape, we acknowledge the unprecedented challenges posed by macroeconomic fluctuations, further heightened by the escalating effects of climate change and geopolitical tensions.

The Paris Agreement calls for collective action to limit global temperature rise to 1.5 degrees Celsius to avoid and mitigate the most harmful effects of climate change including extreme weather events and ecological breakdown. This underpins the importance of decarbonisation and transitioning towards a low-carbon economy while preserving natural capital. Recognising the urgency of this situation, PNB is steadfast in our resolve to integrate sustainability into our operations and to implement robust Environmental, Social and Governance (ESG) frameworks, which guide our investment activities to capture opportunities in this transition while minimising risks and mitigating impacts.

Building on the progress made in 2022 with the establishment of our Sustainability Framework and 10 ESG Commitments, we continued to enhance our ESG governance structure in 2023 by formalising PNB's Sustainability Policy. This policy outlines our commitment and approach to integrate ESG across our business operations, investment processes and decision-making activities.

Sustainability Policy

In September 2023, we took a significant stride in advancing our sustainability journey by launching our Sustainability Policy, a milestone that underscores our commitment to sustainability. The policy, endorsed by PNB's Board of Directors (Board), serves as a guiding beacon in the integration of ESG into our operations and investment mandate. Built upon a foundation of accountability and stewardship, it anchors on our 10 ESG Commitments and provides clear ownership and oversight mechanisms to ensure its effective implementation.

Read more about our Sustainability Policy on PNB's corporate website at https://www.pnb.com.my/11_0Sustainability.php.

Sustainability Framework and 10 ESG Commitments

Our Sustainability Framework is supported by three pillars and aligned with the relevant UN Sustainable Development Goals (UNSDGs).

This framework outlines our environmental commitment towards achieving net zero emissions at both the enterprise and portfolio level while allocating fresh capital towards investments in green and transition assets.

Under the social pillar, we prioritise the implementation of sound labour practices within PNB and our portfolio companies as well as investing in uplifting the social capital of the communities we operate in.

Under the governance pillar, we aim for relevance and transparency across our stewardship and voting activities while pursuing robust reporting and disclosure of our initiatives.

Our Approach to Sustainability



Environment
Enable Transition to a Green Economy

- 1 Net Zero Enterprise by 2025
- 2 Net Zero Portfolio by 2050
- 3 RM10 billion in New Green and Transition Assets by 2030



Social
Promote Equity and Inclusion

- 4 Living Wage in PNB
- 5 Labour Rights Policy
- 6 40% Women in PNB Leadership by 2025
- 7 Balancing Profitability and Social Investments



Governance
Advocate Sound Governance Practices

- 8 Triple Bottom Line Stewardship Model
- 9 Transparency in Voting
- 10 TCFD-aligned Disclosure

10 ESG Commitments



THE GLOBAL GOALS For Sustainable Development

1	Net Zero Enterprise by 2025	E	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	13 CLIMATE ACTION
2	Net Zero Portfolio by 2050	E	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	13 CLIMATE ACTION
3	RM10 billion in New Green and Transition Assets by 2030	E	7 AFFORDABLE AND CLEAN ENERGY	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
4	Living Wage in PNB	S	11 SUSTAINABLE CITIES AND COMMUNITIES	13 CLIMATE ACTION
5	Labour Rights Policy	S	8 DECENT WORK AND ECONOMIC GROWTH	10 REDUCED INEQUALITIES
6	40% Women in PNB Leadership by 2025	S	5 GENDER EQUALITY	8 DECENT WORK AND ECONOMIC GROWTH
7	Balancing Profitability and Social Investments	S	1 GENDER EQUALITY	2 ZERO HUNGER
8	Triple Bottom Line Stewardship Model	G	4 QUALITY EDUCATION	8 DECENT WORK AND ECONOMIC GROWTH
9	Transparency in Voting	G	8 DECENT WORK AND ECONOMIC GROWTH	10 REDUCED INEQUALITIES
10	TCFD-aligned Disclosure	G	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	13 CLIMATE ACTION

Our Approach to Sustainability



We are cognisant that PNB alone cannot solve the challenges posed by climate change and an evolving macroeconomic landscape. Thus, we are committed to pursuing collective action and partnerships within the industry to influence a greater outcome for all stakeholders. Our long-term stability and success are dependent on a thriving and resilient society. As a sizeable asset manager within Malaysia and the greater Southeast Asia region, we recognise our strategic role in enhancing long-term value while upholding sound ethical practices. We share this responsibility with our portfolio companies to also abide by the same principles and ultimately contribute towards a stable and equitable future.

As an ESG proponent and net zero aligned organisation, we strive to ensure that our practices and commitments are informed by the latest developments and supported by robust knowledge and expertise in ESG. In this pursuit, we expanded our involvement in various ESG-related affiliations and industry initiatives that exemplify our commitment to walk the talk and pursue progress over perfection.

PNB contributed to various policy consultations, including Malaysia's Nationally Determined Contribution (NDC) and Long-Term Low Emissions Development Strategy (LT-LEDS) under the Finance pillar. We are supportive of the government of Malaysia's efforts to drive greater adoption of ESG practices and elevate sustainability standards in the nation.

Furthermore, PNB organises regular learning sessions for our Sustainability Sub-Committee which consists of representatives and sustainability practitioners from our Strategic and Core companies. This serves as a platform to disseminate the latest information on sustainability-related topics such as carbon credits and sustainability reporting.

Internally, we organised a sustainability workshop for our Board in October 2023. The workshop deep dived into our net zero for both Enterprise and Portfolio as well as the integration of ESG considerations into our investment decision-making to ensure our progress and sustainability initiatives are always supported by a strong strategic direction.

Our Approach to Sustainability

PNB's Participation in ESG-related Affiliations and Industry Initiatives

Partnership and Carbon Accounting Financials (PCAF)

PCAF is a global partnership of financial institutions and other stakeholders that developed a standardised database and methodology for calculating financed emissions. Our alignment with the PCAF methodology ensures the credibility of our financed emissions calculations (i.e. attributed emissions from portfolio companies) and grounds them in the most up-to-date information.

In 2023, we continued to deepen our institutional knowledge by enrolling learners in the PCAF Academy, an e-learning platform for members to develop internal expertise and capability in greenhouse gas (GHG) accounting. We also took part in various member surveys to support the expansion of PCAF's coverage in Asia Pacific and other asset classes.

Principles for Responsible Investments (PRI)

Our participation in the PRI reinforces our commitment to be responsible stewards of capital, as we aim to align with the guidelines and principles outlined. Furthermore, PRI's vast network of ESG-motivated investors and experts is valuable resources for us to accelerate our sustainability journey through peer-to-peer learning, collective engagement opportunities, as well as influencing policy developments.

In 2023, PNB expanded its involvement through participation in PRI's Human Rights and Social Issues Reference Group, where we showcased our ongoing initiatives to set key labour rights expectations and encourage full adoption within our Strategic and Core companies.

Read more about PNB's labour rights initiatives in Commitment 4: Living Wage in PNB on page 85 and in Commitment 5: Labour Rights Policy Paper on pages 86 to 91.

We also enrolled learners within the PRI Academy, an online training platform, to build internal expertise on ESG integration and application of responsible investing principles into our investment processes.

ESG Data Convergence Initiative (EDCI)

In 2023, PNB became a member of the EDCI, a collaborative effort among private equity stakeholders to drive transparency and standardisation of ESG disclosures.

The EDCI brings together General Partners, Limited Partners and Investment Managers to develop a database of ESG-related information and disclosures from private companies. Access to this information aids PNB in improving the accuracy of our financed emissions calculation while encouraging a more robust ESG reporting standard within the industry.

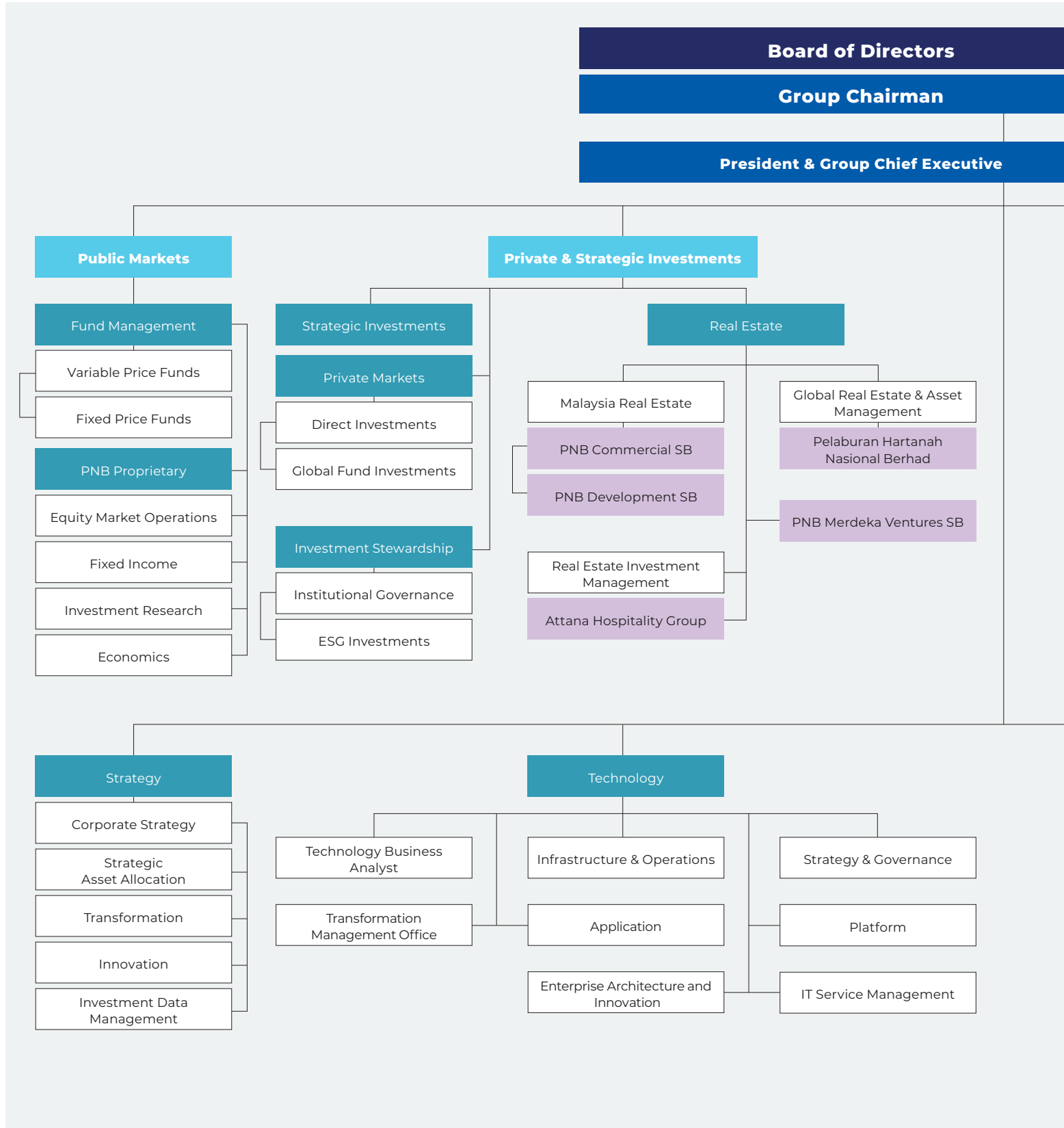
UN Global Compact (UNGC)

The UNGC is the world's largest corporate sustainability initiative, which aims to promote responsible business practices and sustainable development. As a sustainability-focused investment house, PNB has been a UNGC member since 2022.

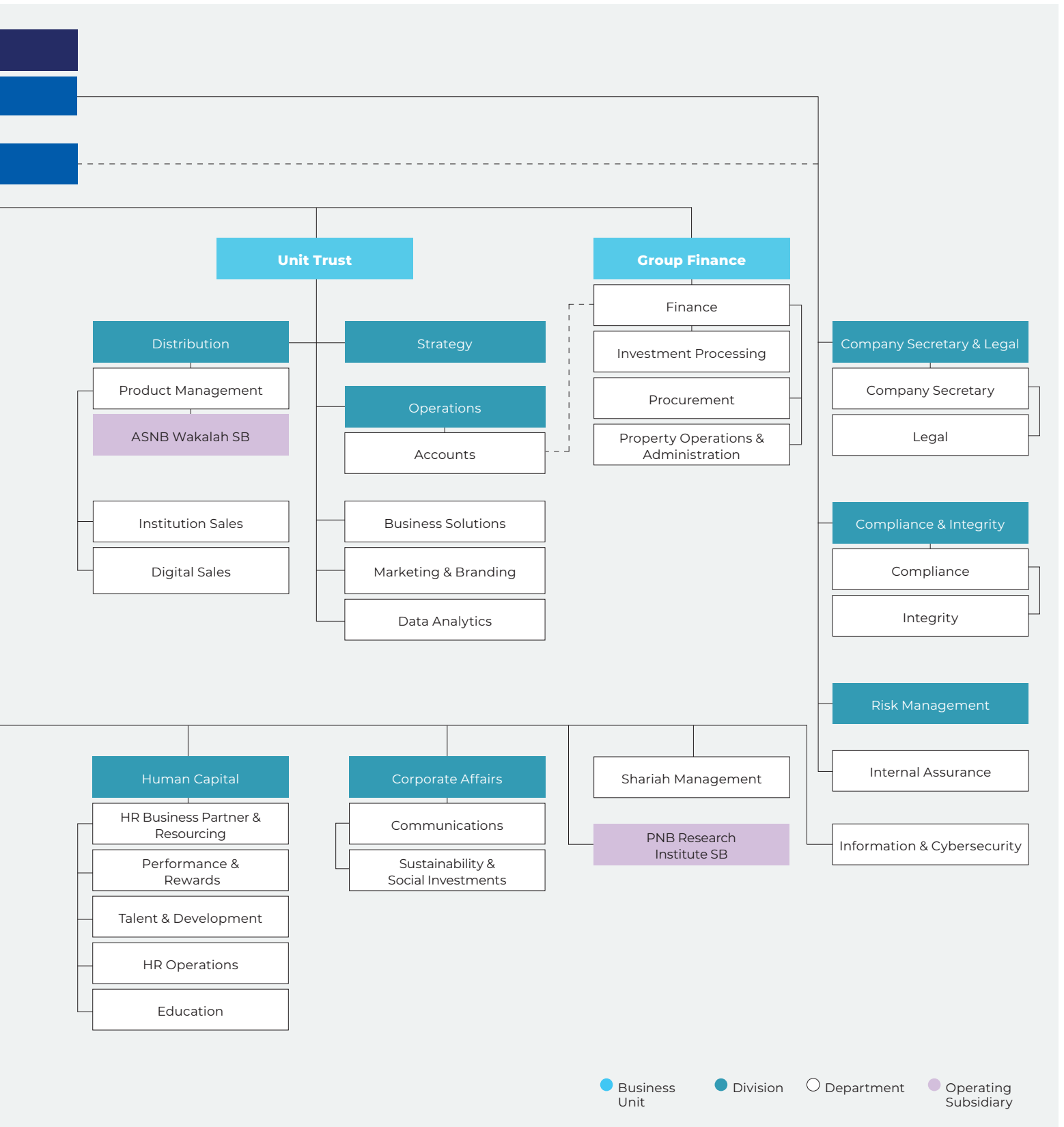
We align our initiatives with the 10 Principles of the UNGC, enabling us to benchmark against best practices towards addressing climate change and elevating our compliance standards to match those of global frameworks. Adopting the 10 principles also helps us to enhance our ESG capability building, increase our access to data and up-to-date information, and improve branding and identity.

In 2023, we built on our efforts to adopt the UNGC's 10 Principles by integrating UNGC's e-training modules into PNB's Learning Hub and rolling out the targeted modules for selected employees. We also took part in various roundtable sessions to share our progress and learn from the sustainable practices of other participating organisations.

Organisational Structure



Organisational Structure



Trust Built Through Strong Leadership

Board of Trustees: Yayasan Pelaburan Bumiputra	19
Board of Directors	20
Leadership Team	24



Board of Trustees: Yayasan Pelaburan Bumiputra



YAB Dato' Seri Anwar Ibrahim
Chairman of YPB /
Prime Minister of Malaysia



YB Datuk Seri Amir Hamzah Azizan



YM Raja Tan Sri Dato' Seri Arshad Raja Tun Uda
Group Chairman of PNB
(Appointed with effect from 1 June 2023)



YBhg Tan Sri Dato' Setia Haji Ambrin Buang

Board of Directors



Male | 77 | Malaysian

YM Raja Tan Sri Dato' Seri Arshad Raja Tun Uda

Group Chairman

Non-Independent Non-Executive Director

Date of Appointment:
1 June 2023



Qualifications

- Fellow of the Institute of Chartered Accountants in England and Wales
- Member of the Malaysian Institute of Accountants
- Member of the Malaysian Institute of Certified Public Accountants
- Advanced Management Programme, Harvard Business School

Directorship

- Trustee of Yayasan Pelaburan Bumiputra
- Chairman of Amanah Saham Nasional Berhad
- Chairman of Bumi Armada Berhad
- Trustee of Yayasan DayaDiri
- Chairman of Yayasan Raja Muda Selangor
- Chairman of Yayasan AMIR
- Chairman of Yayasan Perpustakaan Raja Tun Uda
- Chairman of Yayasan TZA

Working Experience

Raja Arshad was appointed as the Group Chairman of PNB on 1 June 2023. Prior to the appointment, Raja Arshad was the Chairman of Ekuiti Nasional Berhad, a government-linked private equity firm and Chairman of Icon Offshore Berhad. Raja Arshad retired from Maxis Berhad after 14 years as a Director, 11 of which as its Chairman. He was formerly a Director of Khazanah Nasional Berhad and Sime Darby Berhad. Raja Arshad has been the Chancellor of Universiti Selangor since 2011.

Prior to this, Raja Arshad held the position as Executive Chairman of PricewaterhouseCoopers Malaysia ("PwC") for 18 years. He was a Chairman of the Leadership Team of PwC Asia 7 and a member of the PwC Global IFRS Board. During the Asian financial crisis of 1997, Raja Arshad was appointed as Chairman of the Board of Danamodal Nasional Berhad, one of three special purpose vehicles set up by the government to manage the financial crisis.

His previous public appointments included being a member of the Securities Commission Malaysia, the Malaysian Communications and Multimedia Commission, the Investment Panel of the Employees Provident Fund and the Board of Trustees of the National Art Gallery.



Female | 72 | Malaysian

Tan Sri Datuk Zainun Ali

Independent Non-Executive Director

Date of Appointment:
1 January 2019



Qualifications

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

Directorship

- Chairman of Malaysia Airports Holdings Berhad
(Redesignated as Director with effect from 13 May 2024)
- Allianz Malaysia Berhad
- Chairman of Istanbul Sabiha Gökçen International Airport

Other Information

- Member of the United Nations' Advisory Board of the Global Judiciary Integrity Network
- Appointed as Pro-Chancellor of Universiti Malaya on 1 March 2023
- Appointed as Vice Chairman of Suruhanjaya Siasatan Diraja (RCI) on 14 February 2024
- 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 PNB on 1 January 2019, after having served in the government in various capacities in the Legal and Judicial Services since 1976. After her stint as the 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.

Board of Directors



Male | 69 | Malaysian

Datuk Dr. Mohd. Yaakub Haji Johari

Independent Non-Executive Director

Date of Appointment:
1 January 2017



Qualifications

- 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 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 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.



Male | 68 | Malaysian

Datu Haji Soedirman Haji Aini

Independent Non-Executive Director

Date of Appointment:
1 January 2017



Qualifications

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

Directorship

- Amanah Saham Sarawak Berhad, Sara Worldwide Vacations Berhad and Damai Golf & Country Club Berhad
- The Sarawak Sovereign Wealth Future Fund

Working Experience

Datu Haji Soedirman Aini was appointed as a member of the Board of PNB on 1 January 2017. He started his career with Petroleum 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 the Sarawak Economic Development Corporation. His previous employment in the Sarawak Civil Service included 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 various government-linked companies and non-government organisations.

Board of Directors



Female | 68 | Malaysian

Dato Dr. Nik Ramlah Nik Mahmood

Independent Non-Executive Director



Male | 65 | Malaysian

Dato' Johan Ariffin

Independent Non-Executive Director

<p>Date of Appointment: 1 January 2019</p> 	<p>Qualifications</p> <ul style="list-style-type: none"> • 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
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Directorship

- United Malacca Berhad, Axiata Group Berhad, Edotco Group Sdn Bhd, Institute for Capital Market Research Malaysia (ICMR), International Centre for Education in Islamic Finance (INCEIF) and Perbadanan Insurans Deposit Malaysia

Working Experience

Dato Dr. Nik Ramlah was appointed to the Board of PNB on 1 January 2019, and ASNB on 1 January 2017. 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 has been directly involved in most areas of capital market development and regulation, 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.

<p>Date of Appointment: 1 January 2019</p> 	<p>Qualifications</p> <ul style="list-style-type: none"> • MBA (Marketing) from University of Miami, Coral Gables, Florida, USA • Bachelor of Arts Degree in Economics from Indiana University, Bloomington, Indiana, USA
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Directorship

- Chairman of Pelaburan Hartanah Nasional Berhad (PHNB), Mitraland Group of Companies and Etiqa Life Insurance Cambodia, and Director of PNB Merdeka Ventures Sdn Bhd

Working Experience

Dato' Johan was appointed to the Board 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 while 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.

Board of Directors



Female | 54 | Malaysian

Datin Norazah Mohamed Razali

Independent Non-Executive Director

Date of Appointment:
6 May 2021



Qualifications

- 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 Mohamed Razali was appointed as a member of the Board 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 and 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 remained as a Senior Advisor (Public Sector Practice, BCG Malaysia), a role she took on from August 2017 until December 2022. She has more than 20 years of experience advising and working with private and public sector organisations on growth and transformation, restructuring and talent development.



Male | 50 | Malaysian

Datuk Johan Mahmood @ Johan Mahmood Merican

Independent Non-Executive Director

Date of Appointment:
6 July 2023



Qualifications

- Bachelor of Arts (Economics), University of Cambridge, United Kingdom
- Institute of Chartered Accountants in England and Wales

Directorship

- Chairman of Kumpulan Wang Persaraan (Diperbadankan) (KWAP)
- Chairman of Lembaga Pembiayaan Perumahan Sektor Awam
- Chairman of Lembaga Hasil Dalam Negeri Malaysia
- Petroleum Nasional Berhad
- Digital Nasional Berhad
- Malaysia Development Berhad
- Bank Negara Malaysia
- Perbadanan Insurans Deposit Malaysia
- Johor Corporation

Working Experience

Datuk Johan Mahmood Merican is currently the Chairman of the Board of KWAP, effective 27 February 2023. He is currently the Secretary General of Treasury, Ministry of Finance. Prior to that, he was the Deputy Secretary General (Policy) at the Ministry of Finance from March 2022.

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

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

Leadership Team



Ahmad Zulqarnain Onn
President & Group Chief Executive
(Resigned with effect from 19 February 2024)



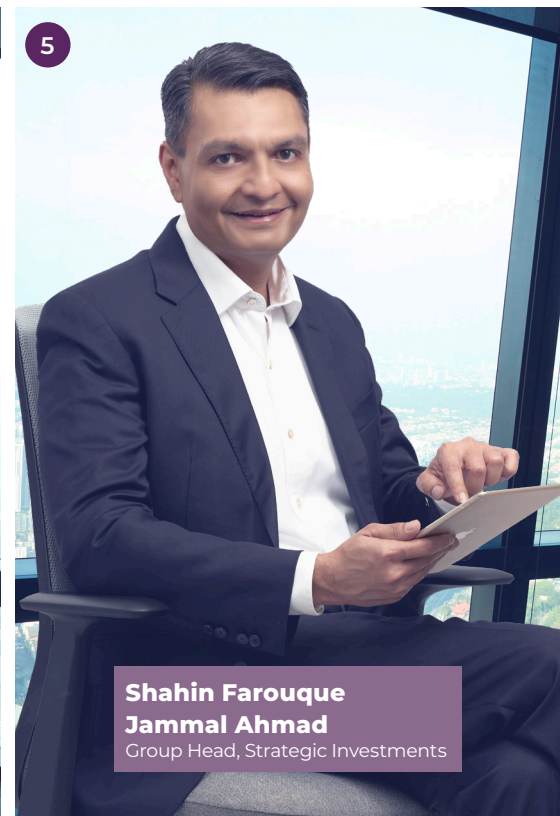
Hanizan Hood
Chief Investment Officer,
Public Markets



Rick Ramli
Chief Investment Officer,
Private & Strategic Investments



Muzzaffar Othman
Chief Executive Officer &
Executive Director, ASNB



**Shahin Farouque
Jammal Ahmad**
Group Head, Strategic Investments

Leadership Team

6



Mohd Irwan Ahmad Mustafa
Group Chief Financial Officer
(Appointed as GCFO with effect from 1 January 2024)

7



Mohamad Idros Mosin
Group Head, Real Estate

8



**Fadzihan Abbas
Mohamed Ramlee**
Chief Strategy Officer

9



Norhanifah A. Jalil
Chief Human Resource Officer

10



Rose Anita Jalil
Head, Fund Management

Leadership Team



Nimmi Kamal
Group Head, Corporate Affairs



Nurhalini Azly Minhat
Head, PNB Proprietary



Mohd Kamil Ibrahim
Group Head, Private Markets
(Appointed with effect from 1 January 2024)



Hartini Zainal Abidin
Group Head,
Company Secretary and Legal



Fairuz Suzana Hj Kamaruddin
Group Head, Compliance and Integrity
(Retired with effect from 1 May 2024)

Leadership Team



Noramly Bachok @ Abdul Aziz
Group Head, Internal Assurance



Aishah Farha Mohd Raih
Chief Information Security Officer



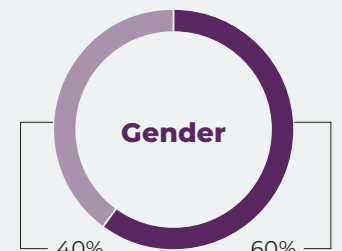
Muhammad Izzat Hj Abdul Aziz
Chief Technology Officer



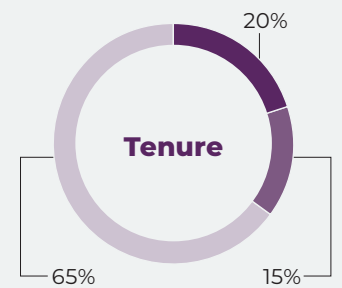
Mohd Azmir Mohd Jani
Chief Risk Officer
(Succeeding Suzana Ahmad with effect from 1 March 2024)



Dr. Ahmad Basri Ibrahim
Head, Shariah Management



● Male (12) ● Female (8)



● Less than 3 years (4)
● 3 to 6 years (3)
● More than 6 years (13)

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 the delivery of PNB's renewed Purpose and safeguard long-term interests of unitholders, shareholders, employees and other stakeholders.

(Resigned with effect from 19 February 2024)

2 **Hanizan Hood** Chief Investment Officer, Public Markets

As the Designated Fund Manager, has the overall responsibility for the fund management function of the unit trust funds under PNB's management. Spearheads the strategy and 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 and operations, including economic and investment research, portfolio management, execution, hedging, treasury, as well as middle office.

3 **Rick Ramli** Chief Investment Officer, Private & Strategic Investments

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

4 **Muzzaffar Othman** Chief Executive Officer & Executive Director, ASNB

Leads ASNB in developing and executing overall business strategy to mobilise savings of the 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.

5 **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.

6 **Mohd Irwan Ahmad Mustafa** Group Chief Financial Officer

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

(Appointed as GCFO with effect from 1 January 2024)

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 **Fadzihan Abbas Mohamed Ramlee** Chief Strategy Officer

Leads the development of Strategic Plan for PNB & ASNB and monitors its execution to ensure the organisation maintains its strategic focus. Also leads 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.

9 **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.

10 **Rose Anita Jalil** 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.

Leadership Team

11 **Nimmi Kamal**

Group Head, Corporate Affairs

Spearheads PNB Group's strategic communications, sustainability and social investments initiatives aligning to the renewed Purpose and strategic plan. Leads and executes the brand transformation journey for PNB and ASNB, new core values and steering Corporate Affairs division and PNB Enterprise in achieving ESG practices. Fosters collaborations and integrations as PNB Group progresses towards a Net Zero Enterprise.

12 **Nurhalini Azly Minhat**

Head, PNB Proprietary

Leads the PNB Proprietary Fund's overall integrated asset-liability strategy, in close collaboration with all divisions 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 and currencies.

13 **Mohd Kamil Ibrahim**

Group Head, Private Markets

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

(Appointed with effect from 1 January 2024)

14 **Hartini Zainal Abidin**

Group Head, Company Secretary & 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 support to the Board and its committees in relation to all Board-related governance and administrative matters.

15 **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.

(Retired with effect from 1 May 2024)

16 **Noramly Bachok @ Abdul Aziz**

Group Head, Internal Assurance

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

17 **Aishah Farha Mohd Raih**

Chief Information Security Officer

Spearheads the overall information and cybersecurity strategy, programme and function. Oversees identification, development, implementation and maintenance of policies, processes or controls across the organisation to reduce IT and cyber 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.

18 **Muhammad Izzat Hj Abdul Aziz**

Chief Technology Officer

Spearheads PNB's technological vision and strategy, drives innovation and ensures the division's ongoing digital transformation journey initiatives are aligned with the company's overarching goals. Responsible for overseeing PNB Group's technology operations IT infrastructure modernisation, business resiliency and enhancing customer experience through digital engagements. Committed to cultivate a high-performing technology team, foster strong cross-divisional collaborations, information protection and focus on leveraging emerging technologies to maintain a competitive edge in the market.

19 **Mohd Azmir Mohd Jani**

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.

(Succeeding Suzana Ahmad with effect from 1 March 2024)

20 **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 undertaking initiatives to further enhance the Shariah compliance of PNB's investments as well as ASNB's unit trust products.

Strategic Review

Message From the Group Chairman 31

The President & Group Chief Executive's Review 35



Message From the Group Chairman



Since assuming the position of Group Chairman, I have met numerous individuals who have left a strong imprint on me about how important PNB is in the lives of Malaysians. I was overwhelmed by the feelings of trust and hopes of numerous Malaysians, individuals who told me with no hesitation that they trust PNB to safeguard and grow their savings. This echoes a sentiment of deep reliance and expectation, and clearly highlights the essence of what we stand for: TRUST.

Reflecting on this, it became clear that trust is not just foundational but the very heartbeat of our mandate. With over 12.5 million Malaysians placing their savings with us, the responsibility is immense. This trust encompasses not only the expectation of prudent management but also the hope of sustained, beneficial returns. Our 45-year journey has been underpinned by this enduring commitment to safeguard, nurture and grow the wealth of our unitholders.

As part of our ruminations, we also recognised an unusual divergence in the landscape where despite the millions of Malaysians depositing their hard-earned money with us, the facts and figures highlight that Malaysians generally do not have a savings habit and consequently have insufficient savings.

In summary, what we have discovered is certainly a most pressing issue that we feel strongly about, given our ability to effect positive change. The data speaks clearly; with 275 billion units in circulation and more than RM330 billion under management, the scale of our impact is immense. Yet, the question remains: how do we enhance this impact in light of evolving challenges?

Dear Unitholders,

The year 2023 has been a profound period of soul-searching for PNB as we reflected on the past 45 years and our endeavours in executing our mandate to enhance the economic wealth of the Bumiputera community and all Malaysians, for the prosperity of the nation. In taking stock of where we are now, we can stand proud as we have consistently delivered competitive returns for more than 12.5 million Malaysians who have entrusted their savings with us.

YM Raja Tan Sri Raja Arshad Raja Tun Uda

Group Chairman

Message From the Group Chairman

Our Renewed Purpose

This context has been the impetus behind our renewed Purpose. Thus, we have meticulously crafted our renewed Purpose, where it states: “to uplift the financial lives of Malaysians across generations” or in Bahasa Malaysia, “menguukuh kedudukan kewangan rakyat, merentas generasi”.

It is a call to action to all of us at PNB on how we can help more Malaysians to start saving, to ensure they are well-equipped financially for their future. With this Purpose, we move forward, not just as fund managers, but as stewards of hope and security. Our responsibility extends beyond financial management to become a catalyst for positive change in financial behaviour across Malaysia.

Our journey ahead will be defined by this Purpose, which is both a declaration and a commitment. In essence, this is who we are, it is the reason why PNB exists and it is the reason why we wake up every day, full of determination and positivity to effect change. It serves as our guiding light, a beacon steering us towards what truly matters, enhancing the financial well-being of our stakeholders and the broader community.

Creating Value for Our Stakeholders

As an organisation committed to creating value for our unitholders, PNB has demonstrated resilience and strategic acumen in a landscape marked by profound challenges and transitions. The year began with optimism that the end of the pandemic would signal a more robust and sustained economic recovery. However, global markets fluctuated under the shadow of prolonged high interest rates and escalating geopolitical tensions. Meanwhile, China, a linchpin in the global supply chain, grappled with its own economic slowdown, particularly in its real estate sector, sending ripples through global trade and investment channels.

Back home, the Malaysian economy mirrored this global sentiment, with the FBMKLCI initially facing a downturn due to these vast external pressures. However, the resilience of our domestic market began to shine through in the later half of the year, bolstered by a series of strategic government initiatives aimed at revitalising investor confidence and enhancing market conditions. These key economic plans, underpinned by the MADANI Economy framework, are anticipated to stimulate growth by boosting domestic consumption and attracting new investments.

Despite the challenging market conditions of 2023, we delivered commendable returns. This achievement is largely attributed to our strategic asset allocation (SAA) and diversification efforts across various asset classes. We enhanced our portfolio stability by increasing investments in fixed income, real estate, private markets and foreign assets. These moves not only cushioned us against volatility but also ensured that we continued to generate positive returns for our unitholders.

In tandem with this, we were actively involved in several key initiatives that underscore our commitment to uplifting the financial lives of Malaysians across generations. Notably, our flagship financial literacy programme, Minggu Saham Amanah Malaysia (MSAM), continued to make good progress in educating the public about financial planning and investment. Another monumental achievement was the completion and launch of our new headquarters at Menara Merdeka 118, which was inaugurated by the KDYMM Seri Paduka Baginda Yang di-Pertuan Agong Sultan Abdullah Ri'ayatuddin Al-Mustafa Billah Shah in January 2024. As part of this momentous occasion, Masjid Al-Sultan Abdullah, a brand new mosque situated in the precinct with a capacity of 3,000 people, was also inaugurated.



Message From the Group Chairman

Stewardship through Governance

Acknowledging our role as a steward in a dynamic investment landscape, the Investment Stewardship Division in 2023 continues to be instrumental in synchronising our interests with Investee Companies and propelling sustainable value creation across our strategic and core companies. The Stewardship Framework continues to position PNB as a proactive and engaged investor committed to improving the value creation processes of our Investee Companies. Concentrating on four primary areas, with governance being paramount, we are dedicated to bolstering decision-making, upholding ethical business practices and ensuring accountability.

In 2023, we introduced a new guiding principle focused on “ESG, Sustainability and Climate-related Matters” into our Voting Guidelines. With this, PNB has taken a significant step towards aligning our investment decisions with broader ESG principles.

More broadly, PNB has advanced the promotion of governance as a pivotal value driver by improving transparency in our voting processes and ensuring robust board leadership among our Investee Companies. We have attended 149 annual general meetings (AGMs), voted on 1,164 resolutions, and continued our commitment to publishing our voting decisions well ahead of AGMs to foster open dialogue and enhance shareholder engagement. Moreover, the integration of automated proxy voting through the Viewpoint platform in March 2023 exemplifies our dedication to efficient and accurate governance practices. In addition to this, PNB marked a historical milestone by casting our first international proxy vote in a company based in China, underscoring our growing influence in shaping global investment practices.

Stewardship through Sustainability

PNB continues to reaffirm our commitment to sustainability, equity and long-term growth, making significant strides in our 10 ESG Commitments in 2023. The key commitments of achieving net zero enterprise emissions by 2025 and decarbonising our investment portfolio by 2050 has seen us implement measures such as transitioning to electric vehicles, subscribing to Green Electricity Tariffs and purchasing Renewable Energy Certificates. Our investment strategy, meanwhile, focuses on sectors like green transportation, renewable energy, green buildings and sustainable agriculture, with 41% of our RM10 billion target by 2030 already met by the end of 2023.

Additionally, PNB prioritised our contributions to society with the launch of our Social Investment Framework (SIF). Through the SIF, Corporate Social Responsibility (CSR) initiatives will be focused on education, health, community development and the environment. Our efforts are designed to balance profitability with social investments, ensuring sustainable returns for our unitholders while contributing to Malaysia’s socio-economic progress.

Strengthening Governance at PNB

PNB has continued to demonstrate a strong commitment to enhancing governance and integrity throughout 2023, with robust initiatives and developments aimed at fortifying its framework and fostering a culture of ethical conduct across the organisation.

PNB’s efforts in governance and integrity saw substantial engagements through various events and programmes designed to reinforce ethical practices and ensure compliance with governance standards. A highlight of these initiatives was the Government-Linked Investment Companies (GLIC) Integrity Event 2023. This event, a collaborative effort with other GLICs, focused on addressing common operational issues and provided a platform for networking among business leaders and integrity practitioners. Another significant initiative was the inaugural PNB Integrity Solidarity Event 2023, aimed to deduce best practices in integrity management and whistleblowing case handling, facilitating knowledge-sharing among more than 60 participants from our Investee Companies.

In terms of our policies and systems, we enhanced our Whistleblowing Policy to provide guidance on handling complaints that require the immediate involvement of regulatory authorities. We continued to maintain our ISO 37001:2016 Anti-Bribery Management Systems (ABMS) certification. We also conducted a comprehensive Corruption Risk Assessment as part of our efforts to comply with the Guidelines on Adequate Procedures pursuant to Section 17A of the MACC Act 2009. Meanwhile, progress on the Operational Anti-Corruption Plan (OACP) 2022-2024 continued effectively with all 13 initiatives scheduled for completion within the year being successfully implemented.

We have also started adopting regulatory technology to enhance the effectiveness of the compliance function, in addition to conducting a holistic review of our anti-money laundering (AML) controls and introduced enhanced systems for more precise KYC processes and effective monitoring of sanctions.

Message From the Group Chairman

Outlook

Despite what is expected to be challenging times going forward, our projections remain optimistic for the coming year, with the Malaysian economy expected to grow between 4.5% and 5.0%. This will be mainly driven by strong domestic demand, additional support from the recovery of our exports and the various programmes under the MADANI Economy framework. This optimism is also underpinned by a hopeful outlook for the Ringgit, which is poised to strengthen and improve our economic standing.

As we close the chapter on 2023, there is a renewed sense of strength and energy within our team and we remain optimistic about the future. We are more than ready to face upcoming challenges, driven by the new LEAP 6 Strategy which is dedicated to our unitholders and the broader economic well-being of Malaysia.

Acknowledgements

To everyone at PNB, from the directors and senior management to the staff, your unwavering dedication in the face of unique challenges we have faced in recent years has not gone unnoticed. Your collective efforts ensure that PNB remains a pillar of strength and innovation in challenging times. I would also like to acknowledge our unitholders. We thank you for your continued trust and support.

Here, I would like to recognise the contributions of my predecessor, Tun Arifin Zakaria, who had guided PNB with excellence and elevated our governance and sustainability efforts further. His good work in building a strong platform will help me in leading PNB further to serve our unitholders better. We at PNB thank him for his immense contributions and exceptional service.

Most importantly, a special thank you goes out to Ahmad Zulqarnain Onn, or AZO as we fondly call him, who resigned effective 19 February 2024 after 3.5 impactful years as our President & Group Chief Executive (PGCE). AZO joined us during the critical moments of the pandemic in July 2020, steering PNB through numerous operational challenges with exemplary leadership. Under his guidance, we not only launched the Sustainability Framework and two iconic buildings, the Battersea Power Station and Menara Merdeka 118, but also saw significant advancements in our portfolio returns and strategic initiatives, culminating in the recent introduction of our renewed Purpose and the three-year LEAP 6 Strategy.

As we continue to navigate future challenges, we are committed to excel in our service for our unitholders and our broader societal responsibilities. Enhancing financial literacy and investment habits among Malaysians remains a top priority, as we strive to repay the trust and support our community has steadfastly shown us. We are grateful for every unitholder's trust in PNB, and we look forward to earn that same trust through dedicated services and innovative leadership.

The President & Group Chief Executive's Review



In the wake of a year marked by both challenges and opportunities, Permodalan Nasional Berhad (PNB) stood steadfast in its commitment to stewarding the financial well-being of Malaysians. We navigated 2023 with resilience and adaptability, as the global economic recovery unfolded amidst a post-pandemic era that stoked inflationary pressures and weighed on economic growth. Geopolitical tensions and continuing supply chain disruptions further complicated the economic recovery.

In Malaysia, the gross domestic product recorded growth of 3.7% year-on-year with inflationary pressures reducing towards the end of 2023. Amidst this backdrop, PNB has continued to focus on creating value for our stakeholders, demonstrating commendable performance across our diverse portfolio and reinforcing our role as a trusted institution for savings and investment.

The past year has been significant for PNB, not just in overcoming the complexities of the market, but also in laying the groundwork for future growth. Through strategic initiatives, including fostering financial literacy, embracing digital transformation and fulfilling our 10 ESG Commitments, we have endeavoured to align our operations with the needs of all our stakeholders.

We unveiled the "LEAP 6" plan, a new three-year strategic plan designed to deliver better customer experience, resilient returns, operational efficiencies, innovation, a culture of knowledge and learning and embedding sustainability in all aspects of investments and operations.

We renewed our Purpose: **To uplift the financial lives of Malaysians across generations.** This Purpose will be the anchor for everything that we do, from how we manage investments to how to hire, train and retain our people.

The year 2023 also marked the completion of our new offices at Menara Merdeka 118, following the awarding of the Certificate of Completion and Compliance on 22 December. We kicked off phase 1 of the transition to the new building with a pilot team being relocated to the new office on the same day. Later, on 11 January 2024, Menara Merdeka 118 was officially launched by KDYMM Seri Paduka Baginda Yang di-Pertuan Agong Al-Sultan Abdullah Ri'ayatuddin Al-Mustafa Billah Shah.

Dear Unitholders,

The year 2023 was the year of closure for the COVID-19 pandemic, with the World Health Organization declaring that it was no longer a public health emergency of international concern. While there was a collective sigh of relief and expectations that normalcy would return, this optimism was dampened as high inflation, new geopolitical conflicts and supply chain disruptions slowed economic recovery.

Ahmad Zulqarnain Onn

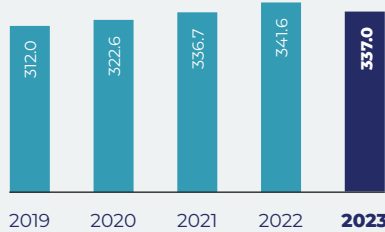
President & Group Chief Executive
(Resigned with effect from 19 February 2024)

The President & Group Chief Executive's Review

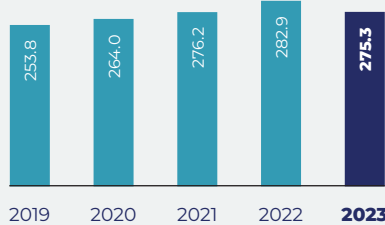
Fund Performance

In 2023, our assets under management (AUM) declined marginally to RM337.0 billion from RM341.6 billion in 2022, reflecting the higher than normal redemptions arising from cost of living pressures and higher interest rates. Units in circulation (UIC) declined to 275.3 billion units from the 282.9 billion units in 2022 as a result of some unitholders redeeming a portion of their investments to address immediate financial needs. Despite the decline in AUM and UIC, the number of accounts grew from 15.2 million to 15.7 million due to the increase in individual investment limits for the ASB and ASB 2 funds and the expansion of the ASM fund on 1 April 2023.

AUM
(RM billion)



UIC
(billion units)

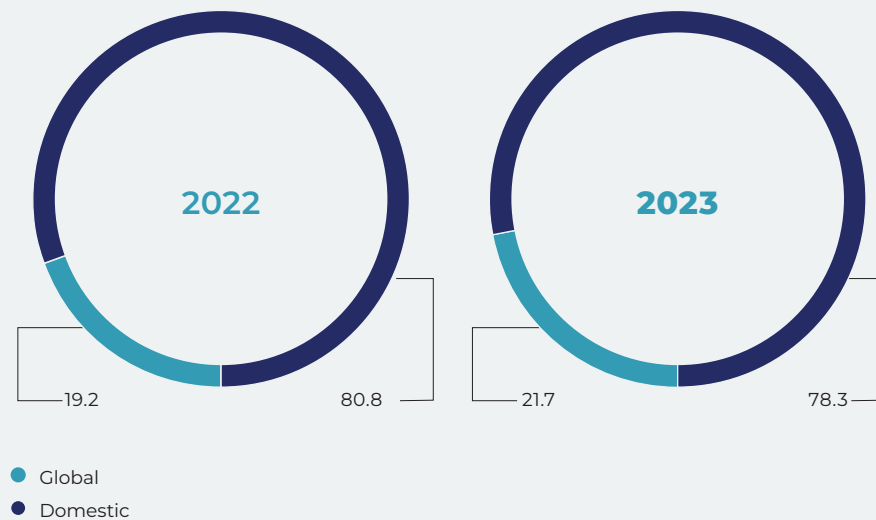
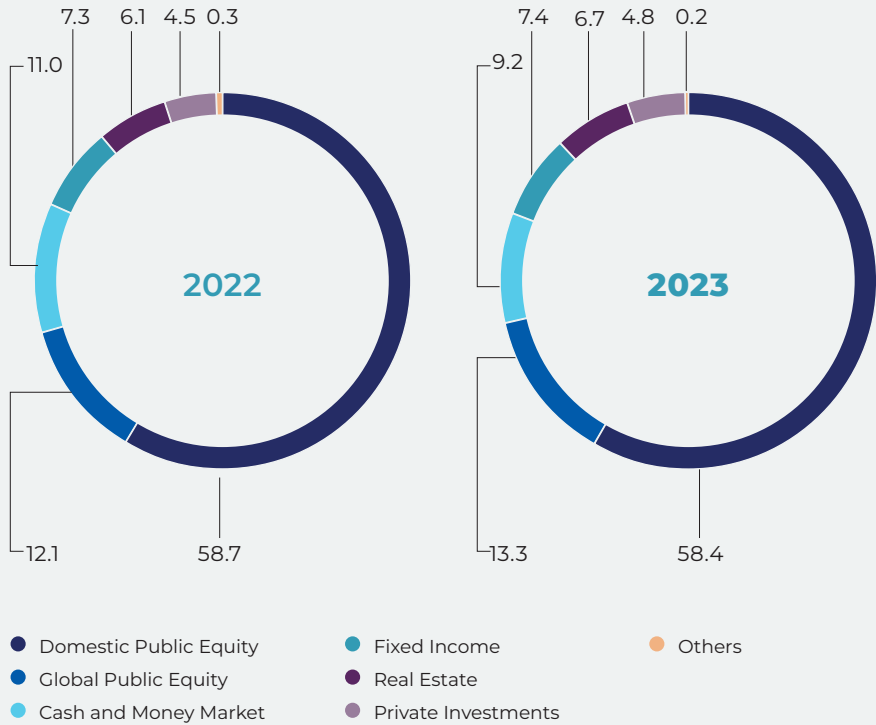


Number of accounts
(million)



Strategic Asset Allocation (%)

PNB continued its progress in the diversification of assets globally and across asset classes. International assets increased to 21.7% in 2023 compared to 19.2% in 2022, as we shifted the portfolio towards global equity markets.



The President & Group Chief Executive's Review

Year in Review

Key Accomplishments in 2023

For PNB, the year presented a range of opportunities for us to create further value for our stakeholders even as we navigated challenging market conditions.

Creating Value

In 2023, we delivered commendable returns across our product portfolio of 17 funds, especially through our Fixed and Variable Price Funds. All our Fixed Price Funds returns were above benchmark, while seven out of our 10 Variable Price Funds were in the first or second quartile, which signified a vast improvement in performance. The increase of individual investment limits for ASB, ASB2; and the expansion of the ASM fund was met with encouraging response with over 780,000 unitholders seizing the opportunity to grow their savings. In total, this generated an additional RM6.8 billion in sales for the three funds.

Our value creation narrative in 2023 was also strengthened through the execution of strategic M&A designed to unlock the value of our investee companies. The merger between MBSB and MIDF has created a major player in Islamic universal banking that can now offer a more extensive range of banking products and services. Meanwhile, the consolidation of the UMW Holdings conglomerate with Sime Darby Berhad underscored our intent to strengthen our automotive footprint to capture local and regional opportunities.

Sime Darby also divested Ramsay Sime Darby Health Care Sdn Bhd to Columbia Asia Healthcare Sdn Bhd for RM5.7 billion, fulfilling its strategy to focus on its core business of auto and industrial equipment.

Additionally, our collaboration with the Employees Provident Fund (EPF) and the Retirement Fund Inc (KWAP) in the RM2 billion sale and leaseback transaction with Osram Opto Semiconductors Sdn Bhd opened avenues for high-quality industrial real estate investments in Malaysia.

Boosting Financial Literacy

Our flagship event, Minggu Saham Amanah Malaysia (MSAM), hosted in Bertam, Pulau Pinang, marked a significant milestone with an impressive turnout of over 200,000 visitors and a reach of 1.1 million on social media. Building on this success, plans for 2024 are already underway to amplify the most impactful financial concepts, gather more data, introduce interactive booths, and expand our outreach through mini activation programmes across the nation.

We also launched the ASNB Academy at MSAM in 2023, underscoring our dedication to financial education. As a comprehensive resource for all Malaysians from all walks of life and of all ages, ASNB Academy offers a vast array of investment and financial planning knowledge, tools, and expert advice. Since its inception in September, it has attracted 5,739 subscribers and 99,294 views.



Ongoing Digitalisation to Encourage Retail Investing

Our commitment to making investing a seamless experience led to the onboarding of Touch 'n Go as our digital agent. Through this partnership that was launched in August 2023, we have integrated ASNB investments into the Touch 'n Go e-Wallet, culminating in the sale of 20.2 million units by the end of 2023. Additionally, the refreshed MyASNB superapp introduces a suite of new features, including fully online account openings, portfolio recommendations based on risk profiling, a zakat calculator and a host of other features to streamline the investment process for our users.

The President & Group Chief Executive’s Review

Upholding Our Sustainability Commitments

On the sustainability front, PNB remains a leader in Malaysia, steadfastly progressing towards our 10 ESG commitments. Noteworthy achievements in our journey to Net Zero Enterprise by 2025 include baselining and restatement of our baseline emission at 29.0k tCO₂e with better data accuracy and reducing our Scope 2 (market-based) GHG emissions by 33% from 6,028 tCO₂e in 2022 to 4,045 tCO₂e in 2023. This was largely driven by our participation in the Green Energy Tariff programme and the purchase of Renewable Energy Certificates.

For our Net Zero Portfolio by 2050, we continue to activate our stewardship levers to drive decarbonisation across our investment portfolio towards our 2030 interim climate targets. This includes scaling-up climate-focused engagements with high priority companies, incorporating carbon assessments in our pre-investment due diligence, enhancing our Voting Guidelines to include expectations on Net Zero Ambition and Net Zero Strategy, among others. We are also the first Government-linked Investment Company (GLIC) in Malaysia to become a signatory to the United Nations Global Compact in addition to joining other global initiatives such as the United Nations-supported Principles for Responsible Investment (PRI), Partnership for Carbon Accounting Financials (PCAF), and ESG Data Convergence Initiative (EDCI).

A New Purpose and Strategy

Launch of Our Renewed Purpose and LEAP 6 Strategic Plan

In reflecting on our 45-year journey, we recognise that Malaysians have come to view PNB as a trusted institution in which they willingly invest their hard-earned money, knowing that we can be relied upon to safeguard and grow their savings. At the same time,

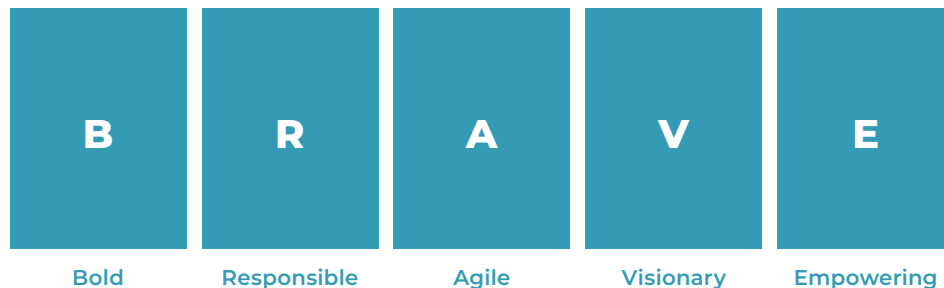
we acknowledge that much more needs to be done to instill a deep-rooted savings culture among the citizens of the country given that recent surveys indicate that about half of Malaysian adults have not started investing or begun financial planning for their retirement.

As the custodian of these funds, we see the opportunity to do better, not only to reinforce the trust our unitholders have in us, but to also uplift the financial lives of Malaysians across generations. It is in this context that we have formulated a new strategic plan for 2024-2026 known as LEAP 6 that will help us achieve this goal. In addition to the strategy, new Core Values and a Manifesto will further embed our renewed Purpose into the organisation. Together, we believe that we will be able to play a bigger and more meaningful role in the lives of our customers.

New Core Values and Manifesto

Going hand in hand with our renewed Purpose are our newly unveiled Core Values and Manifesto. Our new core values are encapsulated in the acronym B.R.A.V.E. and will serve as the guiding principles in every facet of our operations, to shape our behaviours, decisions and actions as we engage with our stakeholders to fulfil our renewed Purpose. The Manifesto provides further clarity and focus, emphasising that everything we do at PNB is to strengthen the bridge that will propel Malaysians towards a brighter future.

What exactly does B-R-A-V-E signify?



Outlook and Prospects

As we reflect on the challenges and accomplishments of the past year, PNB looks ahead to 2024 with a mix of caution and optimism. The global landscape continues to evolve, marked by rapid changes and unforeseen challenges. In this environment, our commitment remains unwavering: to seek out and seize new investment opportunities that promise sustainable returns for our unitholders, all while ensuring the utmost safety of their investments.

Our newly developed strategy for 2024-2026 is both ambitious and achievable, crafted to ensure that PNB remains a progressive organisation. As we step into the future, I am invigorated by the potential to transform challenges into stepping stones for growth. Together, with a shared vision and collective effort, we will continue to uplift the financial lives of our fellow Malaysians, ensuring that each step we take is a step towards a more secure and prosperous future for all.

The President & Group Chief Executive's Review



Acknowledgements

As I reflect on the journey of the past three and a half years, my gratitude extends far and wide across the landscape of this distinguished organisation and its stakeholders. It has been a privilege and honour to serve as PGCE during such transformative times.

I am also pleased to welcome Dato' Abdul Rahman Ahmad, an esteemed leader with a rich background in corporate leadership and strategic development, who will undoubtedly lead PNB to greater heights. His visionary approach and profound understanding of market dynamics will be instrumental in navigating the evolving financial landscape.

Further, my gratitude extends to the Board of PNB and ASNB for their unwavering support and invaluable advice throughout my tenure. Their wisdom has been a guiding light in our collective pursuit of excellence.

Our achievements would not have been possible without the collaboration of various Government Ministries, Agencies, Regulators, Fatwa Councils, and Committees. Your consistent cooperation and support have been crucial in advancing our ambitions and fulfilling our social mandate.

I must also acknowledge the leadership and staff of our investee companies, whose dedication and hard work have driven our progress. Your commitment to our cause has been nothing short of inspiring.

Lastly, to our exceptional Warga PNB, you have demonstrated remarkable resilience and dedication in the face of unprecedented challenges. Your efforts have been central to our successes, and for that, I am eternally grateful.

As I pass the torch to Dato' Abdul Rahman Ahmad, I am confident that PNB will continue to flourish, driven by the collective spirit and dedication of everyone involved.

Thank you all for an unforgettable journey.

Creating Value

Market Overview	41
Engaging with Our Stakeholders	43
Determining What is Material to Us	44
The Risks We Consider	48



Market Overview

Navigating a Dynamic Global Environment

In 2023, the global market landscape presented a complex mix of challenges and opportunities, influenced significantly by geopolitical tensions and economic policies. Throughout the year, businesses and investors navigated an environment marked by uncertainty, which also dampened the excitement surrounding the evolving role of generative AI technology.

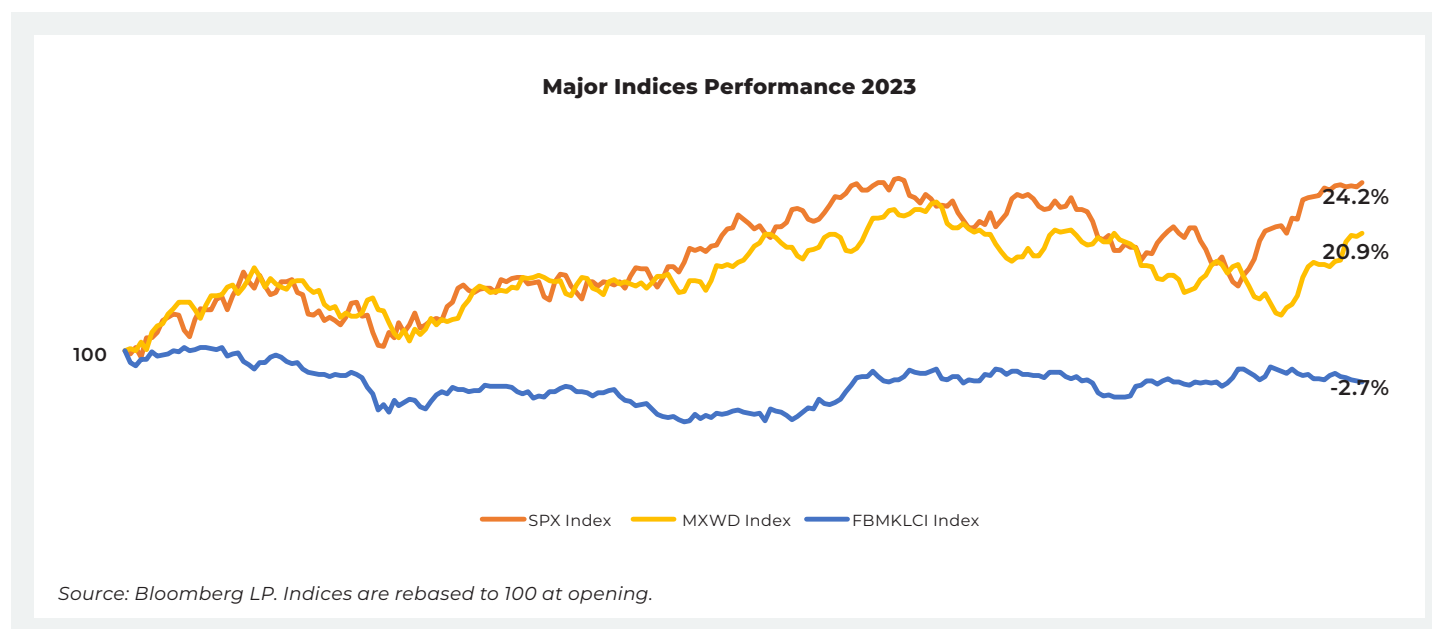
Key Global Economic Influences

Interest Rate Policies: The Federal Reserve maintained a policy of higher interest rates longer than initially anticipated, a strategy aimed at controlling inflation and stabilising the economy. While necessary, these measures impacted global economic activities, reflecting the delicate balance between growth and inflation control.

China's Economic Slowdown: As the second-largest economy in the world, China faced significant headwinds, particularly within its property sector. This slowdown had broader implications for global trade and investment, given China's critical role in international supply chains.

Geopolitical Tensions: Increased geopolitical risks have added layers of complexity to the global market. Ongoing conflicts, trade disputes and political unrest adversely affected investor confidence and market stability, highlighting the interconnected nature of global economies.

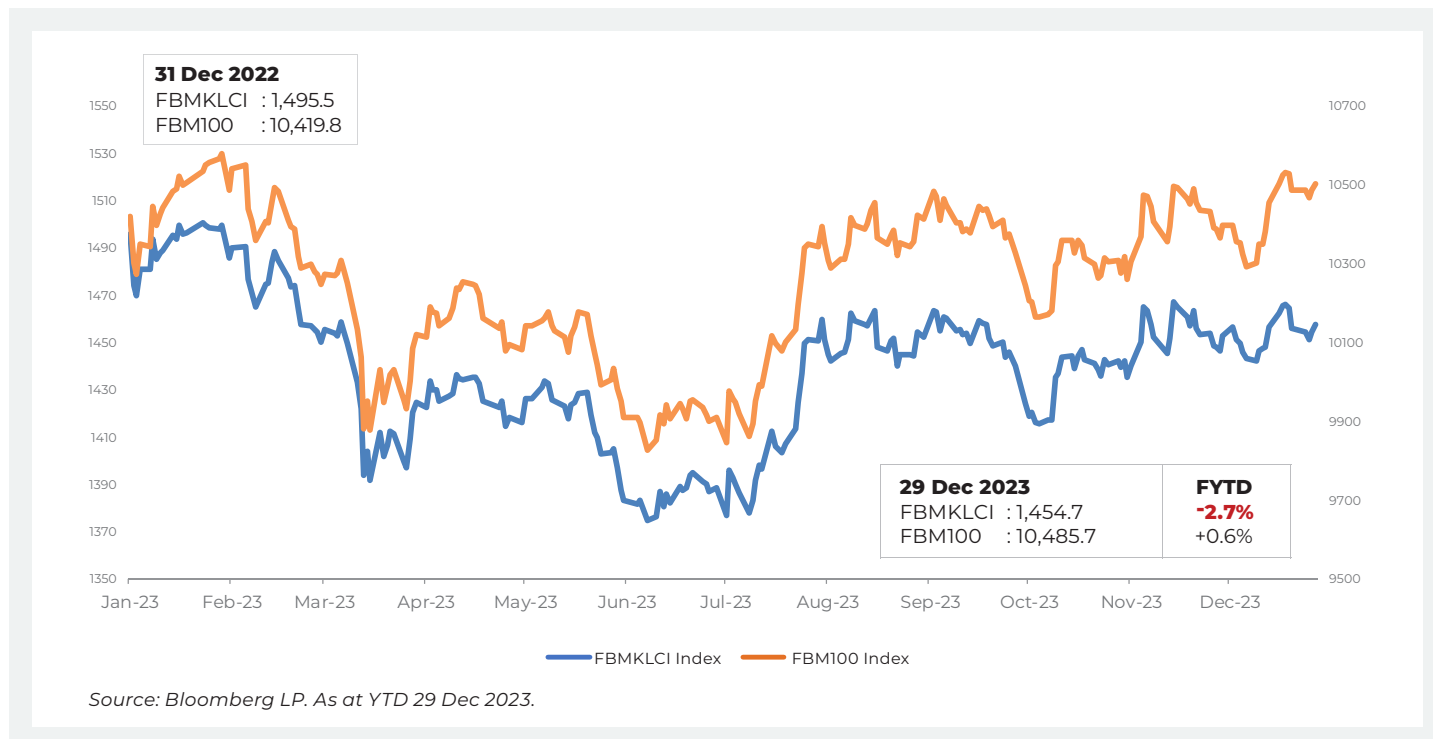
Indices	2022	2023
Major Global		
S&P 500	-19.4%	+24.2%
UK FTSE	+0.9%	+3.8%
Germany DAX	-12.4%	+20.3%
Asia		
Nikkei	-9.4%	+28.2%
China SHZ300	-21.6%	-11.4%
South Korea KOSPI	-24.9%	+18.7%
ASEAN		
MSCI ASEAN	-7.1%	-3.1%
Singapore STI	+4.1%	-0.3%
Indonesia JCI	+4.1%	+6.2%



Market Overview

Domestic Market Overview

Domestically, the FBMKLCI experienced a 2.7% decline in 2023, largely due to external headwinds. The market initially declined by as much as 8.1% in the first half of the year. However, recovery began to materialise in the latter half of the year, spurred by proactive government initiatives such as the National Energy Transition Roadmap and the National Industrial Masterplan 2030, aimed at bolstering investor confidence and enhancing market sentiment.



Factors Influencing the Domestic Economy

Economic Revival Plans: The government rolled out several initiatives to stimulate economic growth and rejuvenate critical sectors, designed to attract investments, boost domestic consumption and accelerate recovery.

External Macroeconomic Challenges: External factors such as global trade tensions and geopolitical uncertainties continued to influence the Malaysian market, impacting investor sentiment and overall market performance.

High Interest Rates: Elevated interest rates raised borrowing costs and influenced investment decisions, impacting both businesses and consumer spending within the domestic landscape.

Currency Depreciation: The weakening of the Ringgit Malaysia against major currencies affected trade competitiveness and increased import costs, further challenging the domestic economy.

Outlook

Looking ahead, global growth is expected to moderate further amid high interest rate environments and ongoing geopolitical uncertainty. The International Monetary Fund (IMF) projects a slow global recovery with increasing regional divergences. Despite these global headwinds, Malaysia's domestic economy is poised for resilience and growth, with projections indicating an expansion of 4.5% to 5.0% in the coming year, primarily driven by the services sector. Moreover, there is optimism for a strengthening Ringgit, which will enhance Malaysia's economic position on the global stage.

Looking forward, we are optimistic about both developed and domestic equity markets, supported by robust consumer spending and substantial capital investments in the technology sector, which are anticipated to drive increased earnings growth and valuations. We also hold a positive outlook for both global and domestic fixed income markets, as peak global interest rates create more favourable entry points for increasing our fixed income allocation. Despite current uncertainties, we are committed to navigating these complex conditions with diligence, dedicated to our mission of generating competitive returns for all our valued unitholders.

As we move forward, our focus remains on adapting to these global dynamics, leveraging opportunities for growth, and enhancing value for our stakeholders in an increasingly complex world.

Engaging with Our Stakeholders

Stakeholders are groups who impact or are impacted by our decisions and business activities. At PNB, we believe in the importance of cultivating strong relationships with our stakeholders to build and maintain trust while making informed decisions. Embracing values such as respect, empathy, openness and authenticity, we are committed to transparency and communicating openly and honestly, as we nurture trust and understanding. This contributes to our effort in identifying areas of concerns, gathering feedback and resolving problems, cultivating sustainable growth within our communities.

We encourage our stakeholders to share their perspectives and ideas, promoting collaboration and mutual respect. This allows us to capture opportunities and manage risks to continue generating sustainable value and drive positive change. We remain unwavering in our dedication to authenticity, ensuring that every interaction reflects our genuine commitment to the well-being of our stakeholders and the communities we serve.

In 2023, we conducted a thorough review and restructuring of our stakeholder groups, resulting in the identification of 13 stakeholder groups, compared to eight stakeholder groups in FY2022. We identified five additional stakeholder groups crucial to our organisational dynamics, and they are Customers, Investment Managers, Investee Companies, Communities and Media.

To enhance clarity and precision in our stakeholder engagement, we have reorganised some of the stakeholder groups. Analysts, for instance, now fall under the Intermediaries, aligning more closely with their role in our operations. Government and Regulators, along with Industry Associations and Peers, have been identified as two distinct stakeholder groups to better address their specific roles and impacts. Further to that, we have segregated Non-Governmental Organisations (NGOs) and Communities into two separate key groups to better recognise their needs and concerns. These adjustments aim to streamline communication channels and deepen our understanding of the various perspectives that shape our corporate landscape.



Determining What is Material to Us

Materiality Assessment

Conducting a materiality assessment is fundamental to our sustainability strategy, serving as a cornerstone in our approach to responsible business practices. This meticulous process not only enables us to prioritise key sustainability issues but also allows us to uncover opportunities and proactively mitigate risks. By gaining a comprehensive understanding of the evolving landscape of sustainability challenges and stakeholder expectations, we ensure that our business growth remains sustainable and aligned with the values and interests of our stakeholders. Through this strategic approach, we strive to foster long-term resilience and value creation while advancing our commitment to the ESG principles.

As part of our ongoing commitment to enhancing our sustainability efforts, we held an in-depth materiality assessment to review our sustainability material matters and ensure that they remain relevant. The process involved desktop research to benchmark against peers, analysis of regulatory frameworks and engagements with both internal and external stakeholders. We employed a three-step materiality approach comprising:

- 1) Identification of Material Matters
- 2) Prioritisation; and
- 3) Consolidation and Validation of the Results, guided by the GRI Standards and Bursa Malaysia’s Sustainability Reporting Guide (3rd Edition).

The methodology ensured a comprehensive evaluation process, as illustrated below:



Determining What is Material to Us

Following the materiality assessment, we expanded the number of our material matters from seven in FY2022 to 15 in FY2023. Among these, six of the material matters have been categorised as High Priority, while the remaining nine were identified as Medium Priority. The six High Priority material matters are Data Privacy and Security, Economic Performance, Governance and Ethics, Customer Experience and Satisfaction, Climate Change, and Social Impact. We also renamed two material matters: Diversity and Inclusion to Diversity, Equity and Inclusion and Responsible Investing to Sustainable and Responsible Investing.

PNB's FY2023 Materiality Matrix

Ranking	Sustainability Matters	Importance Level
1	Economic Performance	High
2	Customer Experience and Satisfaction	
3	Data Privacy and Security	
4	Governance and Ethics	
5	Climate Change	
6	Social Impact	
7	Transparent Information and Fair Practice	Medium
8	Technology and Innovation	
9	Environmental Impact	
10	Labour Rights	
11	Sustainable and Responsible Investing	
12	Talent Management	
13	Nature and Biodiversity	
14	Diversity, Equity and Inclusion	
15	Supply Chain	

Material Matters Identified in FY2023

Environmental	Social	Economic
Climate Change	Data Privacy and Security	Economic Performance
Nature and Biodiversity	Customer Experience and Satisfaction	Governance and Ethics
Environmental Impact	Social Impact	Sustainable and Responsible Investing
	Transparent Information and Fair Practice	Supply Chain
	Technology and Innovation	
	Labour Rights	
	Talent Management	
	Diversity, Equity and Inclusion	

Determining What is Material to Us

Definition of Material Matters

We recognise the importance of contributing to a sustainable future and have mapped our material matters to the relevant UN Sustainable Development Goals (UNSDGs). This strategic alignment ensures that our efforts address global sustainability challenges and contribute positively to the broader societal and environmental goals outlined by the UN.

Material Matters	Definition	UNSDGs
Economic Performance	The economic value generated and distributed by PNB during the reporting period.	
Customer Experience and Satisfaction	PNB's practices to enhance relationships with unitholders, aiming to surpass their expectations, build trust and fulfil their preferences.	-
Data Privacy and Security	PNB's management of data privacy and cybersecurity to prevent breaches of customer information and uphold stakeholders' right to privacy.	-
Governance and Ethics	PNB's commitment to uphold high standards of governance and ethical practices by advocating principles such as Board independence, transparency, accountability and anti-corruption.	
Climate Change	PNB's effort and initiatives to adapt and manage its climate-related impacts through operational and investment strategies.	
Social Impact	PNB actively engages with surrounding communities and in other areas/regions through direct initiatives aligned with its mandate, social investment framework and national economic agenda, fostering local and regional economic growth in areas where PNB operates.	     
Nature and Biodiversity	PNB proactively mitigates material impacts on nature and biodiversity through its operations and investment activities (e.g. pollution, habitat destruction and freshwater management, among others).	 
Environmental Impact	PNB manages its environmental impacts to minimise harm or have no adverse effects on the environment (e.g. water consumption, release of effluents and management of waste, among others).	  

Determining What is Material to Us

Material Matters	Definition	UNSDGs
Labour Rights	PNB is dedicated to upholding labour rights through our Labour Rights Policy, as well as PNB's efforts to ensure a safe work environment for its employees. This includes ensuring compliance with relevant health and safety regulations across its operations and Investee Companies.	 
Talent Management	PNB's approach to employee management, spanning from hiring, recruitment, retention, learning and development practices to working conditions, showcasing PNB's dedication to talent management and cultivation.	
Diversity, Equity and Inclusion	PNB fosters diversity, inclusivity and non-discrimination throughout all levels of workforce.	 
Transparent Information and Fair Practice	Providing access to credible and fair marketing, business and sustainability information about PNB to our unitholders and other stakeholders.	-
Technology and Innovation	Advancement of PNB's LEAP 6 Strategy, focused on efficiency and innovation through technology and digital transformation, aiming to meet evolving customer demands and drive business growth.	
Sustainable and Responsible Investing	PNB's efforts to integrate ESG considerations into our investment decision-making, including PNB's initiatives for investment in green and transition assets.	
Supply Chain	PNB's capacity to promote fair and ethical ESG practices among its suppliers, in line with PNB's procurement policies.	

The Risks We Consider

Managing Our Principal Risks

At PNB, we embrace the challenges that come with our business and have implemented robust controls and mitigation strategies to safeguard our Purpose to uplift the financial lives of Malaysians across generations. PNB takes a proactive and holistic approach to manage its existing and emerging risks to optimise value creation and deliver its investment objectives.

The following outlines the principal risks, together with the related risk management frameworks which forms part of mitigation measures to manage the risk. This list is not exhaustive, and the order in which these risks are presented does not imply the likelihood of occurrence, the magnitude, or the impact.

1 Investment-related Risks Affecting PNB and the Unit Trust Funds (UTFs) Under Management

a. Market Risk

Risk that arises from adverse movements in market factors such as stock prices, interest rates, exchange rates, and commodity prices

Description	Mitigation Action
<p>Market Risk Management Framework, along with the Strategic Asset Allocation, Forex Risk Management and other respective Frameworks within PNB, is designed to effectively manage a diverse array of risk including capital market risk, interest rate risk, sector-specific and securities-specific risk, country risk, and currency risk, among others.</p>	<p>The Framework utilises a combination of both statistical and non-statistical measures and various metrics to adequately manage market risks that includes:</p> <ul style="list-style-type: none"> • Value at Risk • Key Risk Indicators (KRIs) • List of potential impairments • Scenario-based stress testing • Other sensitivity-based measures • Other risk limits as set out in the respective 1st Line of Defence's policies, frameworks, plans, or handbooks

b. Liquidity Risk

Risk of inability to obtain sufficient funding sources to meet its financial obligation

Description	Mitigation Action
<p>Liquidity risk is paramount to PNB Group's operations which includes both managing the UTFs' net redemption and its investments' Net Asset Value (NAV).</p> <p>Unfavourable market conditions or adverse movements of the underlying securities may impact the NAV of the funds while prolonged significant redemptions may further exacerbate and trigger liquidity risk within the Group.</p>	<p>The Liquidity Risk Management Framework utilises various measures and controls to withstand potential liquidity shortfall that includes:</p> <ul style="list-style-type: none"> • Key Risk Indicators (KRIs) • Strategic allocation of liquid assets • Scenario-based stress testing • Contingency Funding Plan • Other risk limits as set out in the respective 1st Line of Defence's policies, frameworks, plans, or handbooks

The Risks We Consider

c. Investment Concentration Risk

Risk that PNB and the UTFs under its management is exposed to lack of diversification, investing too heavily in one asset class, sector or stock.

Description	Mitigation Action
<p>Whilst actively steering the Strategic companies to fulfil PNB's mandate of promoting corporate share ownership among the Bumiputera community, there has been concentrated exposure to non-strategic equity investments and other asset classes as well, from time to time.</p> <p>The Investment Concentration Risk Management Framework aims to minimise the loss that PNB and its UTFs could face in the event of liquidating investments due to:</p> <ul style="list-style-type: none"> • losses materialising from systematic (market sell-off) or company specific issues such as defaults, or • losses materialising to address massive net redemptions 	<p>The Framework utilises internal limits, embedded with market liquidity dimension.</p> <ul style="list-style-type: none"> • Monitor the concentrated exposure to non-strategic investments from time to time • Other risk limits as set out in the respective 1st Line of Defence's policies, frameworks, plans, or handbooks.

d. Credit Risk

Risk of credit deterioration, encompassing defaults and losses arising from a company's failure to meet payment obligations or restructure effectively

Description	Mitigation Action
<p>In navigating a volatile interest rate landscape, bolstering credit risk monitoring is imperative for increasing fixed-income investments exposure.</p> <p>The Credit Risk Management Framework aims to strengthen the credit risk monitoring process thus ensuring any potential credit deterioration can be captured early and managed holistically.</p>	<p>The Framework utilises several measures to minimise the loss that PNB and its UTFs could face in the event of credit deterioration that includes:</p> <ul style="list-style-type: none"> • Management action triggers via surveillance of credit spread and credit default swaps (CDS) for Corporate and Sovereign issuers as early warning indicators • Other risk limits as set out in the respective 1st Line of Defence's policies, frameworks, plans, or handbooks

The Risks We Consider

2 Technology Risk

Risk arising from technology failures or cyber intrusion of IT systems, applications, platforms or infrastructure, which could result in financial losses, disruptions in services or operations, or reputational harm to the organisation

Description	Mitigation Action
<p>PNB's increasing involvement in technology megatrends such as digitalisation, cloud computing and artificial intelligence (AI) contributed to increasing risk exposure particularly to system and cybersecurity risks.</p> <p>The Technology Risk Management Framework (TRMF) aims to manage performance outcomes, minimising risk issues within technology operations and projects.</p>	<p>The Framework is continuously enhanced based on the recently issued Guidelines on Technology Risk Management (GTRM) by the Securities Commission (SC). The Technology Risk Universe which forms part of the TRMF, serves as the foundation in conducting risk assessments in relation to technology operations, systems and projects.</p> <p>In addition, PNB has further strengthened its system and cybersecurity measures, controls, and governance. These include, among others:</p> <ul style="list-style-type: none"> • Key Risk Indicators (KRIs) • Setting up independent information and cybersecurity functions • Thematic risk assessment on technology service providers • Other risk monitoring as set out in the respective 1st Line of Defence's policies, frameworks, plans, or handbooks

Portfolio Performance

Strategic Asset Allocation	52
Strategic Investments	54
Public Markets	59
Private Markets	63
Real Estate	67
ASNB Unit Trusts	73



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 a more optimal long-term allocation decision. This includes intentional collation of the best insights that have been gathered by each business unit from active engagements with various industry leaders.

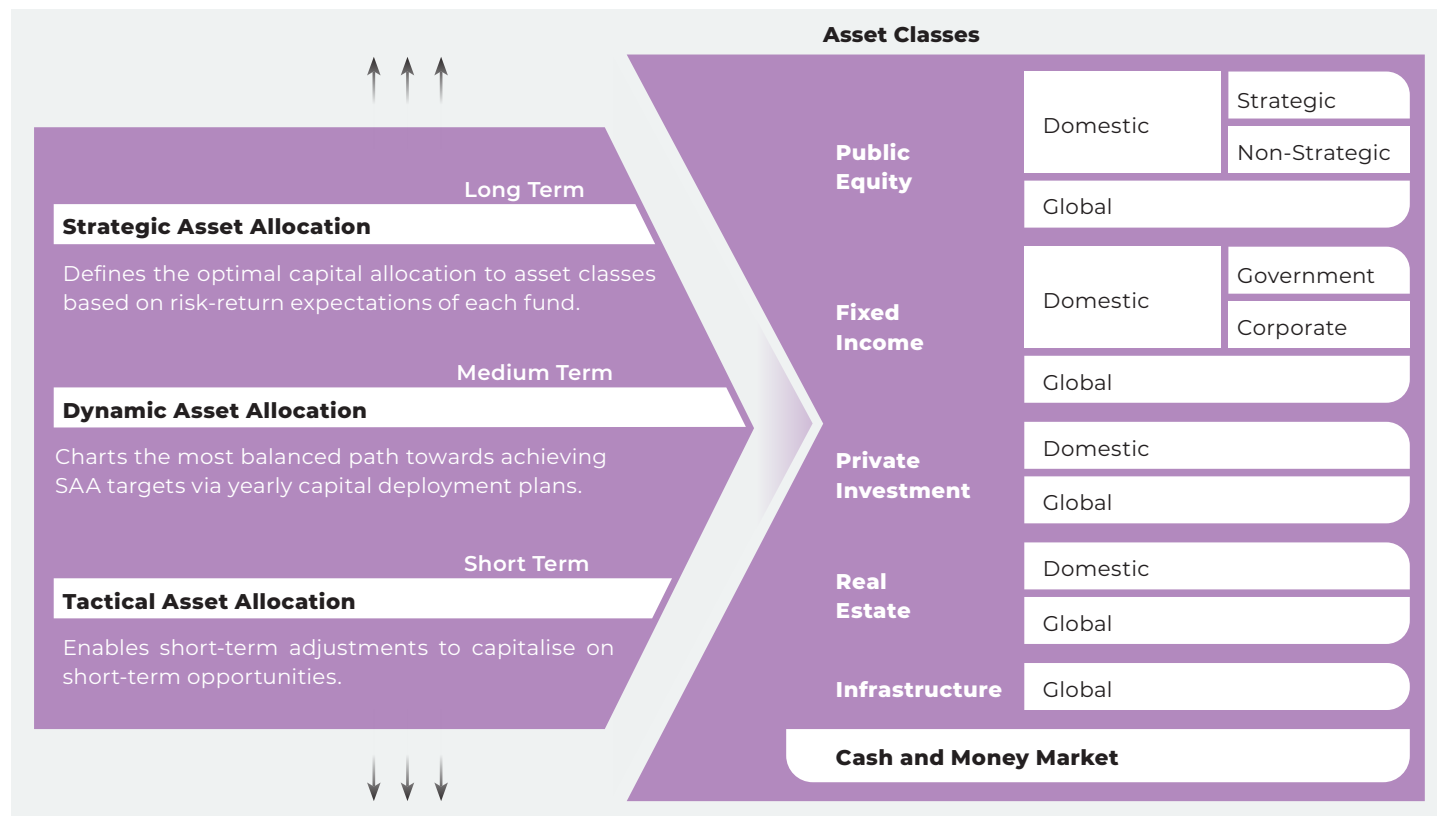
Despite our unwavering focus on constructing portfolios that generate sustainable growth in the long run, we acknowledge that our funds operate within a complex global environment. Therefore, we supplement our long-term SAA targets with medium-term and short-term tactical tilts, achieved through Dynamic 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 recent 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 one proprietary fund and 18 unit trust funds. These investments shall complement our existing domestic equity holdings.

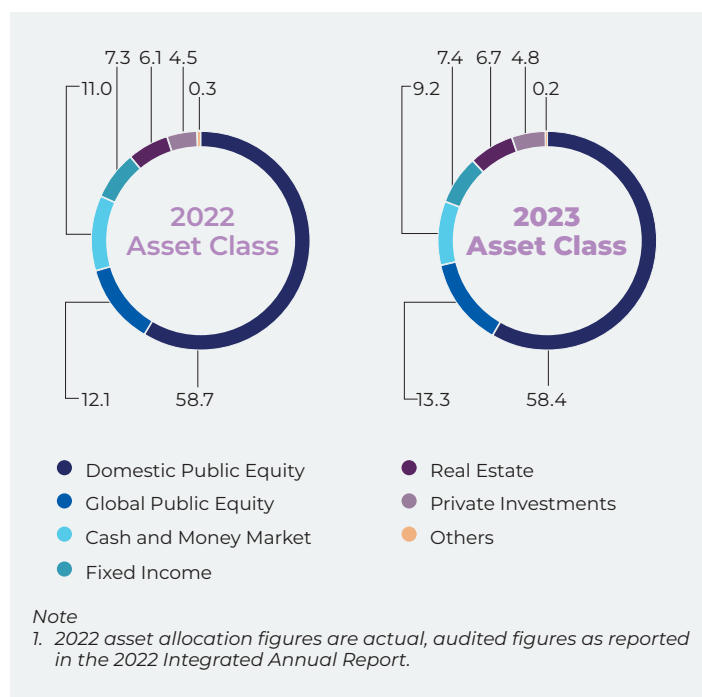
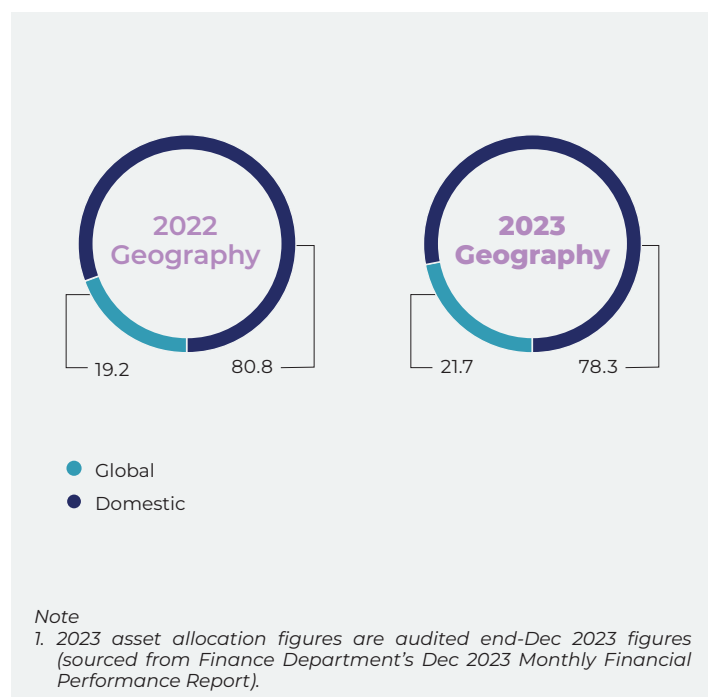
Ultimately, our capacity to uphold our mandate over the long term depends largely on how quickly we adapt to the constantly evolving global environment. As a prominent and influential entity, we understand our critical responsibility to invest in a responsible and sustainable manner. To this end, we aim to more comprehensively incorporate ESG considerations in 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



PNB Group Asset Allocation by Asset Class and Geography (%)



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.

Guiding Principles

- 1 **Situational based approach**
- 2 **Focus on delivering sustainable enhanced performance**
- 3 **Efficient and collaborative internal operations**
- 4 **Best-in-class governance**
- 5 **Value-adding talent pipeline**

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 policymakers. 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 engagements and collaborations, 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 Board 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 to ensure optimal return on investment, while safeguarding the interest of PNB and our 18 unit trust funds. The dividend income we generate also plays a significant role in enabling the UTF's to consistently offer competitive returns.

We have monetised about RM3.6 billion worth of investments during FY2023. 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 2023



Revenue	RM64,467 mil
Market Capitalisation	RM107,216 mil
PATAMI	RM9,350 mil
% Shareholding	44.83%

Maybank was established in 1960 and today is the largest company by market capitalisation on the Malaysian Stock Exchange (Bursa Malaysia), among the top 500 companies in the Forbes Global 2000 leading companies of the world and listed as one of *Time's* World Best Companies 2023.

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.

In its efforts to realise a sustainable future for all, Maybank's mission of humanising financial services is centred on the purpose of doing the right thing, leaving no one behind and serving as a force of good. This is driven by providing convenient access to financing in both digital and physical environments, reinforcing the importance of ethical banking, offering 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.

Sime Darby Berhad Audited FYE 30 June 2023



Revenue	RM48,288 mil
Market Capitalisation	RM16,017 mil
PATAMI	RM1,458 mil
% Shareholding	47.03%

Sime Darby is a partner of choice for some of the world's best brands in the Industrial and Automotive sectors, with operations in 18 countries and territories across Asia Pacific, supported by over 30,000 employees. Headquartered in Malaysia, Sime Darby operates in the heavy equipment, automotive and related industries, providing retail, after-sales, rental and other services to a vast array of customers in the region, from individuals to small businesses and world leading organisations.

Sime Darby Industrial is a leader in the heavy equipment space. It provides earthmoving and industrial solutions for customers in the resources, infrastructure, oil and gas, power generation, marine, agriculture and material handling sectors. This includes selling and renting industrial equipment, providing after-sales product support and parts, and developing innovative industrial solutions.

Sime Darby Motors, the automotive arm of Sime Darby, 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 10 markets across 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, Li Auto and Polestar, as well as household names such as Hyundai, Ford and Mazda.

In 2023, Sime Darby acquired a majority stake in UMW Holdings Berhad. With a strong presence in eight key Asia Pacific markets, UMW offers excellence and innovation in the automotive, equipment, manufacturing and engineering, and aerospace industries. With the inclusion of UMW, Sime Darby has expanded its portfolio and strengthened its position as one of Asia Pacific's largest automotive and industrial players.

SD Guthrie Berhad (Previously known as Sime Darby Plantation Berhad) Audited FYE 31 December 2023



Revenue	RM18,428 mil
Market Capitalisation	RM30,844 mil
PATAMI	RM1,860 mil
% Shareholding	55.30%

Two hundred years ago, enterprising young men from foreign shores arrived in the Far East looking for fortune and adventure. They planted the seeds for a future beyond anything they could have envisioned.

Today, SD Guthrie stands tall as the world's largest producer of Certified Sustainable Palm Oil (CSPO). With a planted hectareage about eight times the size of modern-day Singapore, it is also one of the largest plantation companies in the world.

SD Guthrie is fully integrated across its global value chain in the palm oil industry, with presence in 13 countries. Throughout its plantation operations, five R&D centres and 11 refineries around the world, planters, scientists, engineers, traders and others work together to develop and produce some of the highest quality refined oils and fats products, oleochemicals, palm oil-based biodiesel, nutraceuticals, other palm oil derivatives, and agriproducts.

Supported by a workforce of more than 80,000 people, SD Guthrie has reinforced its leadership position with its ground-breaking R&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. SD Guthrie is the world's first palm oil company to have both its near- and long-term net-zero GHG emissions reduction targets approved by the Science Based Targets initiative (SBTi). This proves SD Guthrie's commitment to addressing the urgency of climate change with real, meaningful and measurable targets.

SD Guthrie serves a diverse range of customers in over 90 countries and is a partner of choice for its key stakeholders. Its success is founded on resilience, adaptability and dynamism, while its continuous pursuit of excellence in business, sustainability, research and innovation is driving SD Guthrie's new phase of change and growth.

Portfolio Performance Strategic Companies

Sime Darby Property Berhad Audited FYE 31 December 2023



Revenue	RM3,437 mil
Market Capitalisation	RM4,251 mil
PATAMI	RM408 mil
% Shareholding	57.64%

Sime Darby Property is a pioneering property developer in Malaysia with more than 50 years of excellence in the real estate industry. The Group has built over 100,000 homes across its 25 townships and developments, encompassing residential, commercial, as well as industrial and logistics properties.

Distinguished in multiple real estate segments including Investment & Asset Management and Leisure, Sime Darby Property is the sole owner of KL East Mall and the regionally renowned Kuala Lumpur Golf & Country Club. Marking its international presence, Sime Darby Property is part of the consortium of Malaysian companies to successfully rejuvenate the iconic Battersea Power Station in Central London, in the United Kingdom.

Sime Darby Property also operates 7.7 million sq. ft. of net lettable area across commercial, retail, hospitality, education and industrial segments within its Investment & Asset Management business.

Guided by the UNSDGs, Sime Darby Property is driven to meet its 2030 Sustainability Goals and uphold its role as a Force for Good. The Group pledged its commitment in November 2023 to achieving a 40% reduction in Scope 1 & 2 emissions by 2030 and Net Zero carbon emissions by 2050. Sime Darby Property is a constituent of the MSCI ACWI Small Cap Index with an MSCI ESG Rating of BBB and is rated by the Carbon Disclosure Project.

A testament to its excellence, Sime Darby Property has received numerous real estate industry accolades and capped the year 2023 with an impressive 51 awards. This includes the World Gold (Master Plan Category) and World Silver (Residential Mid-Rise) wins at the 'FIABCI World Prix d'Excellence Awards 2023' and the top property developer at 'The Edge Malaysia's Top Property Developers Awards' for the 12th year running.

S P Setia Berhad Audited FYE 31 December 2023



Revenue	RM4,374 mil
Market Capitalisation	RM3,434 mil
PATAMI	RM299 mil
% Shareholding	62.25%

S P Setia is a leading property developer in Malaysia with an established presence in seven countries globally.

Since its inception in 1974, the Group's core business segment of property development portfolio encompasses townships, eco-themed developments, integrated mixed developments, niche developments as well as expansion into industrial parks across the region. Its investment property portfolio spans a broad range of property types including offices, retail, education, hotels and convention centres.

S P Setia has won the coveted No. 1 ranking in The Edge Property Developer Awards 14 times and is a 17-time winner of the FIABCI World Prix d'Excellence World Gold Award.

Velesto Energy Berhad Audited FYE 31 December 2023



Revenue	RM1,214 mil
Market Capitalisation	RM1,890 mil
PATAMI	RM100 mil
% Shareholding	52.48%

Velesto is a Malaysia-based multinational provider of services for the upstream sector of the oil and gas industry.

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.

Its 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.

Listed on the Main Board of Bursa Malaysia, it is a constituent of the FTSE4Good Bursa Malaysia Index, a testament to its sustainability performance and ESG practices.

Portfolio Performance Strategic Companies

Duopharma Biotech Berhad

Audited FYE 31 December 2023



Revenue	RM705 mil
Market Capitalisation	RM1,212 mil
PATAMI	RM53 mil
% Shareholding	50.86%

Duopharma Biotech began with the establishment of Duopharma (M) Sdn Bhd 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.

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 Omeseq 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.

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, Singapore and Indonesia.

MNRB Holdings Berhad

Unaudited FYE 31 March 2024



Revenue	RM3,602 mil
Market Capitalisation	RM955 mil
PATAMI	RM428 mil
% Shareholding	54.54%

MNRB is a financial holding company that specialises in providing takaful, reinsurance and retakaful solutions. These offerings are facilitated through its wholly-owned subsidiaries, which include Malaysian Reinsurance Berhad (Malaysian Re), Takaful Ikhlas Family Berhad (Takaful IKHLAS Family), Takaful Ikhlas General Berhad (Takaful IKHLAS General) and Malaysian Re (Dubai) Ltd.

Takaful IKHLAS Family and Takaful IKHLAS General collectively cater to almost two million participants, reflecting the commitment to providing accessible and reliable takaful solutions.

Malaysian Re stands as the largest national reinsurer in the Southeast Asia region, bolstered by substantial assets and a strong industry presence.

Sapura Energy Berhad

Audited FYE 31 January 2024



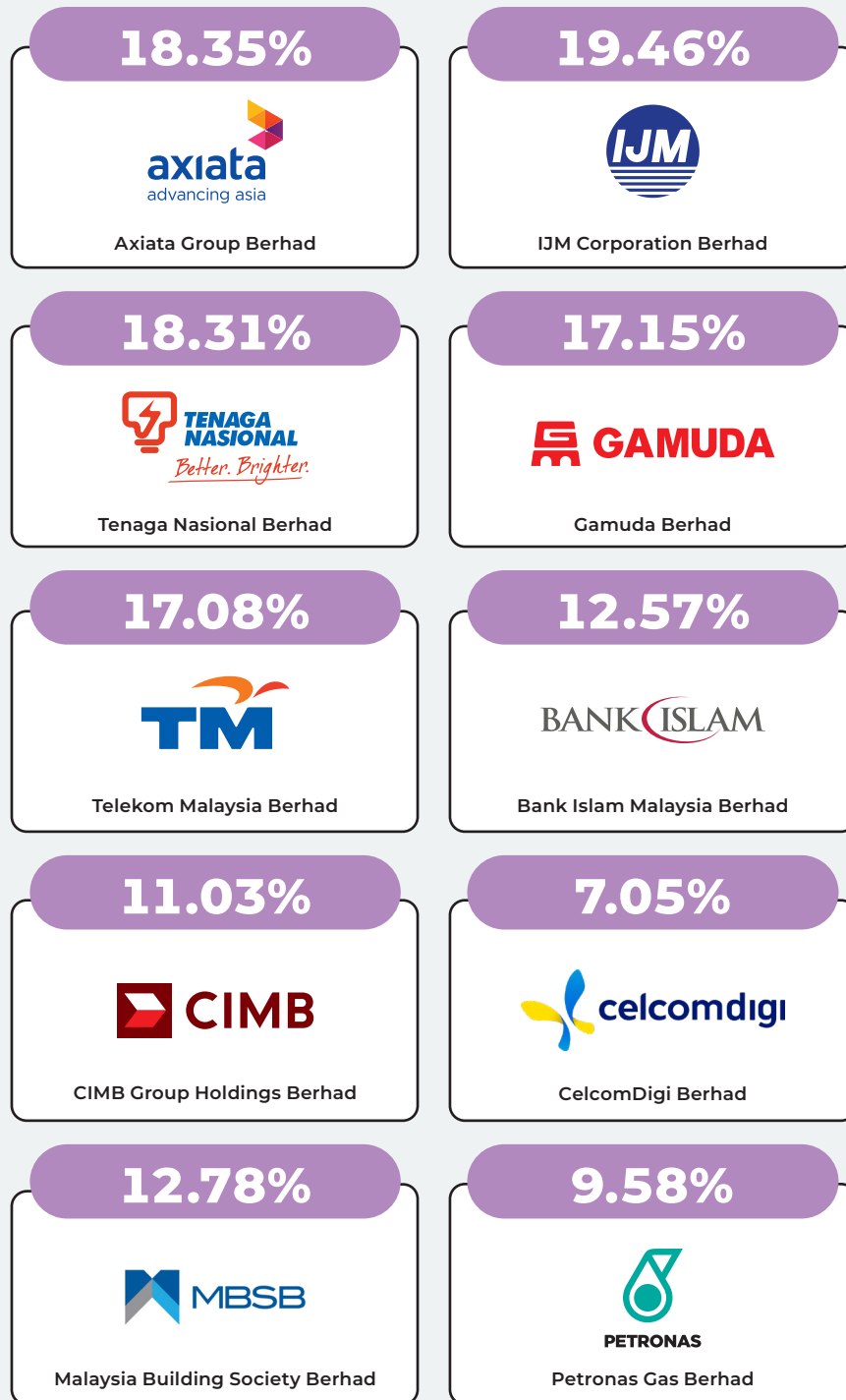
Revenue	RM4,319 mil
Market Capitalisation	RM719 mil
PATAMI	(RM509) mil
% Shareholding	34.45%

Sapura Energy 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.

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.

Portfolio Performance Strategic Companies

Shareholding Percentages of Selected Core Companies



Notes:
PATAMI - Profit After Tax and Minority Interest.
All market capitalisation and shareholding figures are as at 31 December 2023.

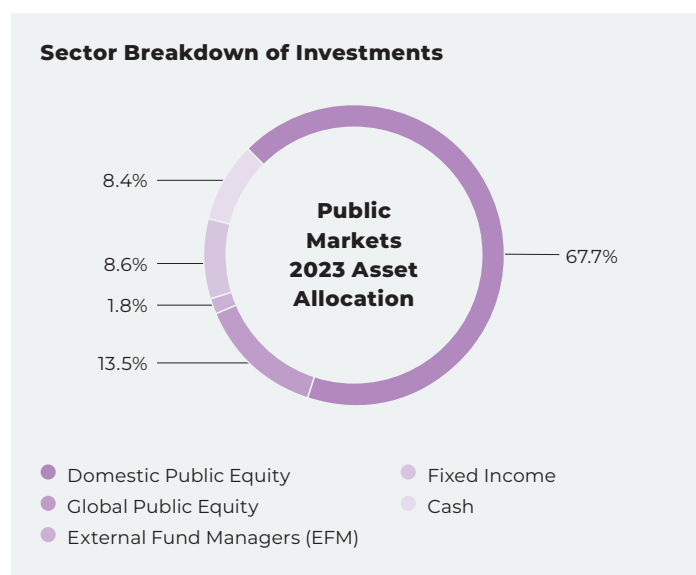
Public Markets

2023 Overview

In 2023, Global Public Equity and Fixed Income markets showed notable resilience despite the multitude of events that unfolded such as restrictive monetary policies, a sudden banking crisis, geopolitical conflicts, and humanitarian issues in Ukraine and the Middle East, as well as the impacts of climate change. Amidst the tumult, the “Magnificent 7” group of companies soared on the back of the AI boom, anchoring the performance of technology companies in the US and globally.

Meanwhile, the anticipated recovery of the Japanese market drew considerable interest from investors, overshadowing China's disappointing economic recovery. Closer to home in Malaysia, the introduction of several key policy announcements in 2023 brought a renewed sense of optimism on the future of the country and buoyancy of Malaysia's capital markets.

Public Markets Asset Allocation



Within the Public Markets space, we continued to actively rebalance our portfolios. Domestic Public Equity remains the key anchor of our portfolio, where our broad-based exposure spans across major sectors and growth areas of the Malaysian economy.

Our exposure internationally proved prescient, as we reaped the reward of last year's resurgence in the global equity markets. Peaking of interest rates globally had a silver lining, bonds with favourable yields were there for the taking, enabling us to secure favourable yields within the fixed income space and accumulate for the longer term. Our External Fund Managers (EFMs) also add to strategy diversification, creating a balanced portfolio that can withstand market fluctuations while simultaneously capture opportunities in Emerging and Developed Markets.

Public Equity

Global Public Equity

Following market downturns in 2022, the year 2023 witnessed a significant turnaround in performance, with the MSCI World Islamic Index (MIWD) rallying by 23.4%. Developed Markets stood out as top performers, with the US S&P 500 Index advancing by 24.2% and Japan's Nikkei 225 Index increasing by 28.2%.

The rally in the US stock markets was spearheaded by technology counters which had recorded significant earnings growth attributed to the widespread adoption of generative AI. Anticipation of peaking interest rates and disinflation within the US economy had also fostered expectations that the Federal Reserve (Fed) would begin cutting interest rates, fuelling more a positive sentiment in the market.

The Japanese stock market surprised on the upside, propelled by mounting optimism on reforms of corporate governance and prospects of the economy transitioning out from decades of deflation. The persistently weak yen had boosted imported inflation and nudged Japan's economy towards a more favourable inflation cycle.

While China's economy was mired in challenges including the overleveraged property sector and persistent US-China trade tensions, Emerging Markets recorded commendable performance in 2023, boasting an overall gain of 10%. This was primarily driven by strong returns from India's Nifty 50 at 20% and South Korea's Kospi at 19%, effectively offsetting the 11% decline witnessed in China's CSI 300 Index. To capitalise on the potential returns in these emerging markets, PNB expanded its investments into new regions such as India, Brazil and Saudi Arabia through Exchange Traded Funds (ETFs) to provide the tactical flexibility to efficiently tilt the portfolio exposure in a low cost and timely manner.

As active managers, we have diligently seized emerging opportunities while judiciously managing evolving trends and risks. Amidst the backdrop of the post-COVID economic recovery in 2023, our strategic manoeuvres resulted in a remarkable 52% surge in Public Equity trading values, in tandem with the upturn in international stock markets. This underpins our commitment to agile decision-making and astute market positioning.

Our investment philosophy, grounded in long-term fundamentals, drives the construction of a resilient and diversified Global Public Equity portfolio. Being active managers, we are also agile in manoeuvring geographical developments and emerging themes, cultivating an all-weather investment strategy that would withstand diverse market conditions.

Public Markets

Domestic Equity

Back home, 2023 was a tale of two halves. In the first half of 2023, the Kuala Lumpur Composite Index (KLCI) experienced a decline of 7.9%, primarily influenced by external factors. The Fed's decision to raise interest rates four more times during this period, coupled with concerns of a potential banking crisis in the US, eroded investor confidence and dampened sentiments towards Emerging Markets, including Malaysia. Consequently, there was a continuous trend of net foreign outflows from the domestic equity market throughout the first half of 2023, amounting to a total of RM4.2 billion.

The dichotomy became apparent in the latter half of 2023, where the KLCI surged by 5.7%, primarily propelled by financials and utilities counters. This uptrend was fuelled by increasing optimism regarding the global disinflationary trajectory and the proactive policy initiatives undertaken by the government of Malaysia attracting more interest from foreign investors. Notably, net inflows into the Malaysian equity market for the second half of 2023 reached RM1.8 billion. Despite a global equity sell-off in October 2023 triggered by concerns about elevated interest rates in the US, these apprehensions waned by November, allowing the KLCI to conclude the year with a marginal decline of 2.7%.

In contrast to the KLCI, the FBM Small Cap Index exhibited a solid performance of 9.6% in 2023, spanning a wide range of sectors and industries. While PNB predominantly invests in blue-chip corporations, utilising our in-depth company and industry research capabilities, we continuously scour the domestic equity market for promising opportunities to generate returns across various market scenarios. Our approach towards small cap counters included investments in newly listed companies in 2023 such as Nationgate Holdings Berhad and Oppstar Berhad, which had recorded strong growth potential with market capitalisation soaring by 108% and 297%, respectively, since listing.

In the year under review, Malaysia witnessed significant developments as the government announced several key long-term policies and initiatives. These included the introduction of the National Energy Transition Roadmap (NETR), the unveiling of the New Industrial Master Plan (NIMP), the establishment of the Johor-Singapore Special Economic Zone, and the implementation of measures to rationalise subsidies. These initiatives reflect the government's strong commitment to fostering a conducive policy environment for the nation. The optimism was clearly shared by investors as total approved investments in 2023 reached an all-time high of RM329.5 billion, with the lion's share of it being contributed by foreign investors.

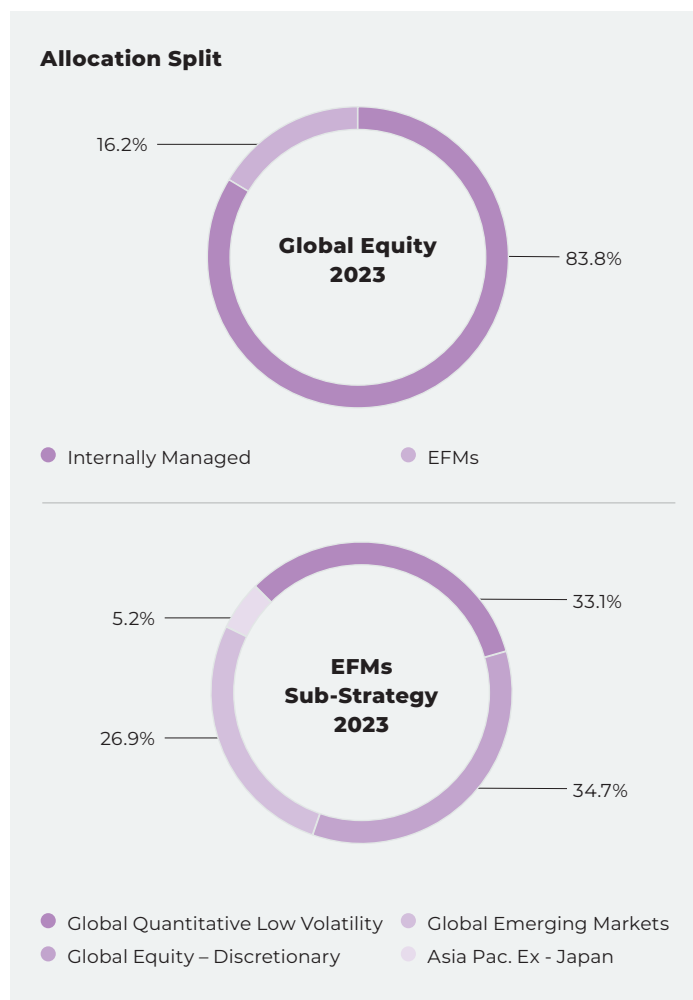
These strategic endeavours have laid the groundwork for a genuine structural shift within the Malaysian economy, setting the stage for harnessing opportunities across diverse sectors. Notably, there has been a growing focus on renewable energy projects in Sarawak, the establishment of data centres in Johor, and the development of the semiconductor industry in Penang. These initiatives have sparked increased interest, particularly among investors eyeing opportunities in sectors such as Property, Construction, Utilities and smaller-cap companies, signalling promising prospects for growth and development.

PNB has remained heavily invested in the domestic equity market, which constitutes 60% of our assets under management. We continue to strategically allocate investments into fundamentally strong market leaders, across various sectors and market capitalisation, to maintain a diversified portfolio that provides both consistent dividends and opportunities for capital growth within the domestic space.

External Fund Managers

In 2023, EFMs' exposure represents 16% of our overall global public equity investment exposure. The strategies overseen by EFMs are designed to offer complementary portfolio diversification alongside our internally managed portfolios, providing unique investment perspectives and resources to enhance our in-house capabilities.

At present, Public Markets have 11 EFMs overseeing four equity strategies for both PNB Proprietary and unit trust funds, significantly contributing to achieving our Return-on-Investment targets. In 2023, EFMs contribution to total income increased by 108% year-on-year.



Public Markets

Fixed Income

Global Fixed Income

The inflationary pressures that arose in late 2021, driven by economic reopening activities post-pandemic, persisted throughout 2022 and required decisive action from major central banks. This led to an aggressive monetary tightening campaign that extended into 2023. Despite moderating upward price pressures, inflation rates had remained persistently above central bank targets, resulting in an extended period of elevated interest rates compared to historical norms.

However, the latter part of 2023 brought a change in sentiment. Emerging indications of an economic slowdown in the US fuelled expectations of a potential shift in Fed policy, with a rate cut anticipated in 2024. This anticipation, coupled with an overall improvement in market performance, contributed to the Bloomberg Barclays Global Aggregate Index delivering a positive return of 5.7% in US dollar terms by the end of the year.

We took the opportunity to expand investments beyond Malaysian Government Bonds and US Treasuries, venturing into the bonds of Indonesia and the Gulf Arab countries. Our tactical pivot was to capitalise on the higher yields offered by these new markets compared to US Treasuries. Aligned with PNB's broader goal of increasing exposure to the fixed income asset class, the unit trust funds' global fixed income holdings surged by 22% in 2023.

Domestic Fixed Income

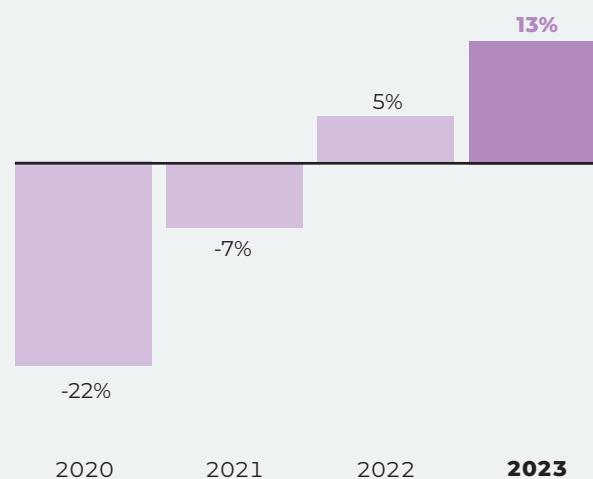
The local bond market strengthened throughout the year as market anticipation of a Fed rate cut in the November FOMC meeting led to early positioning by market participants amidst falling yields. In May 2023, Bank Negara Malaysia raised the Overnight Policy Rate by 25 basis points to 3.00%. Subsequently, the rate remained unchanged for the rest of the year, coinciding with cooling inflation in Malaysia.

Consequently, the Bond Pricing Agency Malaysia (BPAM)'s All Bond Index achieved a positive total return of 6.73% for the year, aligning closely with the performance of the global bond index. Trading volume and demand for government bonds in both the primary and secondary markets witnessed year-on-year improvements. Additionally, corporate bond issuances that were rated AA3 and better saw oversubscriptions due to limited net supply in 2023.

PNB and the unit trust funds were active in Malaysian Government Securities (MGS), Government Investment Issue (GII) and Ringgit corporate bonds; spanning sectors such as infrastructure, utilities, financial services and plantations. Transaction values in domestic fixed income for PNB and the unit trust funds surged in 2023, capitalising on trading opportunities in the local market and reflecting an overall increase in allocation to fixed income instruments.

PNB Total Fixed Income and Money Market Value in 2023

Transaction Value, YoY Growth Percentage



Public Markets

2023 Key Public Markets Initiatives

In 2023, we rolled out several initiatives that played a crucial role in driving our strategic goals and delivering value to our stakeholders.

Incorporating sustainability metrics in investment considerations

We continue to strengthen our knowledge base in sustainability issues, proactively tracking emerging trends in sustainability to identify ESG opportunities that may impact the investment landscape.

The Public Markets research teams have also begun to refine our sustainability considerations in our investment analysis through an ESG Tearsheet that covers areas such as sustainability strategies, climate change mitigation efforts and commitments to strong governance practices.

Adoption of electronic trading platform tools for Over-the-Counter (OTC) execution via the utilisation of FXGO for FX trading including FX derivatives, and the adoption of ALLQ for bond trading on the Bloomberg platform. These methods of trading enable a more streamlined and seamless trading process, as well as more objective allocation of business flow to the respective intermediaries in a cost-and time-efficient manner. Further partnerships with other software providers and intermediaries are being explored to achieve both implicit and explicit cost-saving methods of trading.

Execution process optimisation through adoption of RFQE for ETF trades, and Direct Market Access (DMA) trading alongside algorithmic trading solutions on the Bloomberg platform further enhances Public Markets' ability to trade efficiently across exchanges and time zones. These are to facilitate greater efficiency and transparency in executing trades, ensuring beneficial outcomes such as improved order fill-rates and trading cost optimisation.



Outlook

As the new year beckons, the US economy continues to demonstrate resilience, marked by a robust labour market and stabilised inflation rates, indicating a broad-based earnings recovery extending beyond the technology sector. In Japan, expectations of an economic rebound gathers momentum, attracting investors back into the country, potentially leading to a rerating in company valuations. In contrast, the dragon's grip tightens as China grapples with a multitude of challenges, plagued by weakening business sentiment and consumer confidence, which continues to linger into 2024.

On the domestic front, optimism abounds as the government's reform agenda takes centre stage, particularly the upcoming subsidy rationalisation and fiscal consolidation measures. Sarawak, Penang and Johor are poised to emerge as veritable engines of growth to propel the country in an upward trajectory, drawing long-term foreign direct investments (FDI) into sectors such as semiconductors, data centres and renewable energy.

Persistent risks, notably the spectre of prolonged high interest rates in the US amidst a slowdown in disinflationary trends, threatens to reignite market volatilities. With the upcoming US elections potentially exacerbating tensions between the US and China, this could impact Malaysia's trade-dependent interests. Market volatilities could be further augmented on the back of geopolitical tensions, exemplified by ongoing conflicts such as the Russian-Ukraine war, Israel-Gaza tensions and Iran's attack on Israel.

Looking ahead, we remain optimistic on both developed and domestic equity markets, bolstered by resilient consumer spending and significant capital investments in the technology sector, which are expected to drive enhanced earnings growth and valuations. We are also positive on the prospects for both global and domestic fixed income markets, as the peaking global interest rates provide more favourable entry points to increase our fixed income allocation. Despite prevailing uncertainties, we are determined to navigate these complex conditions with vigilance, committed to our mission of generating competitive returns for all our valued unitholders.

Private Markets

The Private Markets Division comprises four key departments and units – Direct Investments, Global Fund Investments, Infrastructure Investments, and Portfolio Management and Monitoring. In 2023, we continued capital deployment into the private equity and infrastructure asset classes, in line with our asset allocation strategy to increase our assets under management in both asset classes. This approach helps to diversify and improve our portfolio returns. We are committed in refining our investment focus and adopting the best-in-class investment processes that are tailored to these asset classes.

Private Investment Framework		
Vision	To meaningfully participate in the attractive Private Equity (PE) asset class, thereby enhancing returns for the PNB Group	
Priorities	Buyouts – Global Scalability, core risk-return profile of PE asset class	Growth – Global Emerging economies, new age industries
	Direct – Malaysia Alpha generating capabilities domestically	Co-investments – Global Alpha generating capabilities globally
Enablers	Talent Reorganised PE team in line with targeted portfolio	Governance To accommodate the cadence and nuances of PE investing
	Process Best-in-class practices to enable efficient execution	Risk PE-specific risk framework
	Secondaries – Global Complementary cash profile to PI portfolio	Venture Capital (VC) – Global Opportunities, alongside top-tier VC firms

In the sixth year of our Private Investment Framework (PIF) initiative, we have achieved a significant milestone with investment commitments in over 40 primary funds and Separately Managed Accounts (SMAs) as well as close to 20 direct and co-investments. The deployment strategy has enabled effective diversification across Asia Pacific, Europe and North America within various private equity strategies, including buyouts, growth, secondaries and co-investments. In 2023, the Private Investment Framework 3 (PIF 3) was approved up to 7%.

In addition, PNB developed the Infrastructure Investment Framework (IIF) in late 2022 to guide the strategy and implementation plan for this new investment programme in the infrastructure asset class. Beginning in 2023, the infrastructure asset class would supplement the risk and return profile for PNB Group's investment portfolio. The focus of IIF investments during the early years will be on diversified investments across developed markets such as Europe and North America with emphasis on the Core/Core+ strategy.



Private Markets

Direct Investments

The Direct Investments team is responsible for identifying and pursuing investments that offer potential value growth, either through direct investments or co-investments alongside private equity fund managers, both domestically and internationally. These investments are characterised by strong fundamentals, significant growth potential and distinct market positioning, backed by experienced and competent management teams.

Selected Investments

- Akzo Nobel Paints (M) Sdn Bhd
- Ansell N. P. Sdn Bhd
- Aspac Lubricants (Malaysia) Sdn Bhd
- BOH Plantations Sdn Bhd
- Carsem (M) Sdn Bhd
- Goodyear Malaysia Berhad
- Lam Soon (M) Berhad
- Perusahaan Otomobil Kedua Sdn Bhd (PERODUA)
- Rahim & Co International Sdn Bhd

In 2023, as part of our continuous efforts to create value and monetise existing investments, we successfully divested Malaysian Industrial Development Finance Berhad to Malaysia Building Society Berhad, a listed entity, via a share swap transaction. We are proud that this transaction was acknowledged as the Best Domestic M&A Deal of The Year in Malaysia, awarded by Alpha Southeast Asia, and Mergers & Acquisition Deal of The Year, awarded by Islamic Finance News (IFN).

Global Fund Investments

The Private Markets Division also focuses on outsourcing capital to renowned global private equity fund managers, selected through a thorough and stringent process. Investing in these funds provides access to a diversified underlying portfolio, global markets, specialised skills and professional management. This approach can enhance investment decisions and open doors to opportunities that might be otherwise challenging to access.

Private Equity Fund Selection Criteria			
Fit With PNB's Strategy	Track Record	Team Capabilities	Governance and Alignment of Interest
<ul style="list-style-type: none"> - Fund type - Geography - Sector 	<p>Excellent track record with emphasis on:</p> <ul style="list-style-type: none"> - Prior fund's top quartile performances - Outsized net returns and distributions - Relatively low loss rates 	<p>Stable team with strong capabilities, including:</p> <ul style="list-style-type: none"> - Deal sourcing - Value creation - Realisation and track record 	<p>Strong alignment of interest in terms of:</p> <ul style="list-style-type: none"> - Meaningful capital commitment by the manager - Robust governance - Competitive fee structures

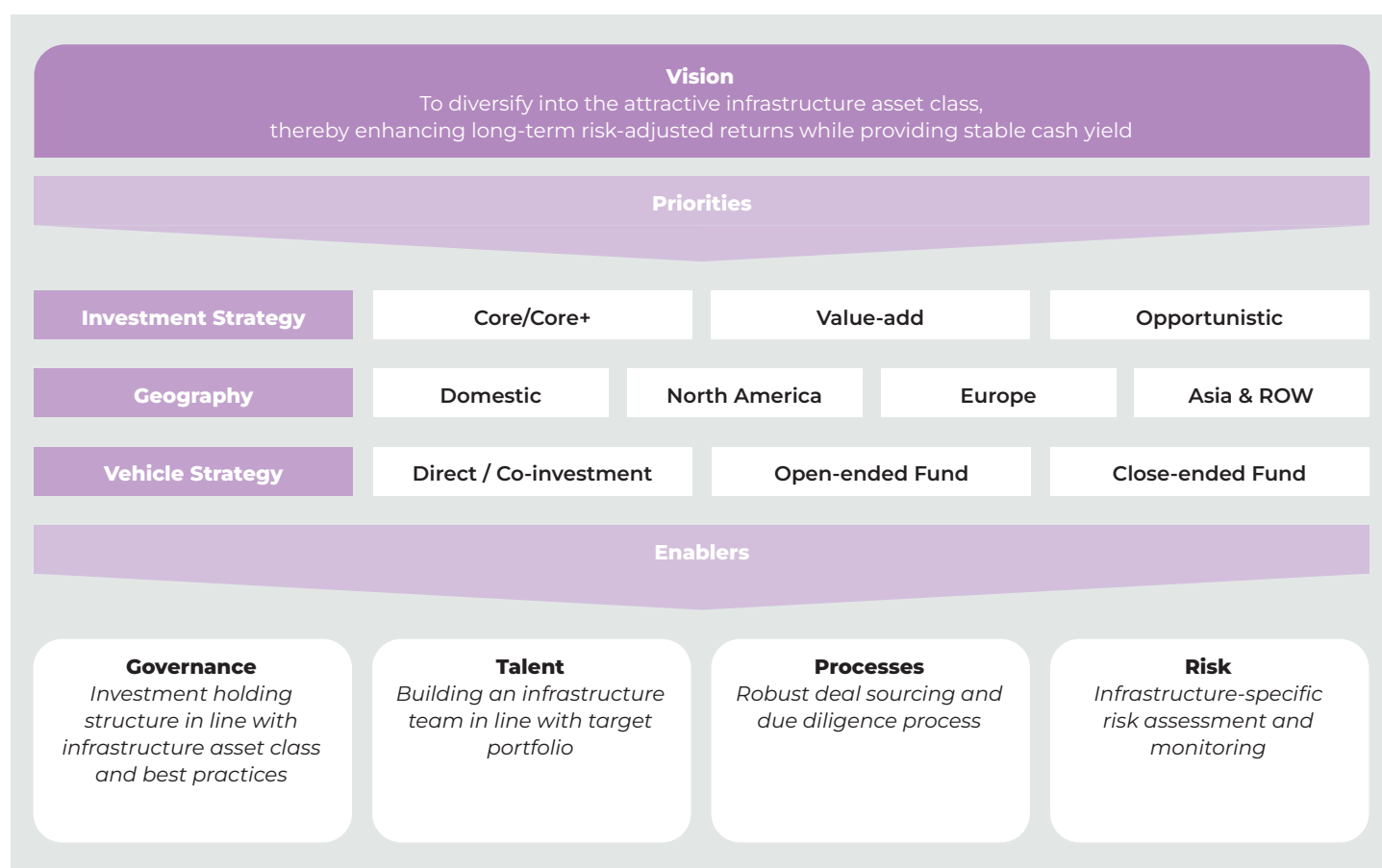
The team completed investments in six funds, consisting of a blend of recommitments and new relationships across diversified fund strategies, including an Asian-focused buyout, a Europe-focused buyout, a North American-focused buyout and a global secondary investment. The Global Fund Investments department will remain committed in exploring new fund opportunities under the PIF 3 initiative.

Private Markets

Infrastructure Investments

PNB Group has a longstanding history of investing in the infrastructure asset class. One of our earliest and notable investments is Projek Lintasan Kota Holdings Sdn. Bhd. (PROLINTAS). To further enhance our exposure in the infrastructure asset class, PNB and ASNB's Board approved the IIF. This framework sets out the Group's strategic blueprint and capital allocation methodology within the global infrastructure asset class.

As part of the initial strategy and primary objective to deliver an attractive risk-adjusted return by securing early, consistent and predictable cash yield distribution, deployment of capital under IIF commenced in Q4 2023. A total commitment of USD500 million has been allocated under IIF to be deployed over five years through three appointed SMA managers. By leveraging the expertise and networks of established partners and enabling knowledge transfer from the appointed SMA managers, we aim to build the team's internal capabilities in infrastructure investment.



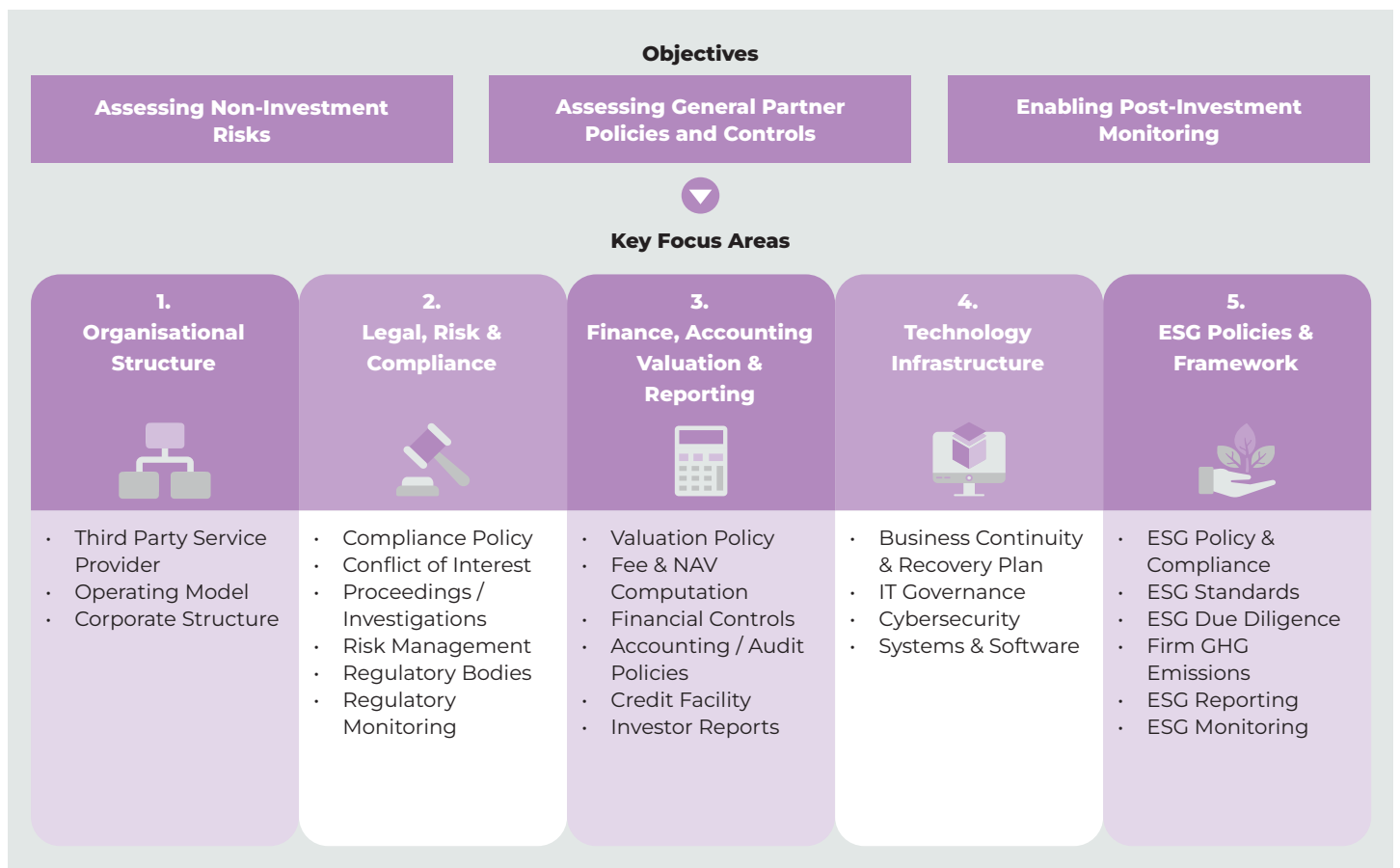
Private Markets

Portfolio Management and Monitoring

The Portfolio Management and Monitoring unit in the Private Markets Division continues to intensify its efforts to manage, monitor and add value to the expanding portfolio in the private equity and infrastructure asset classes. The Portfolio Management Framework was developed to guide the Portfolio Management and Monitoring unit on key initiatives to support key investment initiatives, monitoring and processes throughout the Private Markets Division.

The Portfolio Management and Monitoring unit has been tasked to further enhance the overall investment process. This involves implementing the Operational Due Diligence (ODD) Framework for new investment opportunities to strengthen the overall risk management, compliance and post-monitoring of investments in the private equity and infrastructure asset classes.

ODD Framework



Real Estate

As nations worldwide reopened their economies in 2023 and adjusted to endemic conditions, there was a notable resurgence in economic activity. This revival presented new opportunities for the real estate sector, as office spaces were revitalised and consumer demand surged. However, amidst the renewed optimism, navigating the global real estate landscape posed significant challenges. Central banks across the globe adopted a tighter monetary stance, while escalating costs of construction materials, driven by inflation, further complicated the sector's outlook.

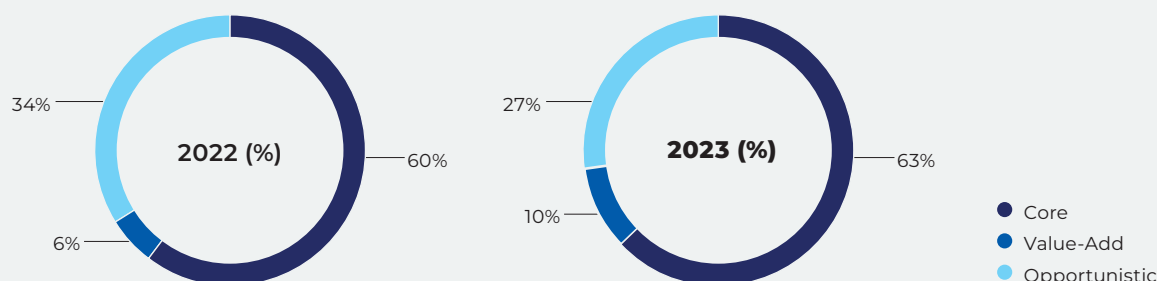
Amidst these challenges, PNB stood resilient, forging ahead with its strategic vision. We adapted to the evolving market dynamics, channelling around USD180 million (approximately RM850 million) into a meticulously curated global fund portfolio throughout the year. Guided by our Real Estate Investment Framework, our investment philosophy has directed us towards assets that offer not only stable income streams for our unitholders but also potential for long-term capital appreciation. By focusing on properties characterised by solid fundamentals and growth potential, we remain committed to enhancing our diverse portfolio with high-quality assets across various sectors and geographies. Our strategic asset allocation efforts in 2023 are a testament to our confidence in the enduring value and resilience of the real estate market.

Real Estate Investment Framework

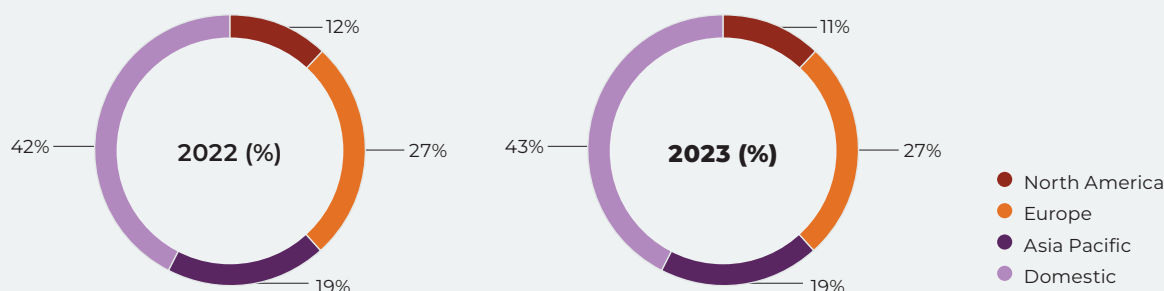
Objectives

Achieve attractive risk-adjusted returns and diversification without compromising cash yields

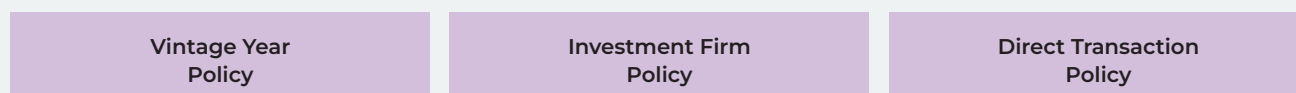
Risk Strategy



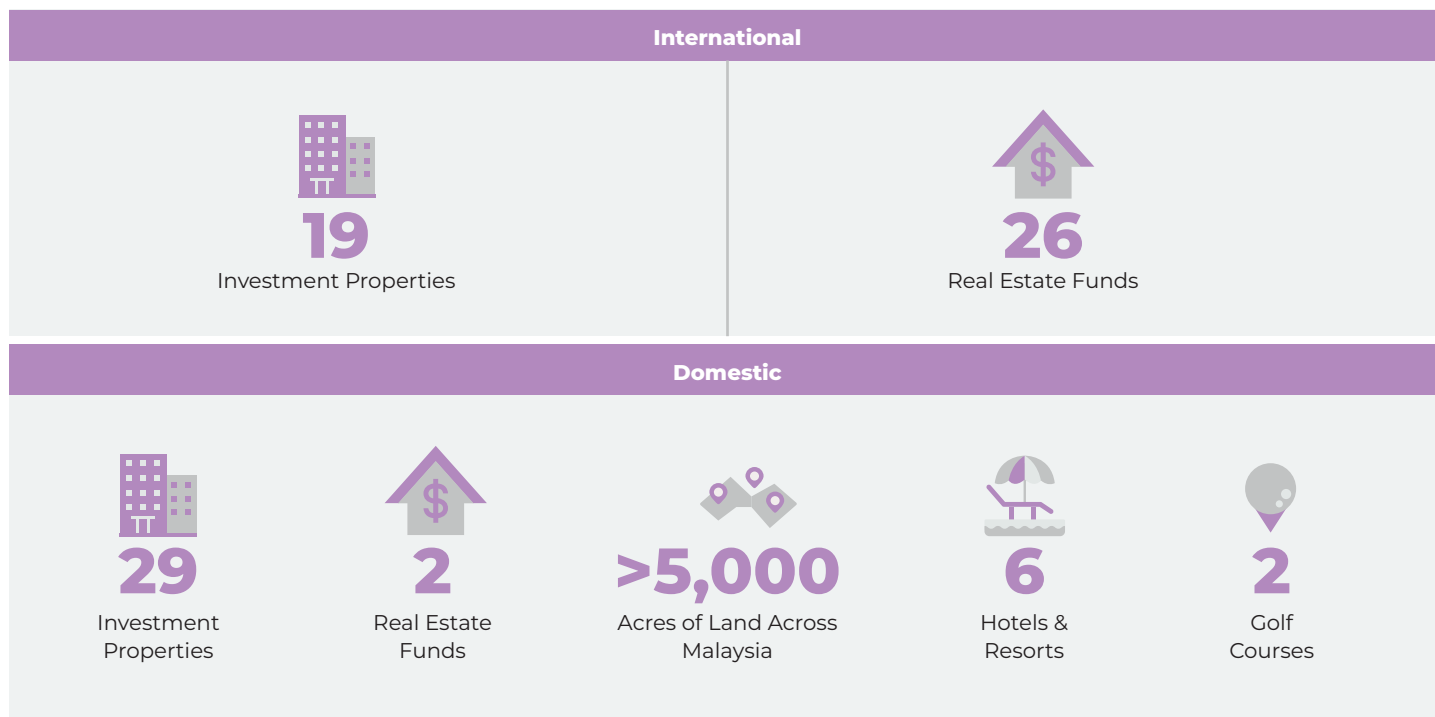
Geographies



Diversification



Real Estate



Key Achievements

The year 2023 was a momentous year for Menara Merdeka 118 as we received the F1 Certificate of Completion and Compliance (CCC) on 22 December 2023. The first phase of relocation of PNB staff to its new headquarters took place on the same day, marking the beginning of a new chapter for #TeamPNB. In 2024, we proudly celebrated the inauguration of Menara Merdeka 118, a significant milestone in architecture and urban development, notable as the world's second tallest building at the time of its inauguration. Menara Merdeka 118 is not only a symbol of Malaysia's economic ambitions and architectural prowess but also a potential catalyst for tourism and business investment in the region. The Merdeka 118 precinct development represents PNB's renewed Purpose, to uplift the financial lives of Malaysians across generations, as well as a symbol of Malaysia's progress and development as a nation.

In addition, PNB, in collaboration with EPF and KWAP, ventured into a strategic investment via a RM2 billion sale-and-leaseback agreement with ams-Osram AG's prime semiconductor operations in Malaysia. This landmark deal presents a golden opportunity for PNB, EPF and KWAP to diversify their portfolios by investing in a top-tier, highly specialised industrial asset within Malaysia, promising attractive and competitive returns. Additionally, a forward-thinking strategy in asset management has been consistently implemented, prioritising the enhancement of investment and holding values. This strategy involves strategically

divesting underperforming or non-core assets while acquiring more promising ones. Such meticulous portfolio optimisation is designed to fortify the foundation for future growth and prosperity, underscoring a commitment to maximising returns and ensuring the long-term success of the investment strategy.

Risk and Opportunities

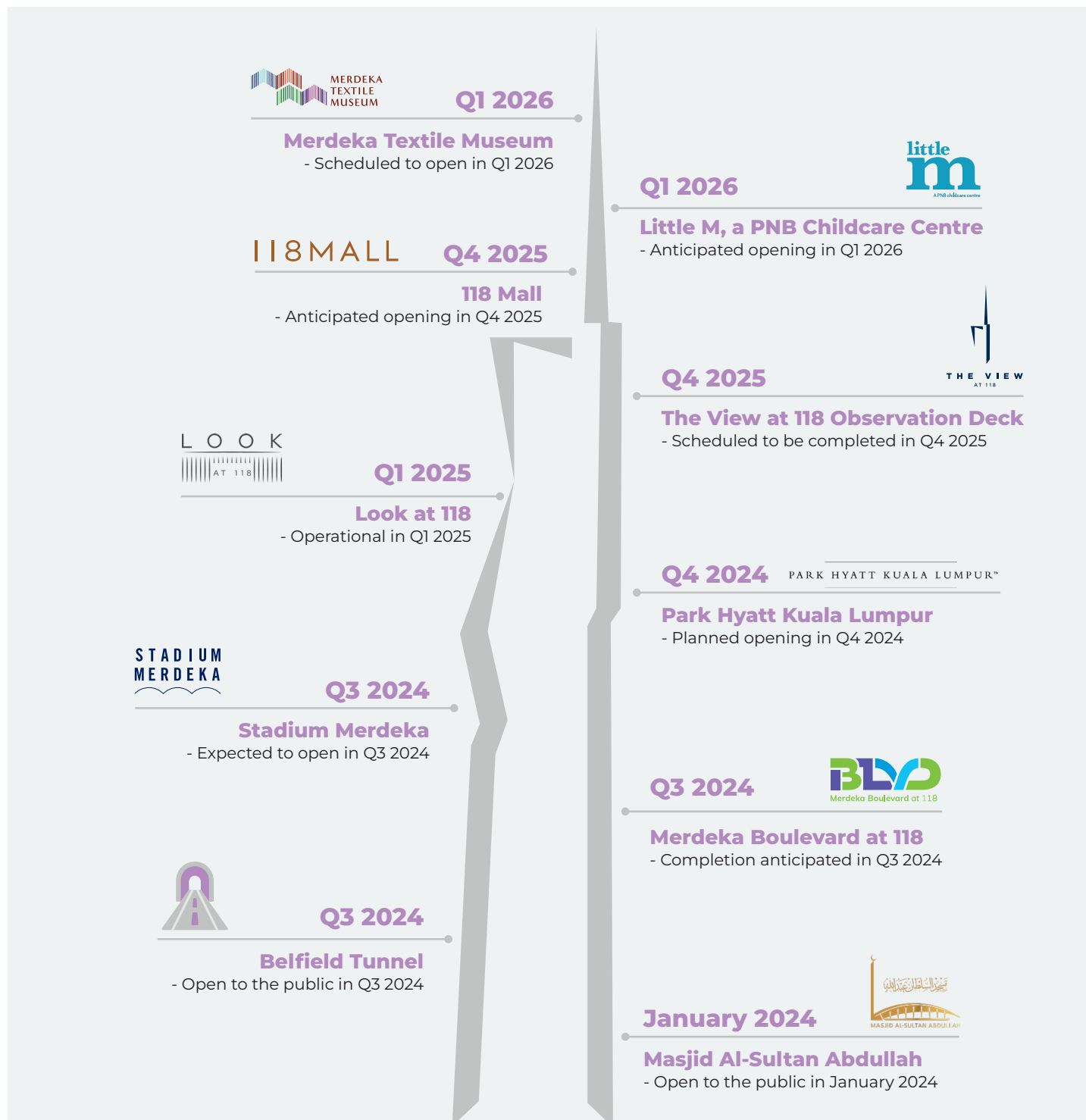
As we move into 2024, the real estate sector faces a challenging landscape marked by persistent challenges. We are bracing for the impact of higher-for-longer interest rate environment and the looming shadow of heightened geopolitical tensions, which could pose significant risks to our international investments. Despite these hurdles, promising growth opportunities are emerging in the industrial and logistics sectors.

In response to these challenges, PNB is committed to sharpening our focus on core real estate assets. Our strategy includes enhancing our real estate portfolio through effective capital recycling activities and making strides in key development projects. We are poised to identify fresh investment avenues, drive asset enhancement initiatives forward, and integrate ESG principles into both our existing and forthcoming assets. Our proactive approach aims to navigate the uncertainties of 2024, ensuring that we capitalise on opportunities to strengthen our portfolio and deliver sustainable value to our stakeholders.

Merdeka 118

Key Dates

Below are the significant dates regarding the progress of the Merdeka 118 development:



Real Estate



Merdeka 118 continued to reach new milestones in FY2023. It is now officially known as the second tallest tower in the world as unveiled during the Council on Tall Buildings and Urban Habitat (CTBUH) conference networking session. The conferring of a special plaque as recognition to our achievement was witnessed by over 200 international delegates, sealing our reputation globally on 20 October 2023.

Steadily driving towards sustainability, Merdeka 118 has installed 222 solar panels at the roof level, which is more than 500 metres above sea level.



This renewable energy source is set to warm up 55,000 litres of water per day and the hot water will be utilised by the Park Hyatt Kuala Lumpur upon its opening in Q4 2024.

Our social engagement initiatives continued with over 70 visits to the tower including technical visits by students from International Islamic University Malaysia, Liverpool John Moores University, UK and Illinois Institute of Technology, Chicago among others. As part of a learning and development initiative for aspiring architects and future builders, the immersive experience was led by knowledgeable guides, giving students a glimpse of the tower's construction. Apart from the rare opportunity to witness first-hand of the iconic landmark's progress, the trip also sought to ignite their passion to contribute to the future of urban development.

Uniting the Community with PESZTA

In 2022, the inaugural PESZTA event celebrated Merdeka and the rich cultural heritage of the Merdeka 118 precinct with the community. The success of the event saw PESZTA return to Kampung Attap in 2023.



More than **4,000** visitors



56% of visitors are first time visitors to Kampung Attap



10 community partners were involved



Curated **72** events



Generated more than **RM95,000** from community market sales

PESZTA featured a myriad of programmes, including community markets, workshops and performances, among others. The participating venues located within the vicinity of the Merdeka 118 precinct were within walking distance to historical sites such as the Pentago House, The Zhongshan Building and Sam Mansion which make up the acronym PESZTA. Apart from these landmarks, other locations that are reachable on foot include the Triptyk, The Kuala Lumpur & Selangor Chinese Assembly Hall, The HEART and the newly established Pusat Kesenian DBKL.

Celebrating the 66th Merdeka Day, PESZTA offered an immersive experience of the Merdeka 118 precinct and surrounding area:



The Merdeka 118 Stories – Situated inside The Zhongshan Building, visitors truly experienced the spirit of Merdeka using AI technology, together with the Merdeka 118 Memories, which were showcased on the rooftop with the tower as the backdrop.



Local Cuisines – Food vendors from different parts of Malaysia served up Malaysian cuisines, giving them an opportunity to create awareness for their business.



The Art Scene – Participatory art, a photography workshop and exhibition led by director and producer Aliff Zulkifli, guided participants from the Perumahan Awam (PA) from our neighbourhood in mobile photography compositions to tell a story and selected photographs were displayed as part of the exhibition. Additionally, a KLC Trash Workshop was organised for visitors to not only turn trash into art pieces to be taken home but also create awareness on environmental practices. The Kuala Lumpur & Selangor Chinese Assembly Hall also held an exhibition entitled *Legend of the Century: Loke Yew* to commemorate its 100th year anniversary.



Live Music Performances – Setting the festive atmosphere were live music performances from the traditional guzheng for string ensemble music to modern blues. PESZTA was truly a culmination of both local talents and popular acts such as Zee Avi; Alena Murang, a singer-songwriter and sape' player who sings in endangered local dialects, including Kelabit and Kenyah; alongside local bands Carburetor Dung and Manis Manis.



Beneficiaries of the Merdeka 118 Community Grants Programme – Recipients of the programme were also present at PESZTA. Kaki Jelajah Warisan organised a storytelling tour of Malaysia's independence, which started at Stadium Merdeka, Petaling Street, and ended at Kg Attap. Sinergi Aspirasi Global brought together community businesses from PA around our neighbourhood to sell various traditional foods.

Engaging Communities

Platform to Showcase Entrepreneurial Talent

We continued to provide a platform for the Merdeka 118 Community Grants Programme recipients to bring their unique offerings to the public. Via the PNB Lobby Sale this year, Kaki Jelajah Warisan sold heritage guidebooks and postcards, giving visitors a glimpse of Merdeka 118 precinct's rich heritage. PA Seri Sarawak and IIUM showcased their unique range of stingless bee honey-based products, while PA Loke Yew and Kak Chomel's pop-ups had traditional food. The YWCA KL was also at the sale with baked goods and self-care products that were made by participants of its culinary and beauty vocational training programmes for young women.

These grant recipients continue to showcase their entrepreneurial spirit and talents that contributed to the success of the event through their respective expertise and creations.

A Liveable and Safe Space for Communities

Merdeka 118 has completed its first Public Realm Improvement Programme at PA Jalan Hang Tuah, Kuala Lumpur, through PNB Merdeka Ventures Sdn Berhad (PMVSB)'s collaboration with the Kuala Lumpur City Hall (DBKL) and Think City Sdn Bhd by making improvements to the community spaces. Investing RM800,000 in the PA Jalan Hang Tuah multipurpose 1,206 square-foot park, the upgrade has benefitted 800 residents by providing them a safe and enjoyable space for leisure, recreation and social interactions, forming healthy lifestyles. The park is also improved based on sustainability enhancements, including upcycling old playground equipment and fencing, reusing pavers, as well as upgrading the community garden. Nature-based solutions were implemented with porous pavers for natural drainage, while recycled Tetra Pak roofings were utilised to reduce heat and noise. Additionally, any high-risk trees removed by DBKL were replaced, ensuring the park's ecosystem remained intact.

The improvement programme underscores PMVSB's commitment to community-centric developments, highlighting the company's vision of building a vibrant and resilient community within the Merdeka 118 precinct.

Real Estate

Merdeka 118 Youth Programme

The Merdeka 118 Youth Programme was created to engage the younger generation across various disciplines. In 2023, PMVSB proactively collaborated with the Youth Chapters of various professional bodies including the International Council on Monuments & Sites Malaysia (ICOMOS), Institute of Landscape Architects Malaysia (ILAM), Malaysian Institute of Architects (PAM), Taylor's University College, Malaysia Institute of Planners (MIP), Real Estate and Housing Developers' Association Malaysia (REHDA), Universiti Teknologi MARA (UiTM) and International Islamic University Malaysia (IIUM).

Learning Talk & Tour (Heritage Conservation)

The tour was attended by 48 students from five universities as well as young professionals.

Youth Sketch Competition

101 students and young professionals from seven universities participated in the competition.

Academic Study (AR Poster Stadiums and Corner of Jln Hg Jebat)

141 architectural students from Taylor's, UiTM and IIUM took part in this study.

Young People's Lab (YP Lab)

27 participants attended from the annual workshop designed for various professionals under the age of 40.

Cycle 2 of Merdeka 118 Community Grants Programme

The Merdeka 118 Community Grants Programme continues to empower the surrounding communities and drive positive change within the Merdeka 118 precinct. Much like its inaugural cycle, the second cycle demonstrates an even greater impact, this time extending support to eight projects.

Successfully Elevating the Community

- The Smart Stingless Beekeeping Project by IIUM sees the expansion of the university's portfolio with a new range of stingless bee honey products. These products include moisturising body lotion, juice and honey chili sauce. IIUM also runs training sessions on the production and packaging of these products.
- YWCA KL continues to empower young women through its skills development courses including culinary, baking and beauty care. In addition, the organisation is also looking at organising a career fair to offer employment opportunities to members of the community. In the pipeline, the grants will also be used to organise an entrepreneurship programme, a business plan and Shark Tank competition to encourage innovative thinking among participants.
- The Embroidery Training programme by Swee Impact Consulting Sdn Bhd or known as manekNya benefitted up to 70 individuals from the lower income segment, equipping them with embroidery skills and hands-on experience working with various shoe design samples. The ultimate goal of this programme is to empower participants to establish their own shoe-making businesses or pursue careers as skilled shoemakers or cobblers with the opportunity to market their products at Merdeka 118.
- The publication of two books was supported by the grant, including the translation of *the Petaling Street Walking Guidebook* from English and Mandarin to Bahasa Malaysia

by Kaki Jelajah Warisan under the project Eat, Pray, Love in Petaling Street. Additionally, a book entitled *Somewhere in the Kuala Lumpur, a Children's Architecture Book* by Suburbia Office Enterprise was also published. Both books highlight the rich history and unique culture of the Merdeka 118 precinct and are already available for purchase.

Impacting More Lives with New Grants

- Project Otai by Project Future Malaysia produces videos spotlighting traditional trades will help with the promotion of the cultural fabric of the neighbouring communities within the Merdeka 118 precinct. The project also aims to facilitate collaborative sketching sessions with local artists, alongside a broad call for fiction writers who are proficient in different languages.
- *Under the Shadows of Merdeka* by Azul Sidek Adnan is an innovative photography workshop and photo walk aimed to capture the hidden gems nestled within the Merdeka 118 precinct. This will give both local and international visitors a unique opportunity to appreciate and explore these places.
- Solidifying Kampung Attap as a creative hub, the grant will also continue to support PESZTA. Under Cycle 2, Our Arts Project Sdn Bhd organised Backroom 2023, a platform to showcase the exhibitions of talented local artists such as Kara Inez, Dexter Sy, Minstrel Kuik and Puti, among others, promoting the vibrant local arts scene to a wider audience. This annual engagement underscores the collective's dedication to fostering creativity and community spirit.

The Merdeka 118 Community Grants Programme's second cycle continues to garner positive progress and interest from surrounding communities, with Phase 2 of Cycle 2 commencing in early 2024.

ASNB Unit Trusts

Overview

ASNB plays an important role in delivering PNB's renewed Purpose to uplift the financial lives of Malaysians across generation. 2023 saw ASNB continues to strengthen its value proposition to Malaysians through the three strategic pillars comprising Advisory, Product and Omnichannel Delivery, supported by activation of key enablers surrounding Customer Experience and Organisational Capability as outlined previously in our ASNB Strategic Plan 2023. Various initiatives were implemented throughout the year, benefitting Malaysians across different segments and demographics.



Pillar 1

Advice to Achieve Goals

ASNB strives towards advisory excellence as part of our main service, offering to empower our unitholders in achieving their needs and goals. During the year, multi-pronged efforts were made to improve the financial literacy of Malaysians as well as enhancing accessibility to good financial advice. One of the key initiatives was the establishment of **ASNB Academy**, a platform dedicated in providing useful resources on financial education and planning to help Malaysians save and build their own investment portfolio based on their needs. The platform went live in September 2023. Meanwhile, our Robo Advisory service has received approval in principle from the SC in June 2023 and was launched in March 2024. The service is expected to further expand ASNB's capability in delivering investment advice to the mass market.

ASNB ACADEMY

The ASNB Academy section features two guest writer profiles, each with a portrait, name, title, and affiliation, and a blue 'GUEST WRITER' badge with a quill icon.

- Suzana Md Samsudi**
CFP^{CERT}™
Fellow, Centre for Economics and Social Studies,
Institute of Islamic Understanding Malaysia (IKIM)
- Dr. Ahmad Basri Ibrahim**
Ketua Pengurusan Syariah,
Permodalan Nasional Berhad

5.4k subscribers
99k views

Furthermore, ASNB continued with its physical outreach and engagement programmes to educate Malaysians on financial planning and investment, including PNB's flagship event Minggu Saham Amanah Malaysia 2023. By offering a combination of educational resources, automated investment options and outreach, ASNB aims to cater to different levels of financial expertise and competency, ultimately enhancing the financial well-being of all Malaysians.

ASNB Unit Trusts

Pillar 2

Focused and Well-diversified Product Suite

In line with ASNB's strategy of reviewing and refining our existing product suite to identify new avenues for growth, we have executed strategic initiatives such as the individual investment limit increase for ASB and ASB2 as well as fund size increase for ASM. These strategic initiatives are undertaken to allow Malaysians to further increase their investments into ASNB products and build their savings for the future. In addition to the unit trust fund, ASNB has been empowered as a zakat collection agent, which will enable unitholders to perform their zakat obligations on the myASNB platform. This initiative serves as one of our efforts to continuously enhance ASNB's overall service and offering to unitholders.

No	Project	Description
1	Increase in ASB and ASB 2 individual limit	<ul style="list-style-type: none"> Over RM1.6 billion of new investments in ASB and ASB 2 achieved since the increase in the individual limit up to 31 December 2023.
2	Increase in ASM fund size	<ul style="list-style-type: none"> The increase in ASM fund size was completed on 1 May 2023, which has garnered new investments of RM4.6 billion from unitholders. To date, the exercise has benefitted more than 225,000 unitholders.
3	Zakat collection agent for Pusat Pungutan Zakat - Majlis Agama Islam Wilayah Persekutuan (PPZ-MAIWP) via myASNB	<ul style="list-style-type: none"> Upon ASNB obtaining the license from PPZ-MAIWP to act as the zakat collection agent, myASNB users are now able to perform zakat payments via the same platform. This initiative went live on 18 November 2023.

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 improve overall user experience. To this end, ASNB launched the all new myASNB superapp in November 2023. This is part of ASNB's effort to continue to enhance its mobile app and portal by adding tools such as financial literacy content and chatbots to allow unitholders to build their investment portfolios according to their individual needs.

Project	Description
Launch of MyASNB superapp	ASNB launched its refreshed mobile app to enhance the overall user experience. The app now provides a more intuitive process when opening an account online which has benefitted more than 1,000 customers daily since its launch. Other additional features include financial literacy content, detailed product performance and customer support through a chatbot.
Appointment of Touch 'n Go Sdn Bhd (TNG) as digital agent	ASNB successfully onboarded TNG as a digital agent on 16 August 2023. TNG is ASNB's first fully digital agent and will expand our reach to the digital-focused customer base by tapping into the existing TNG e-wallet ecosystem. Total sales have reached 20.15 million units as of 31 December 2023.
Digital branch completion	Two ASNB branches have completed their digital transformation in 2023, i.e., ASNB Melaka and ASNB Keningau. With the completion of these upgrades, there are a total of nine digitally infused ASNB branches across the country as of 31 December 2023, supporting the adoption of ASNB's digital offerings and creating an environment that is conducive for the provision of advisory services.

Progressing with Our Sustainability Commitments

Enable Transition to a Green Economy	76
· Net Zero Enterprise by 2025	76
· Net Zero Portfolio by 2050	78
· RM10 Billion in New Green and Transition Assets by 2030	83
Promote Equity and Inclusion	85
· Living Wage in PNB	85
· Labour Rights Policy	86
· 40% Women in PNB Leadership by 2025	92
· Balancing Profitability and Social Investments	93
Advocate Sound Governance Practices	111
· Triple Bottom Line Stewardship Model	111
· Transparency in Voting	113
· TCFD-Aligned Disclosure	115



E Enable Transition to a Green Economy

In 2023, record-breaking GHG levels, surface temperatures and sea level rise led to significant disruptions worldwide, including severe flooding in Malaysia, impacting over thousands of people and damaging urban and coastal areas across the country. Having already taken tangible steps to measure our GHG emissions, we are continuing to make progress in our goal to achieve Net Zero Enterprise by 2025 and Net Zero Portfolio by 2050. ESG considerations are being integrated into our decision-making processes more than ever. Additionally, we have moved the needle significantly in our commitment to investing RM10 billion in new green and transition assets by 2030. This comprehensive strategy aligns with our environmental and financial goals, underscoring our commitment to sustainability and climate resilience.



Commitment #1: Net Zero Enterprise by 2025

In fulfilling our commitment in reducing the GHG emissions from our operations and from direct sources that are within our control. We developed an enterprise net zero strategy by measuring our emissions baseline and charting a pathway to implement decarbonisation initiatives.

Building on our commitment towards net zero enterprise by 2025, we have made significant strides in reducing the GHG emissions of our operations, including emissions from direct sources that are within our control. We have continued to apply the Reduce, Replace and Offset (R₂O) approach, where we had established 2022 as our baseline year, assessed our enterprise emissions and identified the sources of the GHG emissions of our Scopes 1, 2 and 3.

1 Reduce	2 Replace	3 Offset
<p>Prioritise emissions reduction initiatives</p> <ul style="list-style-type: none"> Mapping of emissions and baselining Define high impact carbon reduction initiatives Incorporate ESG values in daily operations Engage and educate radically via strategic ESG communications 	<p>Efficiency improvement leading to reduced GHG emissions</p> <ul style="list-style-type: none"> High impact equipment replacement initiatives Targeted emissions reduction activities Assessment on availability of technology in the market Change management and engagement 	<p>Purchase carbon offsets of remaining hard-to-abate GHG emissions</p> <ul style="list-style-type: none"> Alignment with credible standards in offsetting Prioritise nation-building initiatives Verifiable and credible projects

Enable Transition to a Green Economy

E

In 2023, we continued to transition from conventional to sustainable practices. The adoption of the R₂O approach has enabled us to strategise our decarbonisation pathway and boost internal efforts to lower our carbon footprint. To boost energy efficiency, we have implemented various initiatives including integrating sustainable practices into PNB's operations and culture, encouraging behavioural change and replacing our assets with green technology, where we are currently migrating our fleet to electric vehicles (EV). The move to Merdeka 118 will improve our energy efficiency, as the building is triple rated under LEED, GreenRE and Green Building Index (GBI).

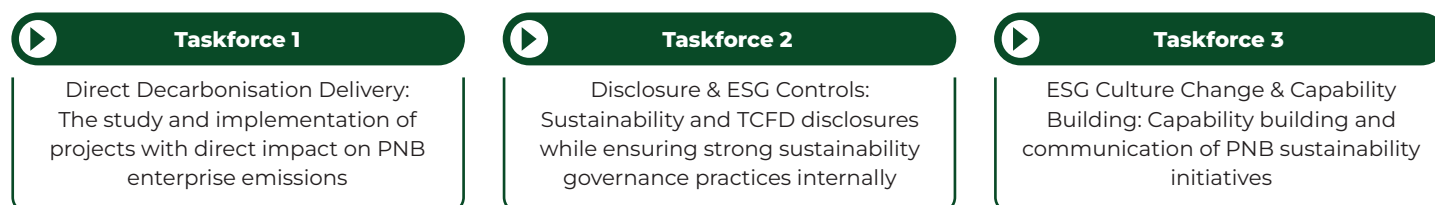
In addition, we are actively reducing our Scope 2 GHG emissions by subscribing to the Green Electricity Tariff (GET) and by purchasing Renewable Energy Certificates (REC). We have sourced RECs from local suppliers to ensure the supply of clean electricity were locally generated. The purchase of RECs from local market aligns with the guidance from GHG Protocol, SBTi's Corporate Net Zero Standard, and RE100 Technical Criteria. Furthermore, we hope that the purchase from local market will send the right signal for the market to increase the supply and support the growth of green energy market in Malaysia.

Concurrently, we are actively exploring installation of rooftop solar at our buildings as well as other available avenues for our long-term plan to fully decarbonise our Scope 2 GHG emission, aligned to the government announced initiatives under National Energy Transition Roadmap (NETR) and Energy Efficiency and Conservation Act (EECA).

For more information on PNB's offsetting approach, refer to IAR2022, page 82.

To enhance efficiency in operationalising our net zero initiatives, we have established PNB Sustainability Taskforces in November 2023. The taskforces aim to provide centralised reporting and monitoring structure for sustainability initiatives across the organisation. They are also responsible for designing and implementing the roll-out/execution of identified initiatives under each task force.

PNB Sustainability Taskforces



We have bolstered our efforts by conducting an industry study, aligning with best practices and determining climate-related risks and opportunities. We have also engaged with sustainability experts to boost our understanding and explore potential decarbonisation opportunities, with consideration of mitigating climate-related risks, namely liability, reputational, transition and physical risks.

To build capacity and awareness, we rolled out various initiatives including integrating the United Nations Global Compact (UNGC) modules into employees' training, engaging internal stakeholders and communicating our sustainability initiatives through our monthly ESG newsletters. PNB Sustainability Day is organised every quarter of the year beginning 2023, to raise employee awareness of sustainability and promote ESG practices. The aim was to develop a more informed and engaged workforce dedicated to incorporating sustainable practices into their daily work, in line with PNB's overall sustainability objectives. Featuring insights from experts, including regulators, PLCs and campaign advocates where the event covered topics such as Greening the Economy, Women and Sustainability in Corporate, Advancing Solar Energy: Trends and Innovations, and Sustainable Businesses: Extended Producer Responsibility and Individual Action.



For more information about our climate-related strategy in Commitment 10: TCFD-Aligned Disclosure, refer to pages 115 to 123.

E 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 now entering an important decade of action in our battle against climate change. The evidence of planetary warming is clear and can be visibly felt as many countries experience higher frequency and severity of extreme conditions, from heatwaves and prolonged droughts to flash floods and erratic thunderstorms. The time to act is now, before we reach irreversible tipping points that could have profound and long-lasting impacts on our natural ecosystems, economies and human livelihoods.

As PNB participated in the COP28 summit in Dubai, we continue to see an increasing wave of international climate pledges from both countries and corporations, covering a wide range of areas such as tripling of global renewable energy capacity, improving loss and damage mechanisms, and accelerating efforts to transition away from fossil fuels, among others. Closer to home, we have also seen the government of Malaysia launching the National Energy Transition Roadmap (NETR), which identifies key levers as well as catalyst projects and initiatives that will accelerate the energy transition agenda in the country.

In light of recent trends, we recognise the critical importance of climate change in shaping the future direction of our investment strategies. As the world transitions towards a net zero global economy, we believe these shifts can present significant risks as well as transformative opportunities across all economic sectors that we invest in. At the same time, we also believe that firms that are climate-aware and taking proactive steps to address both physical and transition climate-related risks will achieve positive long-term financial performance. This enables us to improve resiliency of our investment portfolio and deliver our fiduciary duty to unitholders as we navigate towards a low-carbon future.

Building on the initiatives we began in 2022, we continue to accelerate our efforts to decarbonise our investment portfolio, guided by our short-term climate targets. These interim targets are essential in driving immediate climate actions and enable us to strive towards measurable milestones, ensuring we stay on course towards achieving a net zero portfolio by 2050.

Net Zero Portfolio Targets	
<p>30% investment emissions intensity (tCO₂e/RM million AUM) reduction by 2030 (vs. 2022)</p> <p>No direct greenfield thermal coal</p>	<p>70% of portfolio emissions to have credible net zero targets by 2030</p> <p>No Deforestation, No Peat and No Exploitation (NDPE) approach</p>

Enable Transition to a Green Economy

E

Our Approach

Our portfolio decarbonisation approach is anchored on eight focus areas, which we calibrate to ensure proper alignment with our investment strategies across various asset classes and geographies.

Focus Area	Key Approaches
Carbon Screening	We evaluate the carbon emissions exposure for all investment proposals against our current baseline as well as 2030 carbon intensity target. This is integrated into our investment decisions across all asset classes to ensure we understand the implications of new investments on our portfolio GHG inventory. Furthermore, we also view carbon emissions data not only as a numerical representation but also as a useful proxy to understand exposure towards climate change risks. Companies with high carbon emissions and limited carbon abatement strategies may be more vulnerable to regulatory changes in carbon pricing, shifts in market dynamics towards low-carbon offerings and technological disruptions. Conversely, companies with strong decarbonisation strategies may be better positioned to deliver long-term value to us.
ESG Assessments	<p>Our internal ESG assessment approach is integrated into our pre-investment due diligence. The assessment focuses on net zero considerations, exposure to physical and transition risks, industry-specific ESG risks exposures, ESG controversies and other material issues which can enable us to make investment decisions that align with our sustainability priorities.</p> <p>We are expanding capabilities to better integrate ESG data sources and analytical processes to help guide our decision-making across our portfolio monitoring approach, financial evaluations and the investment research process.</p>
Coal Screening	Given the urgent need to shift from coal-generated energy towards cleaner alternatives, we have established a due diligence process to screen our investments for greenfield thermal coal projects. It serves as a control mechanism for us to mitigate the risk of investing in emissions-intensive assets which could potentially be stranded as the transition to a low-carbon economy accelerates.
Net Zero Credibility Assessment	<p>As we strive to meet our target to ensure 70% of portfolio emissions are covered by credible net zero targets, we have developed a methodology to assess the credibility of our portfolio companies' net zero ambitions and transition plans. Our credibility assessment includes consideration of various factors beyond just ambition-setting, ensuring that companies can demonstrate a credible pathway and progress.</p> <p>PNB Net Zero Assessment Components</p> <div style="display: flex; flex-wrap: wrap; justify-content: space-around;"> <div style="border: 1px solid #ccc; border-radius: 15px; padding: 5px; margin: 5px;">Ambition</div> <div style="border: 1px solid #ccc; border-radius: 15px; padding: 5px; margin: 5px;">Short- and medium-term targets</div> <div style="border: 1px solid #ccc; border-radius: 15px; padding: 5px; margin: 5px;">Emissions disclosures</div> <div style="border: 1px solid #ccc; border-radius: 15px; padding: 5px; margin: 5px;">Emissions performance</div> <div style="border: 1px solid #ccc; border-radius: 15px; padding: 5px; margin: 5px;">Decarbonisation strategy</div> <div style="border: 1px solid #ccc; border-radius: 15px; padding: 5px; margin: 5px;">Capital allocation alignment</div> </div> <p>The assessment was developed based on the methodologies published by Net Zero Investment Framework and Climate Action 100+. Further, we also ensure our assessment approach is calibrated to consider factors such as industry opportunities, geographic location, technology trends and best practices that are relevant to our Investee Companies. In 2023, we carried out the assessments across our nine strategic companies and top 10 emitters which enabled us to objectively track their respective strategies and progress towards net zero emissions. The findings also guide our engagement efforts by highlighting key gaps within a company's net zero plan, enabling us to identify the issues that need to be prioritised. We aim to progressively expand the coverage of our assessment to cover a greater universe of companies in the future, where feasible.</p>

E Enable Transition to a Green Economy

Focus Area	Key Approaches
<p>Proxy Voting</p>	<p>We enhanced the ESG expectations in our Voting Guidelines to influence our Investee Companies to raise their climate ambitions and integrate climate considerations into their decision-making. This includes setting the following expectations:</p> <ul style="list-style-type: none"> • Investee Companies to commit to a clearly defined Net Zero Ambition by 1 January 2025 • Investee Companies to disclose an actionable Net Zero Strategy by 1 January 2026 • Investee Companies to disclose material climate-related risks and opportunities in accordance with TCFD recommendations • When assessing Board composition, Investee Companies are encouraged to incorporate sustainability considerations as they are vital for creating long-term resilience to the effects of climate change, among others • PNB may vote against an issuance resolution if the utilisation proceeds from the proposed issuance has the potential to adversely impact climate, biodiversity and labour rights
<p>Engagement & Stewardship</p>	<p>Scale Up Climate-themed Engagements with Key Investee Companies We kick-started engagements with our strategic companies and top emitters on climate-related issues. This includes carrying out dialogues with company management to understand their climate strategies and initiatives. During our engagements, we advocate for measures such as setting ambitious net zero goals, developing interim reduction targets, increasing transparency on climate-related disclosures as well as encouraging them to adopt best practices to accelerate decarbonisation. We will continue to monitor their respective climate progress to assess the effectiveness of our engagement activities and to hold Investee Companies accountable for their commitments.</p> <p>Deepen Collaborative Partnerships We continue to foster relationships with other domestic and global institutional investors as well as industry associations such as Principles for Responsible Investment (PRI), Partnership for Carbon Accounting Financials (PCAF) and ESG Data Convergence Initiative (EDCI). These partnerships involve sharing of knowledge, resources and best practices to enhance collective understanding of climate risks and opportunities. We firmly believe by pooling resources and coordinating activities, we can amplify impacts and drive collective advocacy efforts to steward corporate behaviour on climate issues.</p> <p>Engage Policymakers & Regulators We strive to engage policymakers and regulators in Malaysia to accelerate the decarbonisation of our economy effectively. Throughout the year, we participated in various roundtable discussions and stakeholder engagements organised by policymakers and regulators that were focused on sustainability and climate-related topics, such as the energy transition agenda, ESG disclosures and climate taxonomy, among others. By participating in these efforts, we aim to provide our support for and feedback about ongoing policy developments that align with our climate aspirations and investment objectives.</p> <p>Issuance of Annual Climate Letters In 2023, we started sending Climate Letters to the Chairpersons of the Boards of Directors of our strategic, core and top emitting companies. The Climate Letter, which highlights the following key points, serves as a first point of contact to directly communicate our expectations on sustainability:</p> <ol style="list-style-type: none"> 1 Measure and report Scopes 1, 2 and 3 emissions and commit to be a net zero organisation by 2050; 2 Set credible net zero targets for reducing GHG emissions in line with the goals of the Paris Agreement; 3 Implement robust climate risk assessment and disclosure processes that are on par with international standards, such as the TCFD recommendations or other relevant reporting standards; 4 Respond to material climate risks by amplifying adaptation efforts where necessary to build climate resilience; and 5 Manage critical transition risks due to shifting regulations, changing market dynamics and growth of low-carbon solutions.

Enable Transition to a Green Economy

E

Focus Area	Key Approaches
Green & Transition Investing	We aim to invest in climate-aligned opportunities that enable us to reduce our portfolio carbon exposure and generate positive investment returns that improve our portfolio performance.
Capacity Building & Research	<p>We are expanding research across various climate thematic to unlock investment strategies driven by the energy transition agenda and the broader shifts towards low-carbon solutions. In addition, we aim to expand our institutional knowledge and capacities to invest across green sectors. This involves staying abreast of technological developments, regulatory trends, evolving climate taxonomies and market dynamics that will enable us to effectively manage risks and capitalise on opportunities from the net zero transition.</p> <p>The availability of high-quality carbon data is vital to support decision-making. We also aim to continuously scale up our capacity in carbon accounting methodologies in line with the latest developments in the PCAF standard. Accurate and comprehensive carbon accounting is essential for us to make more informed strategic decisions with respect to analysing company performance and investment potential.</p>

Our Progress

Our investment emissions intensity, measured as tCO₂e per RM million, has decreased by 8% year-on-year. This improvement was primarily driven by lower emissions from our top 10 largest emitters, coupled with widespread reductions across our investment portfolio. In the energy sector, we have also observed several utility companies have begun transitioning to cleaner energy sources and adopting measures to improve energy efficiency. Similarly, plantation companies are also accelerating the adoption of sustainable practices which includes better land management and avoiding deforestation activities, aligned with the broader trends in the industry. Further, the improved quality of emissions data reported by companies in our investment universe has resulted in less reliance on proxy data. The use of proxy data as substitute of direct emissions can often lead to inflated emission estimates that do not accurately reflect the actual emissions exposures of companies. We aim to continue to refine our portfolio emissions data and reduce reliance on proxies over time while activating decarbonisation strategies across the four key industries – plantation, power, oil and gas, real estate.

PNB's 2023 Financed Emissions

Total financed emissions

11.79 million tCO₂e

AUM covered

89%

Holding type

82% emissions are from domestic equity holdings

Geography

92% of emissions are from domestic investments

Sector

79% of emissions are from Plantation, Power, and Oil and Gas sectors

For further breakdown of PNB's 2023 financed emissions, refer to Portfolio Emissions on page 123.

Enable Transition to a Green Economy

Nevertheless, we are still in the early stages of engaging with our high priority companies to influence and accelerate their net zero strategies. We recognise the path to substantial and consistent emissions reduction will be complex and multifaceted. Therefore, we do not anticipate our investment emissions intensity will reduce following a linear trajectory. The penetration of new low-carbon technologies, regulatory shifts and varying industry specific trends will mean that emissions reductions will occur at different rates. Therefore, we anticipate our ongoing stewardship efforts and climate-aligned investment strategies will gradually build momentum over time as we strive towards achieving our 2030 investment emissions intensity reduction target.

We did not include Scope 3 emissions of Investee Companies in our portfolio emissions inventory. Many companies in our investment universe have yet to report their respective Scope 3 emissions comprehensively. The lack of complete and standardised Scope 3 data makes it challenging to produce a reliable and consistent measurement across the entire investment portfolio. Further, the significant uncertainties and potential inaccuracies complicate the ability to define clear decarbonisation levers effectively for value chain emissions of Investee Companies. Our current priority is to engage Investee Companies to improve the coverage of Scope 3 reporting. We may consider Scope 3 reporting as part of our portfolio emissions inventory once we observe a higher quality of reporting in our investment universe.

No Deforestation, No Peat & No Exploitation (NDPE) Approach

In 2022, we announced our commitment to NDPE as a supplementary approach to our net zero portfolio commitment. Our motivation stems from recognising the profound impact of deforestation and peatland development on global warming. These activities disrupt the carbon balance, releasing more GHGs into the atmosphere and leading to a diminished capacity for carbon sequestration. Similarly, significant disturbances in peatlands not only emit GHGs but also contribute to the loss of biodiversity, disruption of water regulation and degradation of water quality. At the same time, we also believe it is vital to protect Indigenous Peoples and local communities that depend on healthy natural ecosystems for their livelihoods and cultural practices.

As global biodiversity rapidly declines and various ecosystem services face disruption, we also understand nature-related risks have become a material issue for many companies and investors across the world. In our efforts to promote a nature positive and climate resilient economy, we are also actively enhancing our investment approach towards nature and biodiversity across relevant facets of our operations. This includes integrating nature and biodiversity considerations into our sustainability strategies, stewardship and engagements as well as investment analysis and monitoring processes.

Enable Transition to a Green Economy

E



Commitment #3: RM10 Billion in New Green and 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.

Overview

PNB remains steadfast in its commitment to environmental sustainability and the transition towards a low-carbon future. The drive towards a net zero and climate resilient future requires significant investments across the global economy. At the same time, it also represents a massive opportunity for us to unlock growth and generate value from new avenues of investments in climate-aligned thematics that offer promising prospects for long-term growth.

As part of our commitment, we aim to invest RM10 billion in new green and transition assets by 2030. To qualify as green and transition investments, we leverage our internally developed Green Taxonomy which also references relevant green certifications, standards and frameworks. This ensures that we apply clear and consistent criteria to objectively label our climate-aligned investments.

We have identified four focus sectors which include Green Transportation, Renewable Energy, Green Buildings, and Agriculture, Forestry and Other Land-Use (AFOLU). We aim to prioritise our climate investing strategies across these sectors in the short-term while we continue to evaluate the technological and economic feasibility of emerging climate-aligned opportunities. We also ensure our climate investing strategies are aligned with our risk-return expectations and investment horizons, ensuring that our investments support both financial performance and environmental goals.

We continue to monitor and evaluate market trends, regulatory changes and technological developments that shape green investments to ensure we stay updated in this rapidly evolving landscape.

Green Buildings: Climate awareness has driven demand for green-certified buildings, with the global market capitalisation expected to exceed USD1 trillion by 2030. As governments across the world impose stricter regulations on carbon emissions and energy efficiency, we believe demand for green-certified spaces will continue to grow. Additionally, more climate-aware corporates are also increasingly prioritising eco-friendly spaces, driven by the desire to reduce Scope 2 emissions and occupy a healthier working environment.

Renewable Energy: In 2023, USD673 billion was invested globally in renewable energy, marking a 10% year-on-year increase to meet the growing energy demands by 2050. Governments worldwide are committing to ambitious renewable energy targets to decarbonise their energy grids and meet their respective climate pledges. Further, the declining cost and rapid innovation in renewable energy technologies are making them competitive with traditional energy sources. We believe there is immense growth potential in this space as it is likely to be the cornerstone of our global energy systems in the future.

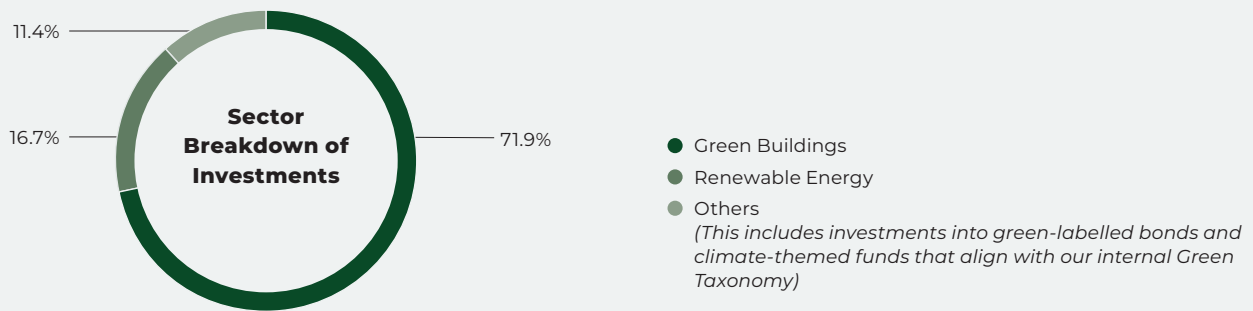
Green Transport: Advancements in battery technology and increasing investments into infrastructure development are making electric vehicles (EVs) more accessible and practical for consumers. The year 2023 saw steady growth in transport electrification, with approximately 40 million EVs on the road and 1.2 million charging infrastructures added.

E Enable Transition to a Green Economy

Progress to Date

To date, we have successfully deployed RM4.08 billion in new green investments across various asset classes, including Listed Equity, Real Estate, Fixed Income and Private Equity. This represents 41% of our RM10 billion commitment.

Sector Breakdown of Investments:



Asset Showcase: One Exchange Square

One Exchange Square is a prominent asset within PNB's Global Real Estate portfolio, located in the heart of London, United Kingdom. This office building benefits from excellent transportation links, including proximity to Liverpool Street Station, and is surrounded by vibrant areas such as Broadgate Campus, Spitalfields and Shoreditch.

In the first quarter of 2023, PNB began a comprehensive retrofit of One Exchange Square to create a cutting-edge, sustainable workspace. The project encompasses 428,000 sq ft of office space, 33,000 sq ft of terraces, and 20,000 sq ft of retail space.

One Exchange Square is among the first retrofit projects in London to achieve the UK's 2050 net zero carbon emissions target ahead of schedule.

This all-electric building is designed to attain several prestigious green building and wellness certifications, including BREEAM Outstanding, NABERS 5 Star and WELL Platinum. Emphasising social responsibility, the project includes initiatives such as local school outreach programmes and ensuring fair wages for all contractors and site operatives, who are paid the London Living Wage.

Outlook

Our goal of reaching RM10 billion in new green and transition assets by 2030 continues to drive us towards investment opportunities that not only offer robust returns but also enhance our decarbonisation efforts. PNB remains committed to contributing to a sustainable future through strategic and impactful investments into climate-aligned opportunities.

Promote Equity and Inclusion



At the heart of our mission to promote equity and inclusion, we are committed to ensure that we leave no one behind in the organisation and our value chain. To this end, we enrich our stakeholders by ensuring equal access to opportunities and fostering workplace equity. Our practices in upholding labour rights also reflects our dedication to the well-being of our employees and external counterparts. We champion women in leadership, striving for gender balance and diversity at all levels. By balancing profitability with social investments and advancing in our sustainability commitments, we aim to elevate Malaysia's socioeconomic development and create a more inclusive and equitable future for all.



Commitment #4: Living Wage in PNB

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

We are committed to fostering an inclusive and equitable workplace where everyone has the opportunity to succeed. We believe fair compensation is essential to achieving this goal.

To enable this, we have implemented the Living Wage Framework in January 2023. This framework ensures that our employees receive a wage that meets their basic needs and enables a decent standard of living, including food, housing, transportation and other essential expenses.

Key Components of the Living Wage Framework:

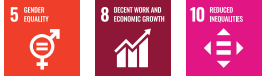
- **External benchmarking:** Leveraging external data on living wages in our region to establish a baseline for fair compensation.
- **Comprehensive benefits:** Includes existing compensation and benefits packages to ensure a holistic approach to employee well-being.
- **Sustainable practices:** The Living Wage Framework is designed for long-term viability, with continuous monitoring to ensure it remains relevant to our rewards philosophy and market practices.

Positive Impact on Our People and Community:

By prioritising a living wage, we aim to:

- **Reduce income inequality:** Living wages contribute to a more equitable workplace and community.
- **Promote ethical labour practices:** We value our employees' contributions and demonstrate this by ensuring fair compensation.
- **Enhance employee well-being:** A living wage empowers employees to focus on their work and personal lives, fostering a positive work environment.
- **Build a sustainable future:** Investing in our workforce creates a more stable and productive future for everyone.

S Promote Equity and Inclusion



Commitment #5: Labour Rights Policy

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

We are committed to providing our employees with fair working conditions and ensuring their fundamental rights are respected. At PNB, we understand that labour rights issues can pose systemic risks to our operations, affect our reputation and long-term viability. Through our ESG commitment #5, which is focused on responsible labour rights, we aim to promote ethical labour practices and foster a culture of accountability within our Investee Companies.

As outlined in our policy and during our one-on-one engagements, we intend for Investee Companies to publish a standalone Labour or Human Rights Policy encompassing six Key Material Issues:

- i) Forced and Child Labour**
- ii) Fair Wages and Benefits**
- iii) Diversity and Inclusion**

- iv) Freedom of Association**
- v) Safety and Health**
- vi) Upskilling and Education**



The Investee Companies are expected to comply with these core expectations and to establish or refine their own labour rights policy, two years from the establishment of the PNB Labour Rights Policy.

Building upon our previous efforts in publishing a Labour Rights Policy in 2022, we operationalised the policy through two ways: our labour rights survey as well as engagements and site visits. We launched a Labour Rights Survey in 2023 to selected Investee Companies to establish a performance baseline, and measure compliance levels of Investee Companies against core expectations outlined in PNB's Labour Rights Policy. Additionally, we implemented Controversy Scanning through research to identify potential labour rights issues before engaging or visiting selected Investee Companies. These engagements were then geared towards understanding Investee Companies' labour practices, unique risks and conveying our expectations effectively.

We also gathered feedback from the relevant departments within PNB such as Human Resources Operations and Procurement to complete the Labour Rights Survey, ensuring a holistic approach to assessing and enhancing labour rights practices within the organisation.

Driving Change Through the PNB Labour Rights Survey 2023

The selection of companies for the survey is based on various criteria, including significant percentage holdings, substantial investment value, board representation and their labour-intensive nature. For a start, we have prioritised engagements with manufacturing, plantation and construction companies given these industries' heightened exposure to labour rights issues. The selected pool of companies, filtered through these criteria, is categorised as Phase 1 companies, comprising our Strategic Companies, along with Core Companies and private holdings in property and manufacturing sectors.

Overall, we observed that the Investee Companies that we have engaged with have demonstrated favourable labour practices. We noted that, in particular, the Plantation, Property and Manufacturing companies show better alignment to our policy, since these sectors typically experience higher volumes of labour issues and are subject to stringent regulations.

Promote Equity and Inclusion



With respect to the Key Material Issues addressed in our policy, we noted that many companies have made sufficient commitments and implemented initiatives related to Safety and Health as well as Upskilling and Education. This aligns with the growing awareness of worker well-being and the necessity for ongoing skill development in a world influenced by digital automation, post-pandemic recovery and increased attention to mental well-being.

On the other hand, we have observed that there are opportunities for improvement in managing issues relating to Forced and Child Labour, particularly concerning the prevention of Isolation and Debt Bondage. While we recognise that the scale of impact and severity of these issues may vary by sector, we believe that all companies, to some extent, are exposed to Forced and Child Labour, whether it occurs within their own operations or their supply chain. Henceforth, we believe it is pivotal for Investee Companies to start assessing their potential exposures and develop internal controls to mitigate any potential gaps or prevent future non-compliance issues with international standards.

For PNB, the internally conducted Labour Rights Survey revealed that various policies and initiatives have been established, supporting the key material issues under PNB's Labour Rights Policy.

Key Actions Taken

Using the findings from our analysis and engagements, we shared our overall assessment result and recommended areas of improvements for the benefit of our Investee Companies.

We continuously engage and influence the companies to develop and publish a Labour or Human Rights Policy.

We have developed a Labour Rights Survey Summary Report that encapsulates valuable insights and best practices derived from the survey responses and engagement takeaways conducted in 2023. We have shared the summary report with the relevant PNB Nominee Directors, to empower them to effectively oversee their respective companies' management of labour rights issues.

We monitored the labour rights performance and progress made by companies to align with our Labour Rights Policy expectations.

We integrated the review of labour rights management within our ESG analysis as part of the investment assessment.

Stakeholder Management

To achieve exemplary labour management practices, we acknowledge that the responsibility towards building the ecosystem goes beyond individual companies. We believe that industries and business sectors must be prepared to adopt ethical and responsible labour practices. Henceforth, we encourage our Investee Companies to collaborate closely with relevant stakeholders, such as recruitment agents, suppliers, vendors and relevant authorities, all of whom have significant influence in ensuring positive outcomes for the companies.

Stakeholders

PNB remains steadfast in our pursuit of ethical and responsible labour management practices throughout our operations and investment portfolio. For companies that have yet to publish a Labour Rights Policy, we urge them to begin developing and publishing a standalone Labour Rights Policy that aligns with PNB's Labour Rights Policy. Conversely, for companies that have already taken this crucial step, we actively encourage companies to focus on continuously enhancing transparency by disclosing their relevant strategies and assessments on labour rights, with particular emphasis on Grievance Mechanisms, Forced and Child Labour, and Diversity and Inclusion. In terms of our suppliers, we have communicated the Labour Rights Policy via our procurement platform as well as through related purchase documentation.

Moving Forward

Looking ahead to 2024, PNB's strategic initiatives include bridging the gap between the recently published national policies and actions plans and our own Labour Rights Policy, while we continue to engage with Investee Companies on this topic. To ensure transparency and accountability, PNB will review company disclosures, sustainability reports and other relevant information to assess their labour rights performance. We intend to utilise ESG ratings and indices to evaluate labour rights and relevant sustainability factors to inform stakeholders on our investment decisions. Through these concerted efforts, we aspire to forge a more sustainable and equitable labour landscape in Malaysia, setting a gold standard for responsible business practices across industries.

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Capacity Building

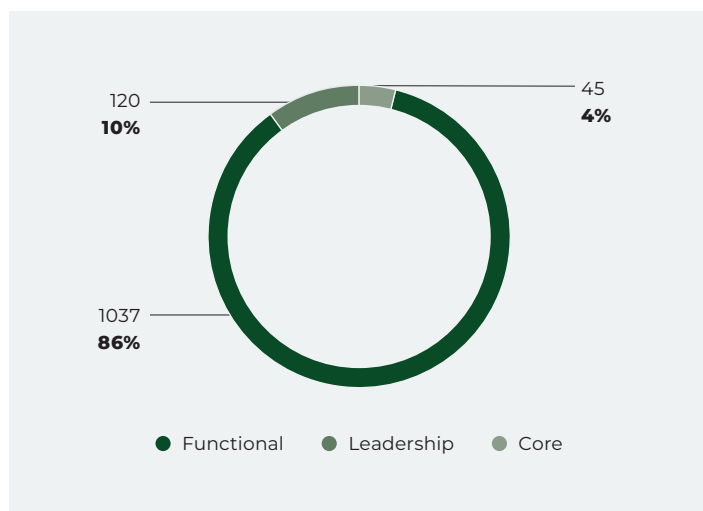
At PNB, we understand that our greatest asset is our people. In today's rapidly changing industry landscape, investing in their development is not just important, it is essential. PNB takes a comprehensive and inclusive approach in learning and development, ensuring all employees across functions and levels have the opportunity to thrive.

Evolving with Excellence: Introducing Signature Leadership Pathways and Core Skills

In 2023, we invested in revamping our learning curriculum to ensure it aligns with evolving industry needs and empowers our workforce. This included the introduction of the Leadership Signature Pathway, a dedicated programme designed to equip employees across all levels with the essential skills for effective leadership. Recognising the importance of a strong foundation, we have also expanded our core skills development offerings and introduced new programmes focusing on communication, digital, business acumen, and governance. These programmes are available to all employees, regardless of their position.

Demonstrating our commitment to employee development, we invested over RM20.45 million in learning and development programmes to upskill and reskill employees across all levels.

Overall, 297,511 training hours were recorded across the Group, with an average of 148 hours per employee. Functional competencies received the highest focus (86.0%), ensuring employees acquire the technical skills needed for their roles. Leadership and core competencies followed at 10.0% and 4.0% respectively.



Average Training Hours by Employee Category		
Top Leadership	Senior Management	Middle Management
148	160	156
Executive		Support
148		122

PNB LearnHub: Empowering a Future-Proof Workforce

Building on our commitment to employee development, we launched PNB LearnHub in 2022. This state-of-the-art Learning Management System (LMS) empowers employees to upskill and reskill at their own pace.

PNB LearnHub offers a diverse library of resources, including e-learning modules, Massive Open Online Courses (MOOCs), articles, podcasts, and videos. This caters to various learning styles and ensures accessibility anytime, anywhere. Also, the platform provides access to bite-sized, interactive learning experiences on critical areas like leadership, digital skills, governance, compliance, and integrity. By providing a multifaceted learning ecosystem, we empower employees to take charge of their professional journeys and contribute to PNB's continued success.

Recognising the need for targeted development, we will be introducing role-based curriculum in the coming year. This will tailor learning programmes to the specific needs of each position, further enhancing employee effectiveness.

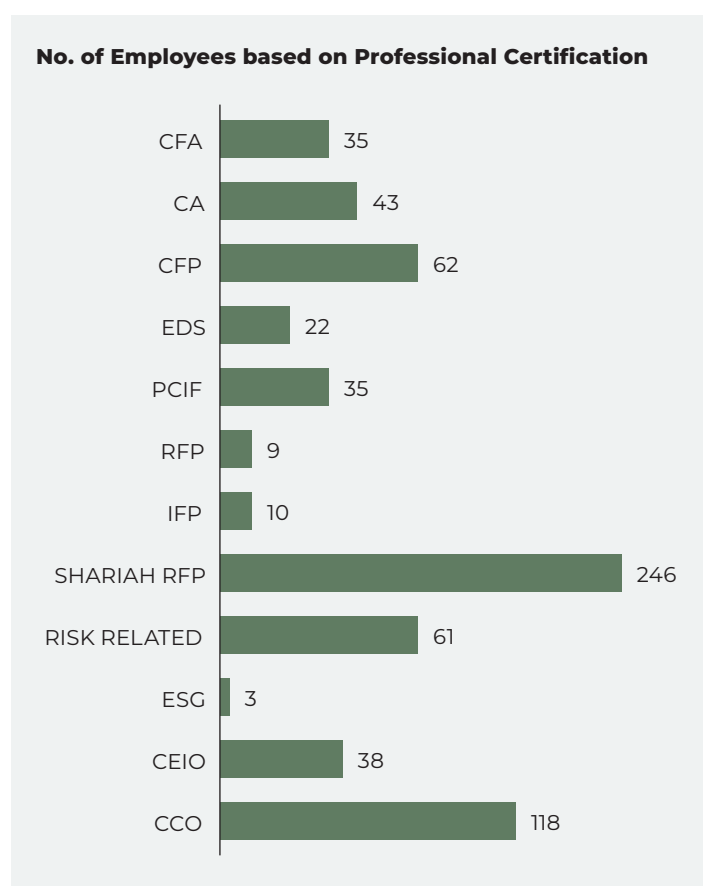
Promote Equity and Inclusion

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Further Education and Professional Certifications

We empower employees to invest in their future and pursue further education to foster both professional growth and personal enrichment, equipping them with the knowledge and skills to broaden their perspective and understanding. We offer a variety of programmes ranging from bachelor's degrees and master's programmes to professional courses, certifications, and licensing.

As of 2023, 183 employees were pursuing various certifications.



CFA Society Malaysia recognised PNB's dedication to employee development through the CFA programme with a 2023 Premium Employer Partner award.

Empowered and Certified Employees

PNB's two core activities: fund management and marketing and distribution of unit trusts, require employees to hold specific licences. In 2023, 128 employees completed the CMSRL and 824 employees obtained FIMM license.

Licensing	Target Group	No. of employees who obtained licence
Capital Markets Services Representative's Licence (CMSRL)	Fund Managers	128
Federation of Investment Managers Malaysia (FIMM)	Unit Trust Consultants	824

Upward Mobility Programme (UMS)

The Upward Mobility Scheme (UMS) empowers non-executive staff to bridge the gap to executive roles. The programme provides targeted support to develop both technical expertise and strong organisational skills, preparing participants for future promotions. To facilitate this development, PNB partners with prestigious local universities like Universiti Malaya (UM), Universiti Teknologi Malaysia (UTM), and Universiti Tun Abdul Razak (UNIRAZAK).

On November 25, 2023, a total of 14 UMS Professional Diploma participants from batch 2020 were proudly present to receive their Professional Diploma in Business Administration at the UTMSPACE 2023 Convocation ceremony. All the participants had shown great dedication in completing their Professional Certificate which has translated into their excellent CGPA of 3.0 and above.

9

employees completed the Professional Diploma in Business Administration in 2023

29

employees completed the Professional Certificate in Business Administration in 2023

333

employees have successfully completed the programme since 2001

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UMS Professional Diploma in Business Administration participants at UTMSPACE 2023 Convocation ceremony.

PNB's Pre-Retirement Programme

PNB recognises the importance of a smooth transition into retirement for its valued employees. We offer a comprehensive pre-retirement training programme for employees to equip them with the knowledge and tools needed to navigate the financial, legal, and personal aspects of retirement. From budgeting and investment strategies to healthcare planning and emotional adjustment, the programme ensures a stress-free and well-planned transition.

Beyond basic retirement planning, PNB's programme encourages lifelong learning. Participants have the opportunity to explore new skills and interests, fostering a sense of purpose and continued growth in retirement. This investment in our employees' well-being demonstrates PNB's commitment to a long-lasting and supportive work environment, ensuring a fulfilling future for all.

In 2023, 35 employees participated in various pre-retirement training programmes based on their area of interest.

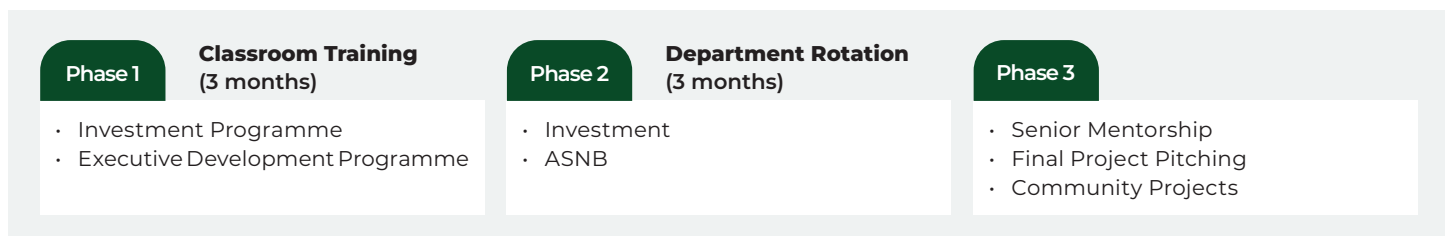
Management Trainee (MT) Programme

The PNB Management Trainee (MT) programme offers a rigorous three-phase development journey specifically designed for returning PNB scholars. The programme equips participants with a solid foundation in investment skills through comprehensive learning modules. These modules delve into the intricacies of investment strategies and provide a deep understanding of PNB and ASNB's operations.

Following the initial phase, the programme transitions to departmental rotations. This hands-on experience allows trainees to apply their newly acquired knowledge in diverse PNB and ASNB departments, gaining valuable exposure to the organisation's multifaceted operations.

The final phase focuses on leadership development and community impact. Trainees benefit from mentorship by PNB's senior leaders, gaining invaluable insights into executive decision-making and strategic direction. Additionally, participation in a community project allows them to contribute meaningfully to the broader community while further honing their leadership skills.

This comprehensive programme effectively prepares returning PNB scholars for success in high-demand, high-growth areas within the organisation.



Since year 2000, the PNB Management Trainee (MT) programme has successfully developed 517 talented graduates, including 17 PNB scholars who participated in 2023. This commitment to talent development extends beyond the MT programme. We continuously invest in refining our core and leadership curriculum, ensuring our training programmes remain aligned with the evolving needs of both our employees and stakeholders. Regular evaluations guarantee that our programmes deliver the highest value, equipping participants with the skills and knowledge to succeed in a dynamic business environment.

Promote Equity and Inclusion

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Talent Management

In 2023, we conducted a comprehensive Leadership Profiling exercise for both our middle management and senior leaders. This includes the 360-degree assessments, providing a holistic evaluation of each individual's leadership capabilities and effectiveness. Valuable insights gained from this process allow us to tailor personalised development plans that address each leader's unique needs and strengths.

Additionally, recognising the critical role of digital transformation, we partnered with IMD to offer a bespoke "Digital Transformation, Ecosystems, and Data Analytics" programme for senior leaders. This programme equips them with the necessary skills to lead effectively in a dynamic environment.

Building a Strong Leadership Pipeline

Ensuring a seamless leadership transition requires proactive planning. This year, we completed a comprehensive succession planning exercise. This initiative identified high-potential successors within the organisation, creating a strong pipeline for future leadership positions.

Overall, our commitment to talent development ensures a future-proof leadership team that can navigate challenges and capitalise on opportunities in the evolving business landscape.

Building the Nation's Human Capital

Our dedication extends beyond our own workforce. We actively contribute to the nation's human capital development, embodying our commitment to Malaysia's long-term growth and prosperity. Through dedicated ancillary programmes, we provide young graduates and undergraduates with valuable skills and knowledge. These programmes help equip future leaders to become a future-ready workforce, prepared to contribute effectively to the nation's economic and social progress.

A PNB Internship Programme

The PNB Internship Programme attracts talented graduates from diverse academic backgrounds relevant to the financial industry. Through hands-on projects alongside experienced professionals across various departments, interns gain practical experience and develop in-demand skills. This comprehensive programme offers valuable exposure to PNB's diverse business functions, equipping interns with a holistic view of the organisation and fostering their talent in finance and related fields.

This investment in future generations is a cornerstone of PNB's commitment to building a strong and adaptable workforce. The PNB Internship Programme serves as a valuable stepping stone for graduates seeking successful careers, while ensuring a pipeline of well-equipped talent to lead PNB's continued success.

369 interns

placed in various departments across PNB in 2023

5,389 interns

received internship training since its inception in 2005

B PNB Graduate Executive Trainee-MySTEP (PNB GET-MySTEP)

The PNB GET-MySTEP Programme tackles the crucial issue of skill gaps faced by unemployed Malaysian graduates. This initiative aims to enhance their employability and market value by bridging the gap between academic qualifications and industry needs.

The programme provides a comprehensive 8-month experience, equipping graduates with essential skills and knowledge. Participants gain valuable on-the-job training within PNB and its Group of Companies, providing practical experience alongside theoretical learning. Since 2022, the programme has been implemented through two distinct tracks under updated curriculum, namely (i) General Track and (ii) i-GET Digital track.

661 graduates

participated in the programme in 2023

4,879 graduates

since the inception of the programme in 2011

For on-the-job training, several companies under PNB Group participate in accommodating trainees, offering robust support to foster the development of their skills and knowledge. The following is a list of the companies:-

Permodalan Nasional Berhad

ASNB Wakalah Sdn Bhd

MNRB Holdings Berhad

Amanah Saham Nasional Berhad

Attana Hotels & Resorts Sdn Bhd

Takaful Ikhlas Berhad

PNB Merdeka Ventures Sdn Bhd

PNB Commercial Sdn Bhd

MMC Corporation Berhad

PNB Research Institute Sdn Bhd

PNB Development Sdn Bhd

CCM Berhad

Pelaburan Hartanah Nasional Berhad

Raiz Malaysia Sdn Bhd

Projek Lintasan Kota Holdings Sdn Bhd

S Promote Equity and Inclusion



Commitment #6: 40% Women in PNB Leadership by 2025

At PNB, we have achieved a 36% representation of women in Senior Management against our target of 40% by 2025.

We believe diversity fuels innovation and empowers excellence. This is why we are dedicated to fostering a workplace where women can thrive and reach their full potential. Over the years, we have made significant strides towards gender equality, achieving a balanced workforce and exceeding the global benchmark for women in senior management.

We have also set an ambitious target of 40% women in PNB Leadership by 2025 which is above the global benchmark of 30%. This commitment reflects our firm belief that diverse perspectives and a strong female presence at the top table are essential for long-term success.

Empowering Women for Shared Success

Our three-pronged approach empowers women to excel and contribute significantly to our organisation's success.

1 Providing Development for Women Leaders

Recognising the importance of a strong leadership pipeline, we initiated the development of a programme in 2023 for our high-potential senior women leaders. This targeted programme equips them with essential leadership skills to navigate complex challenges and excel in future senior leadership roles. We aim to launch the programme in Q2 2024.

2 Expanding Networks: Fostering Connections That Matter

Building strong professional networks is key to career advancement. We actively promote networking opportunities for our women leaders, both internally and externally. Partnering with prestigious organisations like the 30% Club allows them to connect with experienced mentors, share best practices and gain valuable insights from industry leaders. We have also organised Best Practice Sharing sessions with industry leaders through our 30% Club partner to share valuable insights and perspectives on "Women and Sustainability in Corporate" and "Unconscious Bias".

3 Creating an Enabling Environment: Support Systems for Success

We understand the importance of fostering an environment that empowers women to excel. Recognising the need for a healthy work-life balance, we provide flexible working options for our employees. In addition, we continuously review and revise company policies and practices to ensure they are inclusive and in line with the industry benchmark.

Our commitment to women's leadership goes beyond achieving quotas. By investing in development, fostering connections, and creating a supportive environment, we empower women to reach their full potential. This, in turn, fosters a more diverse and innovative company, benefitting our employees and contributing to inclusive economic growth and a more prosperous future for all.

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Commitment #7: Balancing Profitability & Social Investments

PNB has experienced steady growth since its establishment in 1978 and still plays a pivotal role in shaping the Malaysian corporate landscape and reviving the country's socioeconomic development. We are committed to promoting equity and inclusion while striking a balance between profitability and social investments. In line with this commitment, we aim to raise social investments and strengthen our portfolio of shares in companies with growth potential, providing our unitholders with long-term, sustainable returns.

Our Corporate Social Responsibility (CSR) agenda guides our CSR initiatives, which strive to address community needs within our operations while addressing national development with high relevance to us.

Our CSR initiatives and programmes centre around these four pillars.

Pillar 1

Education

Our objective is to inspire, encourage, and motivate future PNB talents while also contributing to nation-building. Under this pillar's initiatives and programmes, we provide educational opportunities and give young people the necessary skills to become the future leaders of PNB and the country.

Pillar 2

Financial Literacy

It is our aim to provide the community with financial literacy skills so they can save, invest and make wise financial decisions. We are committed to improving their quality of life and assisting the community to realise their long-term goals.

Pillar 3

Community Upliftment

Through initiatives and philanthropic donations made to different organisations, we provide support and help to improve the standard of living and well-being of the communities around us.

Pillar 4

Knowledge Sharing Initiatives

We are committed to promoting national sustainability through the creation of knowledge-sharing platforms that foster innovation, collaboration and sustainable development, keeping us updated on current trends affecting economic, leadership and investing practices.

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Pillar 1: Education

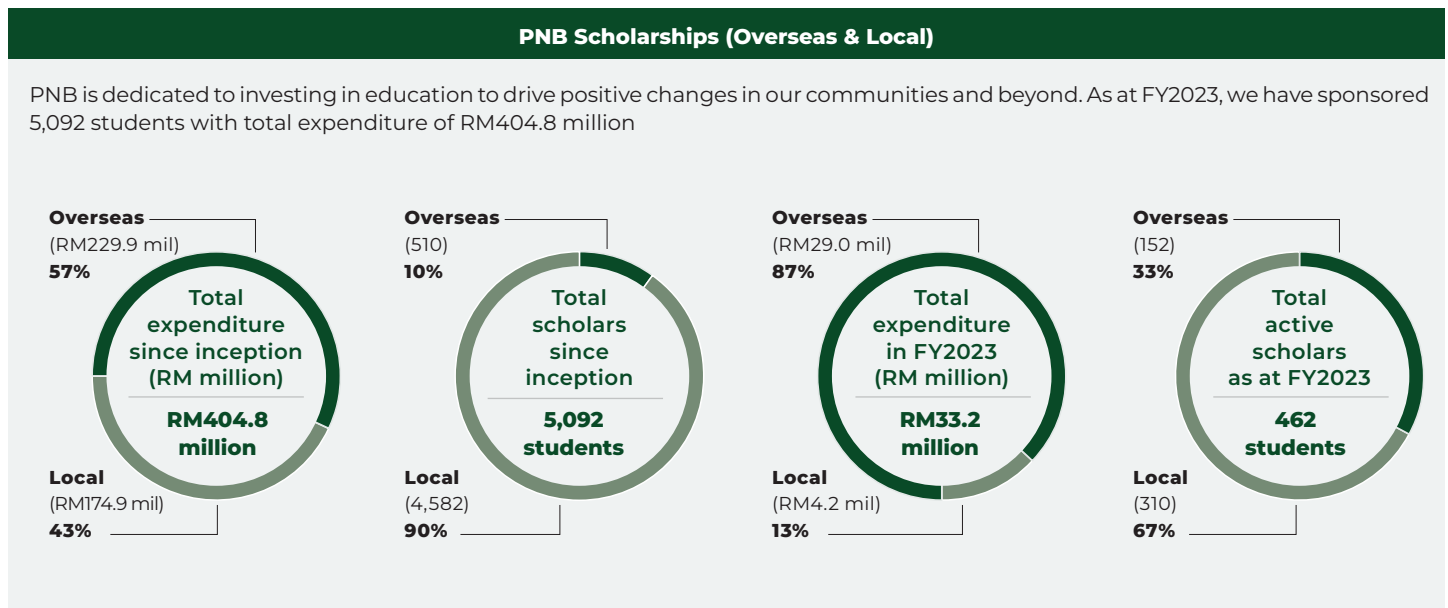
Building a Brighter Future Through Education:

Education is an important element amongst our four (4) CSR pillars. This is driven by the belief that education plays a very significant role in helping to uplift the lives of individuals and communities whilst contributing to the nation-building agenda. Other than our own employees, our programmes cater to various segments of the society, with a particular focus on those from underprivileged backgrounds. By equipping them with knowledge, skills, and opportunities, we aim to empower them to reach their full potential and become active contributors to a thriving Malaysia.



For the past 27 years, we have been awarding scholarships to young Malaysians to advance in their education through our investments in our scholarship programme for deserving students. The programme aims to develop a talent pool for PNB and equip them with the necessary aptitudes. Upon graduation, these scholars will join the workforce and contribute to PNB's growth and the nation's economy. In FY2023, PNB invested RM40.7 million in education scholarship programmes, benefitting 1,195 outstanding young Malaysians. Throughout the years, some PNB scholars have assumed leadership positions both inside and outside the organisation. Through our support, they have been able to reach their full potential, contributing to the growth of corporate Malaysia.

PNB Scholarship Programmes



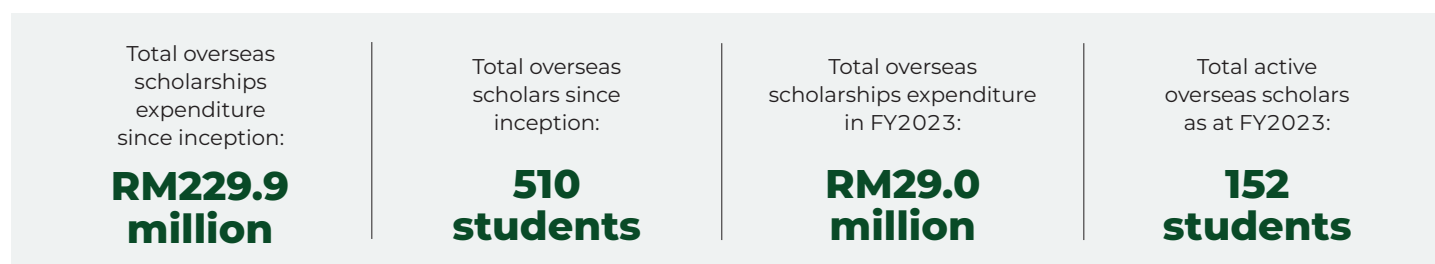
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Overseas Scholarship Programmes

PNB Global Scholarship Award and YTI Premier Scholarship Award

The PNB Global Scholarship Award and Yayasan Tun Ismail Premier Scholarship Award are prestigious Malaysian scholarships for outstanding students. With the scholarships, deserving individuals can pursue their studies in various fields at some of the most renowned universities globally. During the reporting year, we awarded scholarships worth RM29.0 million, enabling 152 students to pursue their studies.



Local Scholarship Programmes

PNB Chartered Accountant Initiative (PCA)

Since 2016, PNB has partnered with Yayasan Peneraju Pendidikan Bumiputera (YPPB), INTEC Education College and Ernst & Young Malaysia to increase the number of certified Bumiputera Chartered Accountants through the PNB Chartered Accountant Initiative (PCA) by sponsoring 1,025 students.

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

PNB established three scholarships to sponsor deserving students and support children of our employee to study at local public and private universities in Malaysia: the PNB Scholarship Award, PNB Employees' Children Scholarship Award and PNB-Kolej Ilmu Scholarship Programme. Established in 1998, the PNB Employees' Children Scholarship Award offers foundation studies, diplomas or bachelor's degree programmes at public and selected private universities, while the PNB-Kolej Ilmu Scholarship Programme (2005) and PNB Scholarship Award (2004) provide equal opportunities for underprivileged students.

In FY2023, a total of 310 students have benefitted from these three scholarship facilities worth RM4.2 million.

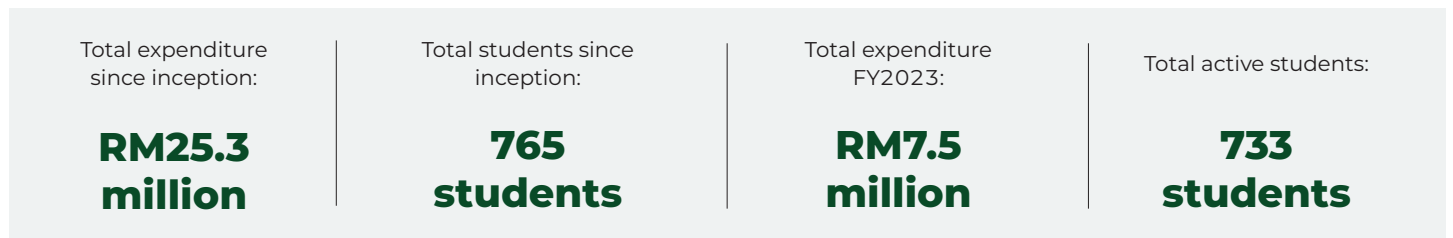


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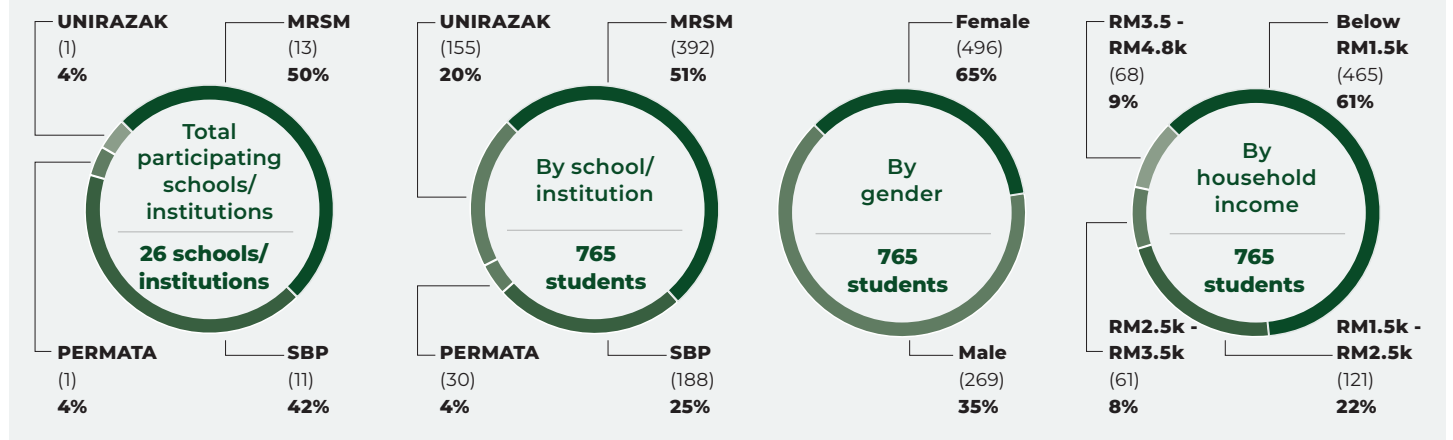
Bantuan Untuk Pendidikan PNB (BUDI PNB)

Bantuan Untuk Pendidikan PNB (BUDI PNB) was launched in 2019 to support the Asnaf/B40 group by assisting underprivileged students pursuing secondary education at selected Maktab Rendah Sains MARA (BUDI PNB-MRSM) or Sekolah Berasrama Penuh (BUDI PNB-SBP) and at Pusat PERMATA@Pintar Negara UKM (BUDI PNB-PERMATA@Pintar UKM). Meanwhile, BUDI PNB-UNIRAZAK enables students to pursue a bachelor's degree in accounting with a Certified Practising Accountant (CPA Australia) at UNIRAZAK.

In FY2023, 55% of the students have excelled and managed to fulfil the minimum academic requirements set by PNB, which consist of a 3.50 CGPA for MRSM students, 6As for SBP students, 3.00 CGPA for PERMATA@Pintar UKM and a 2.50 CGPA for UNIRAZAK students.



PNB is dedicated to investing in education to drive positive changes in our communities and beyond. As at FY2023, we have sponsored 765 students with total expenditure of RM25.3 million.



BUDI PNB Greater Engagement Programme 2023

Date: 25-27 Aug 2023 **Venue:** SBPI Gombak

Objective: Promoting better leadership among youths, practise life skills of critical thinking, communication, problem solving and inculcate the value of teamwork. This event acts as a bridge to give the students a glimpse of what the future will be like and what is expected out of them.

In cooperation with:

1. Bahagian Pendidikan Menengah (BPM), MARA
2. Bahagian Pengurusan Sekolah Berasrama Penuh (BPSBP) Kementerian Pendidikan Malaysia
3. Pusat PERMATA@Pintar Negara UKM

Total students: 366 **Total teachers: 22**



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Pillar 2: Financial Literacy

In collaboration with our wholly owned unit trust management company ASNB, we continue to educate communities on the importance of managing personal finances. We hope to help the members of our communities accomplish financial goals, make informed financial decisions and accumulate personal wealth by educating them on budgeting, saving, investments and debt management.

In FY2023, a total of RM2.3 million was invested in the following financial literacy programmes, benefitting 150,000 beneficiaries.

Sembang-sembang ASNB (Amanah Saham Nasional Berhad)



The financial education journey is crucial to ASNB's operations, and it will continue in FY2024 and beyond. Once again, we organised this programme in 2023 through collaboration with the government, private sector agencies, universities, colleges and schools to educate employees and students on financial planning.

Objectives:

- To instil a sense of urgency about the importance of financial planning among the participants
- To educate the public on the importance of financial planning for retirement, child education needs and investment objectives
- To inculcate the right attitude about the importance of saving, investments and financial planning
- To assist participants in achieving peace of mind and financial freedom
- To introduce and promote ASNB unit trust funds and services to create awareness, instil confidence, and build long-term relationships

Year	Physical Seminar		Online Webinar (Sembang-Sembang ASNB)			Total Participants
	No of Activities	No of Participants	No of Activities	No of Participants	No of Views	
2008-2019	7,520	712,257				
2020	75	7252	154	9,956		
2021	1	70	299	25,117	97,179	
2022	38	3348	267	12,912	37,254	746
2023	40	4348	128	15,098	48,312	976
Total	7,674	727,275	848	63,083	182,745	1,722

The programmes were implemented through webinars, physical seminars and talk shows.

Webinars

ASNB maintained its commitment to delivering and organising weekly webinars that cater for the public on Fridays by inviting subject matter expert speakers with various backgrounds to talk about topics such as scams, investment, cryptocurrency, insurance, inheritance and retirement funding. ASNB webinars aim to educate different segments of society on financial planning, investment, the relationship between risk and returns, compounding effects and other relevant topics of interest.

Physical

In conjunction with Minggu Saham Amanah Malaysia (MSAM), the Sembang-sembang ASNB Talk Show was held to discuss related topics on financial planning and related issues and challenges, involving moderators and guest speakers. Among the topics discussed were:

- Sembang Anak Muda: Kerja Sendiri vs Makan Gaji
- Urus Wang, Bebas Hutang, Masa Depan Cemerlang
- Bayar Hutang atau Simpan: Mana Patut Didahulukan

Talk Shows

Sembang-sembang ASNB 2023 @ TV1 RTM is a talk show focused on financial advisory content as part of the ASNB initiative to educate the public about financial planning and money management. In 2023, 13 episodes were aired on TV1 RTM from September to December 2023 and drew over 6.89 million viewers.

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Launch of Financial Literacy Month 2023 (FLM 2023)

In its third year, FLM 2023 was officially kick-started by Prime Minister Dato' Seri Anwar Ibrahim at Minggu Saham Amanah Malaysia 2023 (MSAM 2023). The launch was to kick-start the month-long series of financial education programmes and activities by Financial Education Network (FEN) members, participating through the FEN Pavilion @ MSAM 2023. Various edutainment (education and entertainment) activities and programmes were organised with the aim of creating awareness on the importance of financial planning to promote FLM 2023, which attracted over 200 participants.

The FLM is an annual flagship event to enhance consumer awareness on key financial issues and improve financial literacy among Malaysians. Starting with the inaugural FLM in 2020, the FLM provides a hybrid platform (virtual and physical) for FEN members and partners to engage with Malaysians from all walks of life on numerous topics of finance and consumer protection. Among the activities during the FLM are roadshows, webinars, advisory sessions, symposiums, competitions, pocket talks, exhibitions and virtual information booths.

The following are some of the financial literacy programmes held at the MSAM 2023 which were attended by 10,563 participants.

Poster Drawing Contest

The contest serves as a platform for primary and secondary school students to showcase their drawing talent, learn from others through group activities, and explore their artistic potential with the theme "Impian Saya Bila Ada Duit".

Ceria Bersama ASNB

The aim of the programme is to educate teens on financial planning and investment through interactive games, quizzes and activities.

Objectives:

- Raise awareness about the importance of saving at a young age to achieve short-term, medium-term, and long-term financial objectives.
- Introduce the concepts of compound interest, risk and return, needs and wants, as well as the importance of savings and investment.

Colouring Competition

To encourage students to be interested in STEM and give them the opportunity to highlight their talents and potential, the colouring competition was open to all children from pre-primary school and primary school levels between the ages of five and nine.

Kelab Pelaburan Bijak PNB 2023

In 2023, ASNB held various programmes and activities under Kelab Pelaburan Bijak PNB (KPBPNB) to provide members with financial literacy exposure and inculcate the savings habit at an early age.

KPBPNB was introduced in 2000 as one of ASNB's financial education initiatives to reach the younger generation.

Currently, KPBPNB is implemented in 155 secondary schools, with between 50 and 100 student members in each school.

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The programmes and activities, endorsed by the Ministry of Education (MOE), were implemented through various methods such as webinars, physical training, workshops and quizzes.

1 Webinar Remaja & Ringgit: Urus Wang Dengan Bijak

We organised this two hour webinar which included trivia to evaluate students understanding. A total of 9,175 participants took part in this programme.

2 Train the Trainer (on-ground) for teachers

Exclusive for KPBPNB coordinators, the aim is to equip them with knowledge and skills related to financial advisory.

3 Bengkel Kewangan & Kecemerlangan SPM

Helped participants prepare for SPM and equipped them with financial planning knowledge to help them to be ready for real life challenges.

4 Kuiz Pelaburan PNB @Virtual Treasure Hunt

New and exciting activities to attract students to engage with ASNB.

5 KPBPNB @ MSAM - KPBPNB Challenge - KPBPNB Visit

Integrated new perspectives with informal environments to enhance learning initiatives among KPBPNB's members.

Activities

- KPBPNB Challenge
- KPBPNB Visit

6 SMART with KPBPNB (On-Ground)

One-day programme with teachers, parents and students at selected KPBPNB schools.

Activities

- Ted Talk
- Seminar
- Games and trivia

7 Sports Day Sponsorship

Sponsored Hari Sukan Sekolah for selected KPBPNB schools.

Built brand awareness of ASNB among school students.

ASNB secured national-level certificates for "Kuiz Pelaburan PNB", state-level certificates for the KPBPNB Challenge and training points for KPBPNB teachers who attended the Train the Trainer programme. A total of 19,817 students and teachers took part in these programmes.

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ASNB Academy

In 2023, ASNB created ASNB Academy, a website that serves as a platform to share our communications and advisory content.

The website went live on 29 September 2023, in conjunction with MSAM 2023.

Via ASNB Academy, ASNB plans to make financial advisory content readily available as part of our initiative to promote and offer free financial advisory services to the masses.

ASNB Academy aims to assist the public and ASNB unitholders in making informed decisions regarding their money and investments.

ASNB remains committed to continuously sharing content related to financial planning and investment, as it will help strengthen the ASNB brand in the individual investment field.

As of 31 December 2023, ASNB Academy has published over 100 financial education articles and videos, reaching 99,000 views with 33,000 users.

ASNB x UiTM Strategic Collaboration 2023

ASNB collaborated with UiTM in FY2023, aiming to improve investment accessibility, student experience, financial literacy awareness and Bumiputra wealth through synergy.

Objectives:

- To provide continuous education on the importance of financial planning
- To provide a comprehensive method to manage and draw up a financial roadmap
- To inculcate the right attitude about the importance of saving and investing
- To assist participants in achieving peace of mind and financial freedom
- To introduce and promote ASNB products and services

A total of 1,812 unitholders invested in ASNB products with a total investment of RM434,497 through the Ekspo Selangkah ke UiTM, ASNB @ UiTM Convocation and Minggu Destini Siswa (MDS) programmes in 2023.



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Pillar 3: Community Upliftment

PNB's community initiatives are focused on developing holistically robust communities to uplift and promote their social and economic well-being. We empower our communities by providing financial and non-financial support, including collaborating with non-profit or non-governmental organisations (NGOs) on projects that are in line with our goals of helping underprivileged communities. Apart from uplifting people, we also ensure that we remain committed to contributing to sustainability practices which benefit the environment. Our CSR initiatives are outcome-driven and scalable to meet the needs of communities and the environment. We are dedicated to fulfilling our social commitments by collaborating with relevant stakeholders and carefully assessing our initiatives, carrying them out, and continuously monitoring their outcomes for the benefit of society and the environment.

Community Upliftment

Objectives:

- Provide financial support to organisations that provide services that 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

Activities In 2023



Community Development

- The northeast monsoon, which began in November 2022 and continued until March 2023, caused flash floods in several states in the country. The worst-hit states were Terengganu, Kelantan, Pahang, Johor, Perak, Sabah and Sarawak. At least six people were killed, and over 70,000 victims were evacuated to relief centres.
- PNB contributed a total of RM5 million to assist over 18,500 beneficiaries and 60 flood-hit schools in the six states. We worked with five government agencies and four NGOs to commence our flood relief mission, providing victims with necessities in two phases involving immediate relief and rescue missions (phase 1), and post-recovery and reconstruction (phase 2).

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Phase 1 — Immediate flood relief and rescue mission (RM2.4 million)

Malaysian Relief Agency (MRA)

- In a collaborative mission with MRA, we extended our helping hand to flood victims through our contribution of basic necessities, medical relief assistance and apparatus setup for radio amateur base stations totalling RM1 million. A total of 10,000 beneficiaries in Pasir Mas, Rantau Panjang and Machang (Kelantan), Kuala Terengganu, Hulu Terengganu and Besut (Terengganu), Kuantan, Maran and Temerloh (Pahang) and Muar, Segamat and Mersing (Johor) benefitted from this aid.

Malaysia Medical Relief Society (MERCY Malaysia)

- Through our partnership with MERCY Malaysia, we contributed to emergency response needs including healthcare, psychosocial first aid, disaster preparedness, hygiene kits and children emergency grab bags, totalling RM900,000. This contribution aided 5,000 beneficiaries in Rantau Panjang, Tumpat, Kuala Krai and Kota Bharu (Kelantan), Kuala Terengganu, Dungun, Kuala Nerus and Setiu (Terengganu), Temerloh, Bentong, Bera and Pekan (Pahang), and Hilir Perak, Manjong and Perak Tengah (Perak).



Jabatan Bomba dan Penyelamat Malaysia (JBPM)

- We partnered with JBPM by contributing five high-density polyethylene (HDPE) rescue boats with accessories valued at RM50,000 each to JBPM Kelantan, Terengganu and Pahang, totalling RM250,000.

Angkatan Pertahanan Awam Malaysia (APM) Sarawak

- We extended assistance through the purchase of rescue aids and high-end waterjet equipment, personal flotation devices (PFD), first responders' and trauma bags valued at RM250,000.

Phase 2 — Post-recovery and reconstruction (RM2.6 million)



Yayasan Ikhlas

- To help victims repair damages in the aftermath of the devastating floods, we teamed up with Yayasan Ikhlas to repair and restore 35 houses and donated household items to another 600 families in Tumpat and Pasir Mas (Kelantan), and Hulu Terengganu and Hulu Besut (Terengganu).
- We contributed RM1 million to these post-recovery and reconstruction efforts.

Yayasan Pembangunan Ekonomi Islam Malaysia (YaPEIM)

- In collaboration with YaPEIM, we helped 25 families in Batu Pahat, Segamat, Pontian, Mersing, Kluang, Kota Tinggi, Yong Peng, Pagoh and Muar (Johor) repair and restore their homes.
- We contributed RM1 million in this collaborative effort.

Jabatan Pendidikan Negeri (JPN)

- We collaborated with JPN Kelantan and Terengganu to extend assistance through the purchase of school essentials such as uniforms, shoes and bags worth RM200 for each student, benefitting 2,500 affected students.
- We worked together with JPN Terengganu, Kelantan and Sabah to help 60 schools affected by floods in those states replace or refurbish damaged equipment with RM10,000 donated to each school. We spent RM600,000 for this mission.

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Other Notable Contributions

- Yayasan Hijau Malaysia (YHM): PNB contributed RM100,000 to provide electricity supply to 20 families in Kampung Dagat, Kinabatangan, Sabah, utilising a solar panel system.
- Lembaga Tabung Haji: Program Sahabat Korporat TH 1444H/2023M: PNB donated 10,000 toiletry bags valued at RM75,500.
- Sekolah Agama Rakyat Permatang Buloh, Kepala Batas, Pulau Pinang: PNB contributed RM25,000 for the Rainwater Harvesting System (SPAH) at the school.
- Masjid Jamek Sultan Abdul Samad Kuala Lumpur: PNB contributed RM25,950 for Iftar Programme at Masjid Jamek KL.
- PNB contributed RM10,000 to Victoria Institution Kuala Lumpur's participation in the Malaysia International Marching Arts Championships (MIMAC) 2023.
- PNB provided free meals to SPM candidates valued at RM14,990.
- Universiti Putra Malaysia (RM100,000): Participated in a tree planting programme at Taman Arboretum Pokok Nadi (2 acres) in the Sultan Idris Shah Forest Education Centre (SISFEC), Puchong, Selangor.
- Yayasan Kebajikan Negara: PNB contributed RM100,000 in support of an Income Empowerment Programme at Kiosk K.A.S.I.H. Wanita at Ampang Park, Sri Rampai and Hang Tuah LRT stations.
- Jabatan Pendidikan Negeri Pulau Pinang: PNB contributed 250 units of used personal computers to selected schools in Seberang Perai Utara District, Pulau Pinang.
- Jabatan Pendidikan Negeri Sabah: PNB contributed RM100,000 for the "We Help Programme" for the provision of spectacles to selected 500 shortsighted students in Sabah.
- Perdana Fellows Alumni Association: PNB contributed RM50,000 for the Climate Finance Summit 2023.
- Malaysian Green Technology and Climate Change Corporation: PNB sponsored a total of RM750,000 for the Malaysia Pavilion at the Conference of Parties 28 (COP28) to the UN Framework Convention on Climate Change (UNFCCC) meeting in Dubai, the United Arab Emirates.
- PNB sponsored medical equipment, valued at a total of RM3.5 million, for 14 hospitals under the Ministry of Health (ENT/Otorhinolaryngology).

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Balancing Profitability and Social Investments

PNB Zakat CSR Distribution Programme

PNB made a total of RM6 million in contributions through the PNB Zakat CSR Distribution Programme managed by the Shariah Management Department. The zakat has been allocated in accordance with the PNB Zakat CSR Framework approved by the PNB Board and PNB Shariah Advisory Committee.

PNB CSR Zakat Fund — Distribution

RM3.63 million (60.6%) 14,619 beneficiaries

Community Upliftment

RM1.28 million (21.4%) 752 beneficiaries

Education

RM1.08 million (18.0%) 4,950 beneficiaries

Healthcare

Pioneer Projects

Zakat Micro-financing

- PNB collaborated with Bank Islam Malaysia Berhad (BIMB) in the iTEKAD Bangkit Microfinance, the Qard al-Hassan financing scheme, to use a provision of our zakat fund to be contributed to eligible bottom 40% household income (B40) microentrepreneurs.
- We contributed a zakat allocation of RM500,000 via the Qard al-Hassan financing scheme, benefitting at least 20 microentrepreneurs nationwide.

Zakat Micro-takaful

- In collaboration with Takaful Ikhlas Family Berhad, PPZ-MAIWP, and 11 other state zakat centres, we implemented zakat micro-takaful to support asnaf entrepreneurs.
- We contributed RM468,000 for 11 comprehensive takaful coverages, benefitting approximately 1,300 asnaf participants across 12 states.

Certificate in Culinary Arts and Hospitality Sponsorship Programme

- Collaborated with Mutual Empire Sdn Bhd, Lembaga Zakat Selangor (LZS) and Attana Hotels and Resorts (Attana) in the sponsorship programme.
- Through the programme, we contributed RM294,450 in support of 39 beneficiaries by equipping them with essential skills for the hospitality industry.

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Miscellaneous Distributions

In addition to the pioneer projects, PNB is also committed to initiatives such as the asnaf empowerment centre, entrepreneurship programmes, Ramadan and Eid assistance, medical equipment and facility provision, education sponsorships, and student education tools provision. Among the distributions were for the following purposes:

Promoting Better Healthcare

- We implemented a joint initiative with ASNB Wakalah Sdn Bhd to procure medical equipment for improving immunology tests for assessing compatibility before kidney transplant surgeries, benefitting approximately 400 patients.
- Supported Yayasan Pelangi Malaysia in early childhood hearing screening programmes to ensure timely care for newborns, infants and young children with hearing difficulties, especially in Selangor communities, benefitting 250 children.
- Contributed to USIM Healthcare Sdn Bhd for the establishment of USIM Rehabilitation and Therapy Centre (URTC), which will offer early rehabilitation services for children and complement the services at the USIM Health Specialist Clinic (KPKU), including ear, nose and throat (ENT) paediatric, and family medicine specialties, benefitting 3,000 patients in the long term.

Enhancing Education

- Sponsored seven high-achieving students from low-income families and asnaf backgrounds at Akademi Pengajian Islam Kontemporari (ACIS), Universiti Teknologi MARA (UiTM), and Fakulti Pengajian Islam (FPI), Universiti Kebangsaan Malaysia.
- Donated to Pertubuhan Kebajikan dan Amal Rumah Teduh Perlis to provide school essentials like uniforms, shoes, bags and stationery for 38 students for the 2023 session.
- Contributed to Majlis Ugama Islam Sabah (MUIS) for the Digital Textbook 2023 Pilot Project initiative, a joint educational effort with the Ministry of Education (KPM), aimed at providing tablets to 650 selected B40 asnaf students to improve their access to digital learning.
- Collaborated with Lembaga Zakat Negeri Kedah (LZNK) to sponsor 30 asnaf children participating in a drone piloting agriculture course under Projek Pembangunan Usahawan Zon Pembangunan Ekonomi Ummah (ZPEU) LZNK as part of an initiative to empower asnaf individuals.

Providing Financial and Social Support

Asnaf Empowerment Programme:

- We collaborated with Majlis Agama Islam Negeri Johor (MAINJ) Sewing Centre to provide religious school uniforms to approximately 10,000 asnaf children, indirectly creating employment and income opportunities for asnaf entrepreneurs in Johor.
- In collaboration with Pusat Kutipan Zakat Pahang (PKZ), Majlis Agama Islam dan Adat Melayu Terengganu (MAIDAM), Majlis Agama Islam Melaka (MAIM) and Majlis Agama Islam dan Adat Melayu Perak (MAIPk), we supported an asnaf entrepreneurship programme, enhancing the capacity and competitiveness of 285 entrepreneurs through seed capital, equipment, entrepreneurial training, guidance and inclusive monitoring to foster sustainable income and the resilience of micro-entrepreneurs.
- We partnered with RHB Islamic to donate RM600,000 as seed funding for the Projek Ternakan Ayam Kampung Kacuk (PTAKK) programme in Kelantan. Managed by Universiti Malaysia Kelantan's Institut Penyelidikan dan Pengurusan Kemiskinan (InsPeK), the programme supported participants in poultry farming entrepreneurship and sustainable economic growth. The programme impacted 260 beneficiaries, covering farm development, product marketing, mentoring and monitoring.

Other Contributions

Donated to Masjid Jamek Sultan Abdul Samad KL in Program Prihatin Aidilfitri 1444H, extending Raya aid preparation to 100 asnaf within Kuala Lumpur.

Donated to Pertubuhan Generasi Keprihatinan Ummah Malaysia for a pipe replacement project at Kg Lata Rek Kuala Krai, Kelantan, benefitting 150 local residents.

Donated to Pusat Kajian Pengurusan Pembangunan Islam (ISDEV), Universiti Sains Malaysia, for the purchase of a van for dakwah (sermon) and social work.

Collaborated with Yayasan Ikhlas for infrastructure projects in rural Sarawak including the installation of solar systems and the development of clean water systems.

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Pillar 4: Knowledge Sharing Initiative

With the operationalisation of the 2022-2024 Strategic Plan and in line with PNB's recently launched LEAP 6 strategic initiatives, PNB Research Institute Sdn Bhd (PNBRI) continued to spearhead the knowledge pillar through various knowledge sharing initiatives in 2023, including its flagship event, the PNB Knowledge Forum (PKF), the PNB Tea Talk series and the publication of PNBRI Views.

PKF is part of PNB Group's initiative that allows thought leaders and industry experts to share invaluable insights and perspectives on topical and timely issues pertinent to PNB Group Board members and senior leadership, as well as senior management of public and private organisations in Corporate Malaysia. While PKF intends to foster positive discussions and contribute to the Malaysian business environment and economy, the Tea Talk series aims to bring fresh ideas, perspectives and knowledge from external experts to PNB staff. PNB research publications published on PNB LinkedIn have gained public interest and established a foothold in the research community.

For 2023, PNBRI implemented and organised two Knowledge Sharing Forums, 21 Tea Talks and published eight PNBRI Views. We spent over RM560,000 on knowledge sharing initiatives throughout the year, which benefitted over 3,500 attendees of the events and a much greater number through the publications that were disseminated through social media.

PNB Knowledge Forum 1 (27 July 2023) — “Harnessing Innovation and Technology for Sustainable Business”

The inaugural PNB Knowledge Forum 2023 (PKF I) with the theme “Harnessing Innovation and Technology for Sustainable Business” was organised by PNBRI. PKF I featured four PNB Investee Companies: Sime Darby Plantation Berhad, Sime Darby Berhad, Malayan Banking Bhd (Maybank) and Perusahaan Otomobil Kedua Sdn Bhd (PERODUA), which are market leaders that have successfully applied innovative approaches and disruptive technologies to their respective sectors. The forum was attended by over 500 participants, including senior policymakers, key leadership and senior management of government-linked investment companies (GLICs), government-linked companies (GLCs), and public listed companies. The event aimed to provide valuable insights into innovative solutions, disruptive technologies and the commitment of PNB companies to continuous product and process improvement.



PNB Knowledge Forum 2 (15 November 2023) — “Education Reimagined”

The second PNB Knowledge Forum 2023 (PKF II) was held on 15 November 2023, focusing on the importance of education and investing in nurturing young minds and talents. The forum aimed to provide insights to establish a new lifelong-learning model and education ecosystem.

The forum, themed “Education Reimagined”, was timely as the Malaysia Education Blueprint 2013-2025 is set to end, and the blueprint's achievements, transformative impacts and future challenges in the education ecosystem will serve as the new reference for national education growth in the next blueprint cycle.

Panellists from Bank Negara Malaysia, Air Asia Academy, Arus Academy and Teach for Malaysia shared their vision of the future education system, discussing key issues and imperatives for the ecosystem. Over 400 participants attended the event, including senior policymakers, senior management of GLICs, GLCs and public listed companies, economists, fund managers and regulatory authorities.



Promote Equity and Inclusion



PNB Tea Talk Series 2023

PNBRI organised 21 PNB Tea Talk Series, which debuted in January 2023. Held fortnightly, 21 leaders together with an average of 251 staff at all levels attended each session of PNB Tea Talk Series 2023, which was kicked off by Minister of Natural Resources, Environment, and Climate Change YB Tuan Nik Nazmi Nik Ahmad as the first speaker. The Tea Talk Series featured leaders and speakers from a range of industries and areas of interest, with topics focusing on leadership, disruption and special interests, enhancing knowledge development and empowerment for PNB staff. The featured leaders and speakers include Tan Sri Shahril Ridza Ridzuan, Chairman of Axiata Group; Siti Hurrairah Sulaiman, Country Chair of Shell Malaysia; Kamarul A. Mohamed, Founder and CEO of Aerodyne and Dato' Dr. Hartini Zainuddin, Co-Founder of Yayasan Chow Kit.



Publication of PNBRI Views

In 2023, PNBRI published eight opinion pieces of PNBRI Views, on topics including food security, social protection, walkability and digital transformation in the construction sector. PNBRI Views achieved its goal of increasing PNBRI's knowledge industry presence with 130 public interactions per piece on LinkedIn, 100 internal readers and opinion pieces accessible on K-hub.



Yayasan Tun Ismail Mohamed Ali (YTI)

Yayasan Tun Ismail Mohamed Ali (YTI) was founded on 26 February 1999, in honour of Tun Ismail Mohamed Ali's contributions to the country and as the first Chairman of PNB. The foundation runs a number of programmes, such as the YTI Premier Scholarship Award, which is awarded to deserving students who are accepted into esteemed universities overseas; Professorial Chairs at endowment universities, such as Universiti Kebangsaan Malaysia (UKM) and Universiti Malaya (UM); research grants, public lectures, book publishing and support for various educational endeavours.

Total expenditure since inception
(Excluding scholarship award):

RM18 million

Total beneficiaries since inception
(Excluding scholarship award):

15,020

Objectives as per YTI Deed of Trust:

- 1 **Award of Scholarships**
- 2 **Establishment of Professorial Chair**
- 3 **Biography of the late Tun Ismail Mohamed Ali**
- 4 **Other educational and charitable purpose**

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YTI Professorial Chair Programme

The programme aims to produce high-quality research by local universities in areas related to PNB's business. In 2023, five research projects were conducted/completed under the programme.

	University of Malaya (UM)	Universiti Kebangsaan Malaysia (UKM)
Chair Area	Corporate Law, Securities & Finance	Finance & Investment
Chairholder	Prof. Abu Bakar Munir (Former Professor of Law, UM)	Prof. Dr. Hameed Allaudeen (Professor in Finance, National University of Singapore)
Research topic	Data Privacy and Protection: Changing Times, Challenging Laws	Decoding Investors' Behaviour in the Stock Market
Project outcome	Research paper, seminar/workshop and public lecture	2 books, research paper, seminar/workshop and public lecture
Project duration	2 years (Jul 2022 to Jun 2024)	2 years (Jul 2022 to 30 Jun 2024)

	UCSI University (UCSI)	Universiti Sains Islam Malaysia (USIM)	University of Nottingham Malaysia (UNM)
Research topic	An Automated Intelligent Portfolio Management System for Strategic Planning and Investment Decision-making Using Artificial Intelligence, Machine Learning, Fuzzy Logic and Genetic Algorithms	Application of Maqasid al-Shariah and Siyasah Shar'iyah in Responsible Investment and Practices Towards Environment, Social and Governance Concern: Evidence of PNB Investment	Vehicle-in-the-Loop Safety Testing Platform for Autonomous Vehicle Using Malaysian Road and Traffic Environment
Project outcome	Automated AI system for intelligent portfolio management	Maqasid al-Shariah, Siyasah Shar'iyah and Responsible Investment Index (MSSRI) for investment analysis and decision-making	A safety testing platform using a virtual environment for autonomous vehicles
Project duration	2 years (Aug 2021 to Jul 2023)	2.5 years (Aug 2021 to Dec 2023)	2.5 years (Dec 2021 to Jun 2024)
Chairholder	Prof. Dr. Ajith Abraham Director, Machine Intelligence Research Labs, Scientific Network of Innovation and Research Excellence, USA	Prof. Dr. Fauzias Mat Nor • Head of Cluster — Islamic Finance, Faculty of Economics & Muamalat, USIM • Director of Islamic Finance and Wealth Management Institute	Prof. Dr. Haider Abbas F. AlMurib Professor, Department of Electrical & Electronic Engineering, UNM
Subject matter expert (SME)	En. Ahmad Shahir Mahfuz Head, Strategic Asset Allocation, PNB	Dr. Ahmad Basri Ibrahim Head, Shariah Management, PNB	Dato' Abdul Rashid Musa Group Chief Mobility & Innovation Officer, UMW Holdings Berhad

Promote Equity and Inclusion

S

YTI activities and programmes in 2023

YTI-UKM Book Publication



Book title:

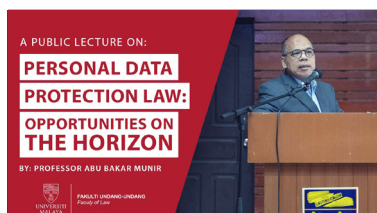
1. Isu-isu Kontemporari Kewangan Perbankan dan Pelaburan
2. Contemporary Issues in Finance, Investment and Banking in Malaysia
 - Date published: 18 October 2023
 - Written by UKM researchers and research grant holders of the YTI-UKM Chair. Covers the topics of cryptocurrency, fintech, and banking behaviour of millennials and Gen Z

USIM Maqasid al-Shariah and Responsible Investment Index (MSRI)



- The 10th International Islamic Economic System Conference (I-Icons 2023) — Sustainable Development Through Innovative Economic Transformation
- Venue: Millennium Makkah Al Naseem Hotel, Mecca, Saudi Arabia
- Date: 14 August 2023
- Panelists:
 - Dr. Ahmad Basri Ibrahim, Head of Shariah Management, PNB
 - Prof. Dr. Amir Shaharuddin, Chairman of Shariah Committee, SME Bank
 - Prof. Dr. Fauzias Mat Nor, Chairholder of Yayasan Tun Ismail Ali (YTI)
- Main conference consists of forum discussion on research topic under the YTI Research Grant USIM
- Attended by 150 pax representing 40 higher education institutions from 11 countries (Malaysia, Indonesia, Palestine, UAE, Brunei, Algeria, Australia, Philippines, Tunisia, Turkiye and UK)

UM Public Lecture



- Venue: Auditorium Tun Ahmad Sufian, Universiti Malaya
- Date: 27 October 2023
- Presenter: Prof. Abu Bakar Munir
- Paper title: Personal Data Protection Law: Opportunities on the Horizon
- Presentation of the public lecture is one of the key deliverables of the Chairholder

YTI Graduate Knowledge Programme 2023



- Topic: Urus Wang, Bebas Hutang, Mahasiswa Cemerlang
- Venue: Dewan Canselor Tun Abdul Razak, UKM
- Date: 18 October 2023
- Key presenters:
 1. En. Ahmad Faiz Azmi, Founder, Financial Faiz
 2. En. Muhammad Haziq bin Abd Rahim, Founder, AJAR
- To create awareness amongst undergraduates on the importance of financial literacy as a practical skill to thrive in an increasingly challenging world where they will eventually need to take charge of their own financial future

YTI Graduate Knowledge Programme 2023

YTI Graduate Knowledge Programme 2023, a half-day programme, was held in collaboration with Yayasan Canselor UKM and the Faculty of Economics and Management, UKM, attracting 300 participants.

The programme's goal is to make undergraduates aware of the value of careful financial planning as a useful skill for thriving in a challenging world where they will eventually have to manage their own finances. Managing finances, becoming debt-free, and preparing graduates for financial stability and success are topics covered in a talk show, workshop and online quiz involving external moderators and speakers during the programme.

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Moving Forward

Moving forward, PNB’s CSR initiatives will be guided by the **Social Investments Framework (SIF)**, a strategic framework designed to address national development and community needs where PNB operates. The SIF is anchored to four principal pillars: **Education, Health, Community Development and Environment**. Sustainable projects within the SIF encompass PNB’s scholarship and financial literacy programmes, health education and infrastructure enhancement, entrepreneurship programmes, job placement initiatives and environmental conservation efforts.

In line with our Purpose to uplift the financial lives of Malaysians across generations, we are committed to integrating financial literacy modules into programmes under the SIF pillars. Furthermore, to foster a culture of volunteerism within PNB, we plan to develop a structured volunteerism framework that will be incorporated into SIF, ensuring a holistic approach to social investment by PNB.

As a national institution, our strategies address both national development with high relevance to PNB while also addressing the needs of communities within our operations.

	A Education	B Health	C Community Development	D Environment
Programmes	Building talent for the nation and developing PNB talent to deliver on our mandate	Supporting health facilities, education and preventive health care for a healthier Malaysia	Creating opportunities for social mobility and economic independence	Conservation and protection of fragile ecosystems
	<ul style="list-style-type: none"> Scholarship Programmes for Education and Technical & Vocational Education Training (TVET) Programmes Financial Literacy Programmes for schools 	<ul style="list-style-type: none"> Hospital Equipment and Infrastructure Programme Health Education Programme 	<ul style="list-style-type: none"> Entrepreneurship Programme Job Placements Programme Programmes in schools 	<ul style="list-style-type: none"> Greening Programmes Tree Planting Programmes

Supported by

Financial Literacy
Embedding Financial Literacy modules in SIF programmes conducted within the community

Internal Volunteerism
Instilling the spirit of volunteerism within Warga PNB in supporting the SIF programmes

Advocate Sound Governance Practices



At PNB, we are dedicated to advocating sound governance practices which prioritises the stability and well-being of both PNB & its Investee Companies. We understand that by being accountable in our actions and engagements with our Investee Companies, we can effectively ensure transparency in our processes and operations, openly disclosing our positions on ESG-related matters and high-risk sectors. Furthermore, our TCFD-aligned disclosure pillar identifies and reports the actual and potential impacts of climate-related risks and opportunities on our business, strategy and financial planning. PNB's strong commitment to sustainability is evident in our integration of ESG factors throughout the investment value chain, supported by a coherent sustainable investment framework that ensures consistency across all asset classes and the potential exclusion of non-aligned sectors.



Commitment #8: Triple Bottom Line Stewardship Model

Institutional Governance has always been an important building block and provides a foundation 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 and Controlled Companies, PNB is directly responsible in ensuring that these companies are able to deliver long-term shareholder value. The active stewardship of our Investee Companies thus extends to the governance including the careful selection of talent on the Board & Management teams. We believe that better performance can be unlocked by enhancing the effectiveness of Boards and Management Teams.

Stewardship Framework

We implemented our Stewardship Framework, which prioritises concerns for both people and the planet. This involves assessing the optimal level of engagement with our investments, evaluating the effectiveness of the Board and Top Leadership of Investee Companies, ensuring transparency in voting processes, and openly disclosing our positions on ESG-related matters and high-risk sectors. Our framework addresses four focus areas:

1 Board Members

- ▶ Assess the effectiveness of the Chairman's leadership
- ▶ Assess the effectiveness of the Board by reviewing its composition
- ▶ Maintain a roster of potential Board members and establish expectations
- ▶ Carefully select Nominee Board members with the right expertise
- ▶ Rotate Board members across Boards for "cross-pollination"
- ▶ Conduct effectiveness assessments of Nominee Directors every three years
- ▶ Independently assess the performance of Board members
- ▶ Coordinate Board engagements between PNB and Strategic Companies
- ▶ Board representation on the Nomination and Remuneration Committee

G Advocate Sound Governance Practices

2 CEOs

- ▶ Ensure fair and appropriate incentives, such as linking remuneration with performance
- ▶ Establish Key Performance Indicators and ensure their integration across the organisation
- ▶ Evaluate CEOs' performance and highlight any pertinent issues to the attention of the Board

3 Sustainable Talent Strategy

- ▶ Assess effectiveness of leadership and cultivate potent leadership talent
- ▶ Contribute ideas to "future-proof" the organisation

4 Benchmarking Organisational Health

- ▶ Develop a comparable dataset of organisational health across PNB's Investee Companies to draw correlations on relevant themes such as innovation
- ▶ Cross-pollinate best practices

Stewardship Initiative

Our stewardship initiative includes rethinking optimal board structures for effective governance and organisational success. Through ongoing stewardship efforts, we empower our Board to effectively operationalise commitments, enable strategic decision-making and foster stakeholder trust.

Stewardship Through Diversity

We maintained our dedication to diverse representation and strategic decision-making through our Nominee Directors. These directors, comprising both internal staff and external nominees, exemplified PNB's commitment to inclusivity and talent diversity. Internally, Staff Nominee Directors provide valuable institutional knowledge, while External Nominee Directors bring experience and industry insights. PNB also prioritised reducing the median age among directors, recognising the importance of fresh perspectives.

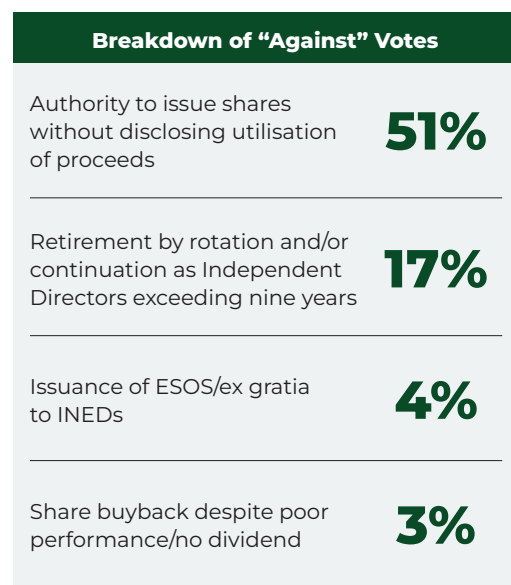
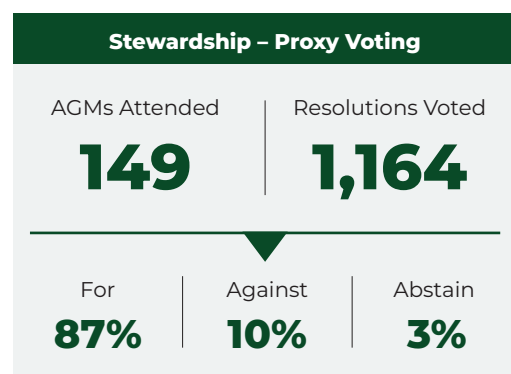


Commitment #9: Transparency In Voting

PNB has demonstrated exemplary commitment to promoting transparency in voting, setting a commendable standard for corporate governance in Malaysia. By embracing open disclosure of its voting decisions, PNB has not only enhanced accountability but has also fostered trust among stakeholders, including shareholders and the public.

Our Active Participation and Voting Summary in 2023

In 2023, PNB attended 149 AGMs, voted on 1,164 resolutions for both AGMs and EGMs where 87% of the votes were for the resolution, 10% were against and 3% were abstentions.



PROXY VOTING																																																												
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<p>General Meetings serve as a platform for shareholders to voice their views and exercise their voting rights. In doing so, PNB and the Unit Trust Funds under its management are guided by its Voting Guidelines and the Malaysian Code of Corporate Governance. As a firm advocate of transparency, PNB is committed in disclosing historical and oncoming voting decisions in its investee companies' General Meetings. To view our historical voting decisions from January 2019 to December 2022, please click here.</p>																																																												
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<div style="border: 1px solid #ccc; padding: 5px;"> <div style="display: flex; justify-content: space-between; align-items: center;"> English ▼ </div> <div style="margin-top: 5px;"> <p>▼ Date Range</p> <p>Between: <input type="text" value="2023-01-01"/> <input type="text" value="2023-01-01"/></p> <p>And: <input type="text" value="2099-12-31"/> <input type="text" value="2099-12-31"/></p> <div style="display: flex; justify-content: space-between;"> Update Reset </div> </div> </div>	<table border="1"> <thead> <tr> <th>Company Name</th> <th>Meeting Date</th> <th>Meeting Type</th> </tr> </thead> <tbody> <tr><td>Aeon Co. (M) Bhd.</td><td>2024-05-23</td><td>Annual</td></tr> <tr><td>Aeon Co. (M) Bhd.</td><td>2023-05-17</td><td>Annual</td></tr> <tr><td>Affin Holdings Bhd</td><td>2024-04-25</td><td>Annual</td></tr> <tr><td>Affin Holdings Bhd</td><td>2023-05-25</td><td>Annual</td></tr> <tr><td>Aier Eye Hospital Group Co.Ltd.</td><td>2024-04-01</td><td>Special</td></tr> <tr><td>Aier Eye Hospital Group Co.Ltd.</td><td>2024-05-21</td><td>Annual</td></tr> <tr><td>Al-Agar Healthcare Real Estate Investment Trust</td><td>2023-04-18</td><td>Annual</td></tr> <tr><td>Al-Agar Healthcare Real Estate Investment Trust</td><td>2024-04-25</td><td>Annual</td></tr> <tr><td>AMMB Holdings Bhd</td><td>2023-08-23</td><td>Annual</td></tr> <tr><td>AMWAY (Malaysia) Holdings Bhd</td><td>2024-05-23</td><td>Annual</td></tr> <tr><td>Anta Sports Products</td><td>2024-05-08</td><td>Annual</td></tr> <tr><td>Apollo Food Holdings Bhd</td><td>2023-10-17</td><td>Annual</td></tr> <tr><td>Asia File Corporation Bhd</td><td>2023-09-29</td><td>Annual</td></tr> <tr><td>Astro Malaysia Holdings Berhad</td><td>2023-06-21</td><td>Annual</td></tr> <tr><td>Axiata Group Berhad</td><td>2023-05-26</td><td>Annual</td></tr> <tr><td>Axiata Group Berhad</td><td>2023-09-19</td><td>Special</td></tr> <tr><td>Axis Real Estate Investment</td><td>2023-04-20</td><td>Annual</td></tr> <tr><td>Axis Real Estate Investment</td><td>2024-04-25</td><td>Annual</td></tr> </tbody> </table>	Company Name	Meeting Date	Meeting Type	Aeon Co. (M) Bhd.	2024-05-23	Annual	Aeon Co. (M) Bhd.	2023-05-17	Annual	Affin Holdings Bhd	2024-04-25	Annual	Affin Holdings Bhd	2023-05-25	Annual	Aier Eye Hospital Group Co.Ltd.	2024-04-01	Special	Aier Eye Hospital Group Co.Ltd.	2024-05-21	Annual	Al-Agar Healthcare Real Estate Investment Trust	2023-04-18	Annual	Al-Agar Healthcare Real Estate Investment Trust	2024-04-25	Annual	AMMB Holdings Bhd	2023-08-23	Annual	AMWAY (Malaysia) Holdings Bhd	2024-05-23	Annual	Anta Sports Products	2024-05-08	Annual	Apollo Food Holdings Bhd	2023-10-17	Annual	Asia File Corporation Bhd	2023-09-29	Annual	Astro Malaysia Holdings Berhad	2023-06-21	Annual	Axiata Group Berhad	2023-05-26	Annual	Axiata Group Berhad	2023-09-19	Special	Axis Real Estate Investment	2023-04-20	Annual	Axis Real Estate Investment	2024-04-25	Annual		
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G Advocate Sound Governance Practices

Moreover, we continued to redefine voting transparency, reinforcing our dedication to ethical investment practices, and establishing ourselves as a trusted leader in responsible corporate governance through the following endeavours in 2023:

Automated Proxy Voting: Driving Governance Excellence

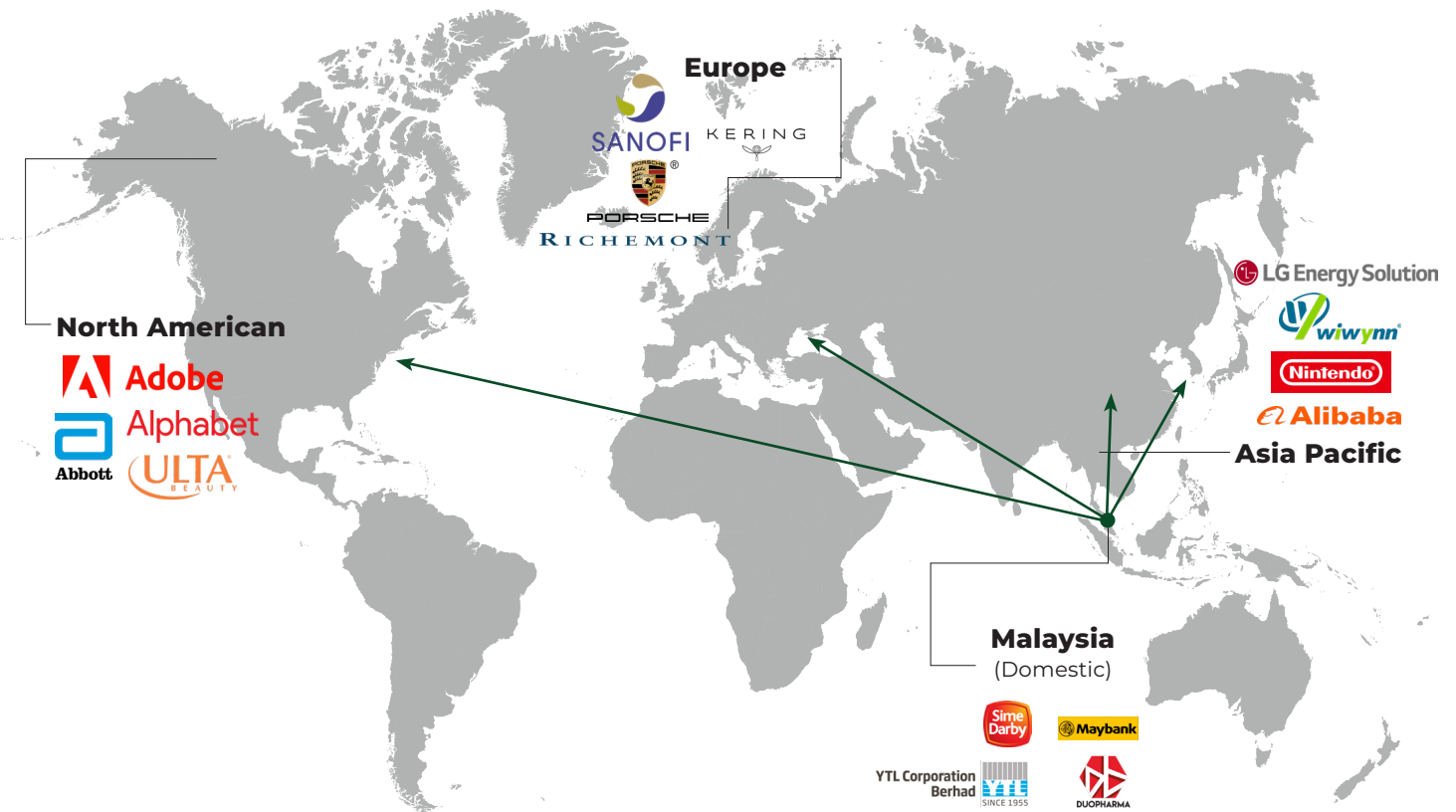
PNB's commitment to efficiency and accuracy is exemplified by the seamless automation of proxy voting for all listed domestic Investee Companies through an online platform in March 2023. This advancement streamlines the voting process, ensuring timely and precise execution while reflecting PNB's proactive approach to leveraging technology for improved governance. By embracing automation, PNB also demonstrates its unwavering dedication to enhancing shareholder engagement and upholding the highest standards of corporate governance.

ESG Integration: Expanding Global Stewardship

In August 2023, PNB took a significant stride towards bolstering its commitment to sustainability and aligning its investment decisions with broader ESG principles. The integration of a new guiding principle focusing on "ESG, Sustainability and Climate Related Matters" into PNB's Voting Guidelines underscored the organisation's progressive stance on responsible investing. This strategic move reflected PNB Group's forward-thinking approach in navigating the evolving landscape of global investments.

Global Proxy Voting: Advancing Corporate Governance and Sustainability Leadership

With an expanding portfolio, PNB emphasised its dedication to stewardship excellence by affirming its commitment to exercising voting rights for its international holdings. The momentum continued in December 2023 when PNB began exercising its voting rights in key international markets, including the United States, Europe, Japan, China and the Asia Pacific (excluding Japan and China). With this, PNB is now actively participating in shaping corporate governance and sustainability practices across diverse geographical landscapes. This marked a historic milestone for PNB as it cast its first-ever international proxy vote for a company based outside Malaysia.





Commitment #10: TCFD-Aligned Disclosure

As the world gets warmer, the effects of climate change continue to disrupt the global economy, daily lives and even our biodiversity ecosystems. Extreme weather events such as floods, heavy rainfall and prolonged heatwaves have impacted agricultural activities and slowed down productivity, while the UN has predicted that about one million animal and plant species are now threatened with extinction.¹

With global temperatures fast approaching the critical limit of 1.5°C above pre-industrial levels, intensified effects of climate change have caused almost USD1.5 trillion in economic losses in the decade to 2019.¹ Additionally, a study has shown that Malaysia's economic growth could be 20% lower than expected by 2050 if the increase in global temperatures reach 2°C.²

Such evidence clearly shows that urgent climate action is needed to mitigate climate-related risks. As a leading investment house with exposure to wide-ranging industries, PNB recognises its unique capability to help the nation achieve its climate ambition of reducing carbon intensity against GDP by 45% by 2030 compared to 2005 levels. Since 2022, we have stepped up our climate action to deliver on our commitment to reduce GHG emissions and build climate resilience in our operations and investment portfolio. Among our efforts were embarking on an emissions baseline exercise, monitoring our enterprise and portfolio GHG emissions and setting net zero interim targets.

In 2023, we intensified our climate efforts by further integrating sustainability considerations into our strategy, decision-making and operations. This included launching our Sustainability Policy, establishing an ESG assessment framework and screening investment opportunity against ESG criteria, among others. Further to that, we integrated sustainability and climate-related matters into PNB's Voting Guidelines and developed Sustainability Taskforces to enhance efficiency in operationalising our net zero initiatives.

The year 2023 also marked the second year of our disclosure against the recommendations of the TCFD, which are now part of the International Financial Reporting Standards (IFRS) S2 requirements. Adopting the latest global reporting standards elevates our standard of disclosures, as we continue to improve the credibility of our reports. Aligning our disclosures with the four pillars of TCFD enables us to enhance the integration of climate-related matters into our decision-making and identify climate-related risks and opportunities. It also underpins our commitment to enhancing the transparency of our climate-related financial disclosures, enabling our stakeholders to make informed decisions about our climate governance, risks and opportunities. We seek to continuously improve our TCFD disclosures by striving to fully adopt all the recommendations of the TCFD moving forward.

For more information about our climate efforts, refer to Enable Transition to a Green Economy from pages 76 to 84.

¹Source: [UN Report: Nature's Dangerous Decline 'Unprecedented'; Species Extinction Rates 'Accelerating' - United Nations Sustainable Development](#)

²Source: [This is what climate change costs economies around the world | World Economic Forum \(weforum.org\)](#)

³Source: [Climate change could cut Malaysian economic growth 20% below expectations by 2050 — report \(theedgemalaysia.com\)](#)

Summary

Governance

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

Sustainability Governance

At PNB, the Board is the highest governance authority in driving sustainability across the Group, emphasising a tone from the top approach. With ultimate responsibility in sustainability commitments and targets, the Board has oversight of PNB Group's overall sustainability strategy and initiatives in the integration of ESG considerations in PNB's business strategy. This includes ensuring climate-related considerations are incorporated into PNB's analysis and investment decision-making process, which is managed by the Board Investment Committee.

The Board is supported by a Management Sustainability Committee (MSC), which oversees the implementation of PNB's Sustainability Framework and recommends sustainability policies to the Board. Chaired by PNB's PGCE, the MSC also monitors the implementation of the 10 ESG Commitments and provides guidance to business units and functions. The MSC's responsibilities include driving sustainability across PNB through corporate affairs and investment stewardship.

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Sustainability Governance Structure

PNB Board of Directors

- Ultimately responsible for setting sustainability commitments and targets
- Has oversight of PNB's sustainable investment strategy, sets down the guiding beliefs and principles
- Reviews sustainability-related progress reports including carbon footprint and commitments progress

Board Investment Committee

- Ensures that ESG and climate change is integrated in analysis and investment decision-making

Management Sustainability Committee

- Develops, recommends and implements sustainability policies across investments and enterprise level, including new pledges and targets
- Provides centralised oversight and strategic guidance across business units and functions
- Monitors the implementation of PNB's 10 ESG Commitments

Management Investment Committee

- Responsible for management of ESG and climate-related risks and opportunities in the portfolio

Objective

- Oversees the overall implementation of PNB Sustainability Framework and achievements of the 10 ESG Commitments
- Serves as a formal platform for the discussion, review and recommendation of sustainability-related pledges and targets as well as portfolio and enterprise sustainability integration

Composition

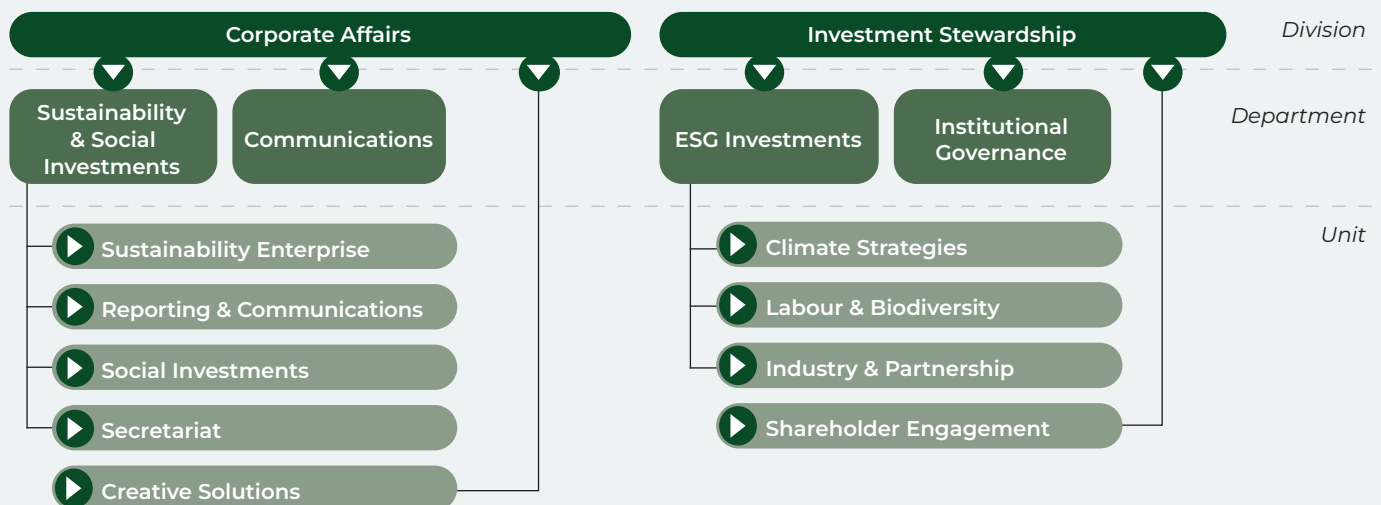
- Chairman: PGCE
- Deputy Chairman:
 - Chief Investment Officer, Private and Strategic Investments
 - Group Head, Corporate Affairs
- Permanent Members:
 - Deputy President & Group Chief Financial Officer
 - Chief Investment Officer, Public Markets
 - Chief Strategy Officer
 - Chief Human Resource Officer
 - Head, Investment Stewardship
 - Head, Sustainability and Social Investments

Note: As at 28 February 2024.

Frequency

- Meetings shall be held monthly

Sustainability & Social Investments and ESG Investments Co-driving Sustainability Implementation Across PNB



Advocate Sound Governance Practices



The Board meets on a quarterly basis and discusses, inter alia, matters related to sustainability and climate risks and opportunities. Throughout 2023, these issues were discussed extensively by the Board and within the MSC. All the meetings emphasised the implementation of sustainability projects and initiatives that would contribute to the Group's progress towards Net Zero Enterprise by 2025 and Net Zero Portfolio by 2050.

One of the main matters approved by the Board was PNB's Sustainability Policy, which was launched and implemented in September 2023. Other sustainability-related matters covered in 2023 included progress update on the Group's Sustainability Framework and planned projects and initiatives to drive progress across the 10 ESG commitments. In addition, the Board discussed:

- The establishment of the Terms of Reference and Limitation of Authority of the MSC
- PNB baseline emissions update
- R₂O updates to guide enterprise carbon reduction initiatives by PNB
- PNB carbon offsetting approach

The sustainability related KPIs, two of which relate to climate via our Commitments 1 and 2, form part of the PNB Group KPI in 2023.

To ensure accountability and credibility, the Board and its committees are evaluated on their performance in addressing PNB's material sustainability-related risks and opportunities. This is done through an objective and structured performance evaluation, conducted annually by the Board with the assistance of the Nomination and Remuneration Committee. The evaluation reviews the performance of individual Non-Executive Directors and the collective performance of the Board.

Additionally, we conducted a workshop in October 2023 to engage our Board and Leadership Team and gather feedback to refine our net zero strategies and implementation plans, ensuring well-informed and strategic decision-making across our operations.

Further to that, our Board stays abreast with the latest sustainability development by attending ESG-related trainings. In 2023, members of the Board attended various ESG-related workshops, forums and conferences to keep up to date with the evolving sustainability landscape.

For more information about the Board's ESG training, refer to Corporate Governance Overview Statement on pages 134 to 141.



Advocate Sound Governance Practices

Summary

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. It also describes our strategies and risk appetite in relation to climate-related risks and measures.

PNB continues to demonstrate a strong commitment to sustainability, focusing on integrating ESG factors throughout its investment value chain. This approach has been underpinned by the development of a coherent **ESG assessment framework**, ensuring a consistent approach across all asset classes. We have also defined an ESG exclusion list that is aligned with our sustainability principles as well as our Shariah exclusion list.

We also prioritised scaling up our investments in green and transition assets, aiming for a significant financial commitment by 2030. Our strategies integrated climate and ESG considerations into our triple bottom line stewardship model, enhancing long-term value and driving internal climate literacy to better understand and manage our carbon footprint. Meanwhile, our risk management strategy focused on mitigating both transition and physical climate-related risks that could result in material losses. Opportunities were identified in improving resource efficiency, developing new markets for low-carbon products and enhancing resilience to climate-related disruptions.

Making Progress

Now in the second year since the launch of its 10 ESG Commitments, PNB has deepened its climate initiatives, effectively advancing the strategies set forth previously in addition to rolling out initiatives that are meant for both enterprise and portfolio. On the enterprise front, our strategic focus on decarbonisation through the adoption of the R₂O approach has been expanded and our internal capabilities significantly bolstered through the establishment of PNB Sustainability Taskforces. On the portfolio front, we have refined our risk management and opportunity identification process as captured in our ESG assessment framework, which includes an assessment of ESG performance and risks.

For more information on the ESG assessment framework, refer to page 12.

Overall, our proactive approach in the second year has not only built on the foundational efforts of the first but also set a robust pathway for continuous improvement in aligning with global sustainability best practices and enhancing our competitive edge in a low-carbon future.

Strategic Initiatives

PNB has strategically executed numerous initiatives to strengthen our resilience and competitive advantage through sustainability:

Enterprise

Adoption of the R₂O Strategy: We have adopted a Reduce, Replace and Offset approach to significantly decrease our carbon emissions, transitioning from conventional practices to sustainable ones, and offsetting hard-to-abate emissions with carbon credits.

- **Reduce:** Enhanced energy efficiency and behavioural change incentives have significantly lowered our emissions.
- **Replace:** Transitioned to sustainable alternatives, including a phased migration of our fleet to electric vehicles (EVs), which are integral to reducing Scope 1 emissions.
- **Offset:** We are exploring high-quality carbon credits aligned with PNB's internal carbon credit guideline to address hard-to-abate emissions.

PNB Sustainability Taskforces: Established in November 2023, these taskforces enhance our operational efficiency in net zero initiatives, centralised reporting and sustainability governance. The taskforces focus on direct decarbonisation projects, sustainability disclosures and building an ESG-centric culture within our organisation.

For more information on Commitment 1: Net Zero Enterprise by 2025, refer to pages 76 to 77.

Capacity Building and Awareness: We have greatly expanded our internal education efforts, integrating United Nations Global Compact (UNGC) modules and engaging over 20,000 training hours. This includes extending the frequency of our PNB Sustainability Day, which was held twice in 2023, to once every quarter going forward, and sending out internal monthly ESG newsletters to keep our employees informed and engaged in our sustainability efforts.

Advocate Sound Governance Practices



Portfolio

ESG Integration: We have developed and implemented a comprehensive ESG assessment framework that includes negative screening, performance and risk assessment, and a Carbon Barometer assessment to monitor emissions intensity and impact on financed emissions. In the context of negative screening, we observe our commitments to NDPE as well as exclusion activities defined in our Sustainability Policy. This risk-based assessment entails an assessment of key ESG issues ranging from climate, biodiversity, labour, as well as industry-specific issues. We also assess the cumulative impact of any material controversies in the public domain.

Due Diligence for Coal Exclusions: We have strengthened our commitment to avoiding investments in greenfield thermal coal projects by implementing a coal due diligence process. Prioritising a coal phase-out aligns with PNB's urgent objective to shift from coal-generated energy to low-carbon alternatives. Our screening process acts as a preventive measure to stop further investments in emissions-intensive assets, which are at high risk of becoming stranded as we progress towards a low-carbon economy.

This commitment is foundational in (1) preventing the expansion of thermal coal power generation capacity, (2) mitigating risks linked to stranded assets as the financial community moves away from coal, and (3) capitalising on opportunities to reduce emissions by investing in lower emitting assets, thereby aiding the decarbonisation of our economy.

Net Zero Evaluation: Our methodology, aligned with the Net Zero Investment Framework (NZIF) and Climate Action 100+, helps us evaluate the net zero credibility of our Investee Companies. This includes assessing their ambitions, targets, emissions disclosures, performance, decarbonisation strategies and capital allocation.

Updated Voting Guidelines: Updated in August 2023 to include Sustainability and Climate Related Matters, these guidelines align our voting decisions with our sustainability goals, emphasising transparency and ESG integration in our investment practices. PNB places a strong emphasis on sustainability skills among its Board members and management, ensuring that ESG considerations are effectively integrated into company strategies. We expect our Investee Companies to show a commitment to achieving net zero GHG emissions by 2050, setting clear targets and strategies towards this goal. Additionally, PNB advocates for these companies to disclose climate-related risks and opportunities, adhere to reporting standards, and include ESG factors in their decision-making processes.

Developing the Voluntary Carbon Market (VCM) Space:

PNB is actively developing its capabilities in the voluntary carbon market. VCM plays an important role by enabling a market-based mechanism to scale up financing towards climate friendly projects that are traditionally underfunded. Moreover, a credible VCM is also pivotal to meet net zero goals as it provides a reliable mechanism for companies to remove residual emissions that are challenging to eliminate. Our main goal is to boost our institutional capacity to identify high-quality carbon credits, which will help us achieve our commitment to becoming a Net Zero Enterprise by 2025, by offsetting residual emissions that are hard to abate or difficult to eliminate through existing technologies.

To enhance the initiatives we began in 2022, we increased our efforts to reduce carbon emissions in our investment portfolio to meet our short-term climate targets. These targets help us to take immediate climate actions and achieve specific goals in our commitment to achieve a net zero portfolio by 2050. By 2030, we aim to reduce investment emissions intensity by 30% compared to 2022 and ensure that 70% of our portfolio emissions have credible net zero targets.

For more information on PNB's Commitment 2: Net Zero Portfolio by 2050, refer to pages 78 to 82.

Sector-Specific Strategies: To guide our decarbonisation and stewardship sectors, we have developed sector-focused playbooks targeted at our high-emitting sectors in portfolio emissions inventory. These playbooks take into account decarbonisation trends in specific sectors, applicable reference pathways including those from the International Energy Agency (IEA) and Malaysia's Nationally Determined Contributions.

G Advocate Sound Governance Practices

Summary

Risk

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

PNB recognises the significant impact that sustainability and climate-related risks can have on its assets and long-term financial performance. To effectively assess these risks, the Sustainability and Social Investments teams, along with the ESG Investments team, will be at the forefront, as the first line of defense managing the day-to-day ESG risks. The Risk Management team facilitates the risk assessment with the following process which comprises the five steps as shown in the diagram.

For more information on PNB Group's Three Lines of Defence model, refer to page 165.



In the second half of 2023, PNB embarked on a journey to integrate sustainability considerations into its Enterprise Risk Management (ERM) Framework. This proactive initiative is aimed at addressing and managing the uncertainties and potential risks associated with not fulfilling our 10 ESG Commitments, ensuring that PNB remains aligned with current sustainability issues and effectively mitigates risks.

For instance, the incorporation of sustainability considerations into our investment strategy is an important step forward in this context. Thus, this year, PNB has developed a proprietary, risk-based assessment framework that formalises the inclusion of ESG factors into investment decision-making. This framework assesses key ESG issues including climate impact, biodiversity and labour conditions, as well as industry-specific concerns, providing a deep understanding of the risks faced by Investee Companies.

The findings from these assessments are now an integral part of the investment proposal papers and are deliberated during Management Investment Committee (MIC) meetings through an “ESG tear sheet”. In our ongoing commitment to refine these processes, we will continue to enhance our ESG assessment methodologies to better measure and manage the investment risks associated with environmental and social issues.

Among other key initiatives planned on integrating sustainability with the ERM Framework includes incorporating ESG risks into the current Risk Appetite Statement and establishing the respective Key Risk Indicators with their appropriate thresholds to progressively track the ESG risks over the lifecycle.

To mitigate operational disruptions and build our capability to swiftly navigate uncertainties and turn challenges to opportunities, we have in place an Incident Management Policy, which is closely linked to our Business Continuity Management. This synergy enables us to centrally manage and co-ordinate strategic response to mitigate future environmental challenges and disruptions.

For more information on PNB's Incident Management Policy, refer to page 171.

For more information on PNB's Business Continuity Management, refer to page 171.

Advocate Sound Governance Practices

G

Summary

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.

Establishing 2022 as our baseline year has set a strong foundation for us to move towards achieving net zero status. This involved identifying material sources of GHG emissions and potential decarbonisation levers. We have also set clear interim GHG emissions reduction targets and determined and allocated resources to drive priority initiatives.

In 2023, we stepped up our climate action by further intensifying our carbon reduction and sustainability initiatives. Among our efforts were the establishing of Sustainability Taskforces and the rolling out of an ESG assessment framework, which underpins our commitment to “No greenfield thermal coal” and NDPE. We also incorporated sustainability elements into our training and raised awareness through internal initiatives such as newsletters and Sustainability Day for employees.

To advance our sustainability agenda, we continued expanding our partnerships with strategic external stakeholders. We partnered with Gentari to install EV charges across PNB’s subsidiary, Malaysia Real Estate’s (MRE) managed assets. We are on track to deploy 59 chargers in 17 properties, with 50 chargers already installed as of 2023 and the remaining nine chargers targeted for completion by the end of 2024. Additionally, we plan to install 40 EV chargers in Menara Merdeka 118, with 10 scheduled to be installed by 2024 and the remaining chargers by 2026.

PNB’s GHG Emissions Performance

Total GHG Emissions (tCO ₂ e)	
2022	2023
11.88 million	11.82 million
Investment Emissions Intensity (tCO ₂ e/ RM million AUM)	
2022	2023
49	45
% of AUM baselined:	
Approximately 89%	

PNB 2023 GHG emissions (million tCO₂e)

Total emissions	Enterprise	Portfolio
11.82	0.03	11.79
100%	<1%	~99%

Scope 1:

Direct emissions from fuel consumption from company-owned vehicles and backup generator.

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 activities), 5 (waste generated in operations), 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.

G Advocate Sound Governance Practices

Enterprise GHG Emissions

Includes Scope 1, Scope 2 and Scope 3 GHG emissions from enterprise activities from operating offices of PNB HQ, ASNB and 33 branches, PNBC, PNBD, PHNB, PNBMV, AHR, PNBRI and PNB UK as of FY2023

Emissions approach is based on the GHG Protocol

Total FY2023 enterprise emissions is 31.0 tCO₂e or 7% more than 2022 baseline emissions.

PNB Enterprise Emission FY2023 (tCO₂e)

Category	FY2022 (baseline) ⁵	FY2023 ³
Scope 1		
Stationary combustion	3	6
Mobile combustion ⁴	200	149
Scope 2		
Purchased electricity ⁴	6,028	4,045
Total Scope 1 & 2	6,231	4,200
Scope 3		
1. Purchased goods & services ¹	9,274	11,933
2. Capital goods ²	7,067	9,654
3. Fuel- and energy-related activities	709	864
5. Waste generated in operations ⁴	61	55
6. Business travel ⁴	1,314	1,848
7. Employee commuting	4,387	2,459
Total Scope 3	22,811	26,813
Grand Total	29,042	31,013

Note:

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

² Includes building repair and maintenance activities, purchase of office equipment, furnitures, amongst others.

³ Using Scope 2 market-based method emissions.

⁴ Covered under scope of 2023 limited assurance exercise.

⁵ Restatement of 2022 emissions aligned to GHG Protocol guidance.

In 2023, our enterprise emissions increased by 7% to 31,013 tCO₂e (market-based method) compared to 2022's restated baseline emissions of 29,042 tCO₂e. This was mainly due to higher emissions in Scope 3's Category 1 (purchased goods and services), Category 2 (capital goods) and Category 3 (business travel). However, Scope 2 emissions (market-based method) decreased by 33% to 4,045 tCO₂e from 6,028 tCO₂e in 2022, largely due to green energy procurement of the Green Energy Tariff (GET) and Renewable Energy Certificates (RECs). Additionally, Scope 3's Category 7 (employee commuting) also decreased by 44% due to enhanced data quality collected through an internal employee commuting survey.

Our GHGP disclosure statement can be found on pages 214 to 216 in the appendix section.

Advocate Sound Governance Practices



Portfolio Emissions

For financed emissions data, refer to Our Progress in Commitment 2: Net Zero Portfolio by 2050 on page 81.

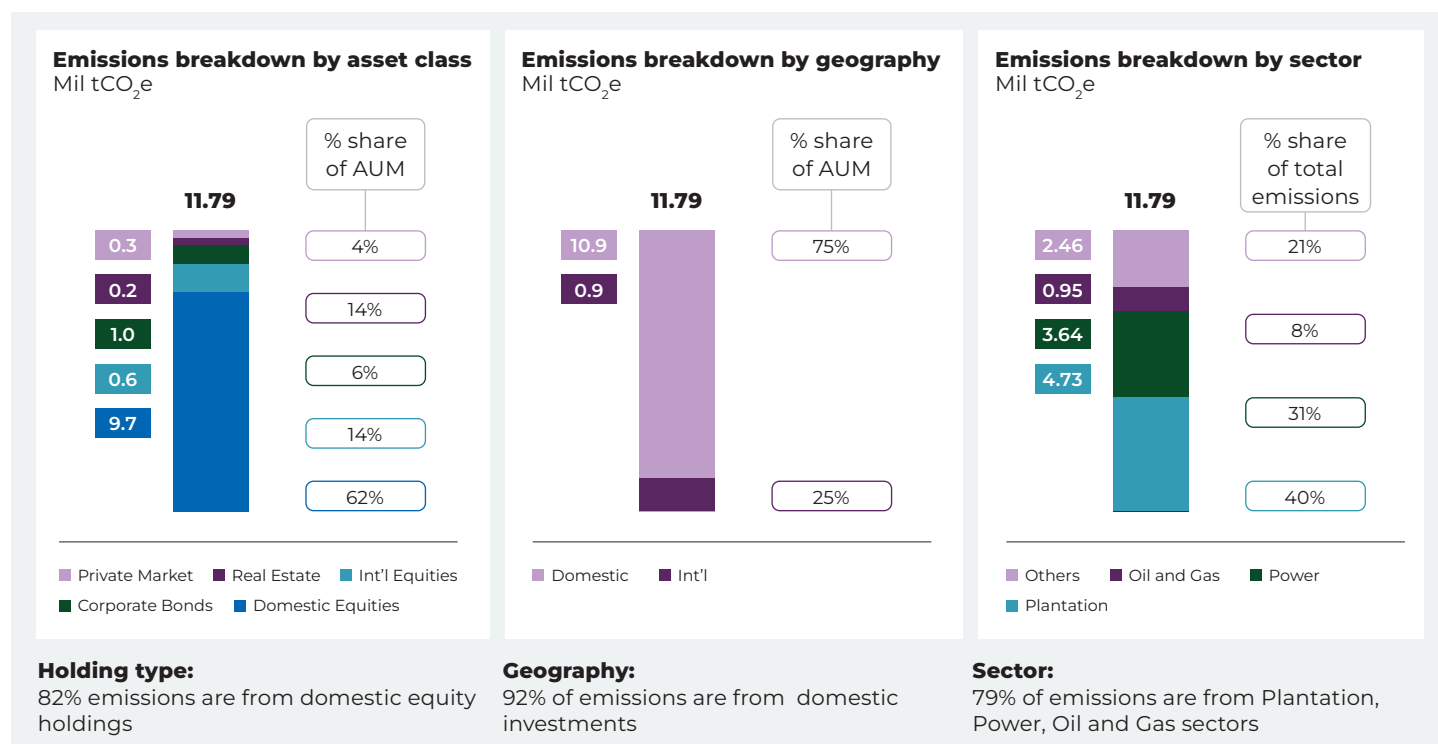
We are focused on meeting our interim 2030 climate targets as we shift our investment portfolio to achieve net zero emissions by 2050.

<p>70%</p> <p>of portfolio emissions to have credible net zero targets by 2030</p>	<p>30%</p> <p>investment emissions intensity (tCO₂e/ RM million/ AUM) reduction by 2030 (vs. 2022)</p>	<p>RM10 billion</p> <p>invested in new green and transition assets by 2030</p>
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Portfolio GHG Emissions

2023 Financed Emissions Breakdown

Portfolio emissions includes GHG emissions that PNB finances through its investment activities and emissions from real estate properties that PNB leases out for investment income. In 2023, PNB's financed emissions achieved a PCAF score¹ of 2.4 based on 89% of PNB's AUM. The financed emissions were primarily from domestic investments, which constituted 92% of the emissions. The main contributors were the three high-priority sectors, namely Plantation, Power, Oil and Gas sectors, which constituted 79% of the emissions.



Note:

1. Data as of December 2023.
2. Includes Scope 1 and 2 GHG emissions of Investee Companies.
3. 89% of PNB's AUM is covered.
4. Methodology: 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.
5. Asset classes covered: listed equities, corporate bonds, private equity and real estate holdings, which account for 80-90% of our assets under management.
6. PCAF Data Quality Score¹ : 2.4. The quality of portfolio emissions data improved due to a higher number of Investee Companies reporting their Scopes 1 and 2 emissions.

¹ 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 emissions.

Continued Strength In Governance

Corporate Governance Overview Statement	125
· Principle A: Board Leadership and Effectiveness	128
· Principle B: Effective Audit and Risk Management	142
· Principle C: Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders	162
Statement on Risk Management and Internal Control	163



Corporate Governance Overview Statement

Commitment To Good Governance

PNB recognises the critical importance of fostering a culture characterised by transparency, accountability, and integrity. In light of the current dynamic market landscape, adhering to the highest standards of Corporate Governance is imperative. Despite not being publicly listed, PNB is committed to aligning with the key principles outlined in the Malaysian Code on Corporate Governance (“the Code”) (2021).



The Board’s Principal Responsibilities

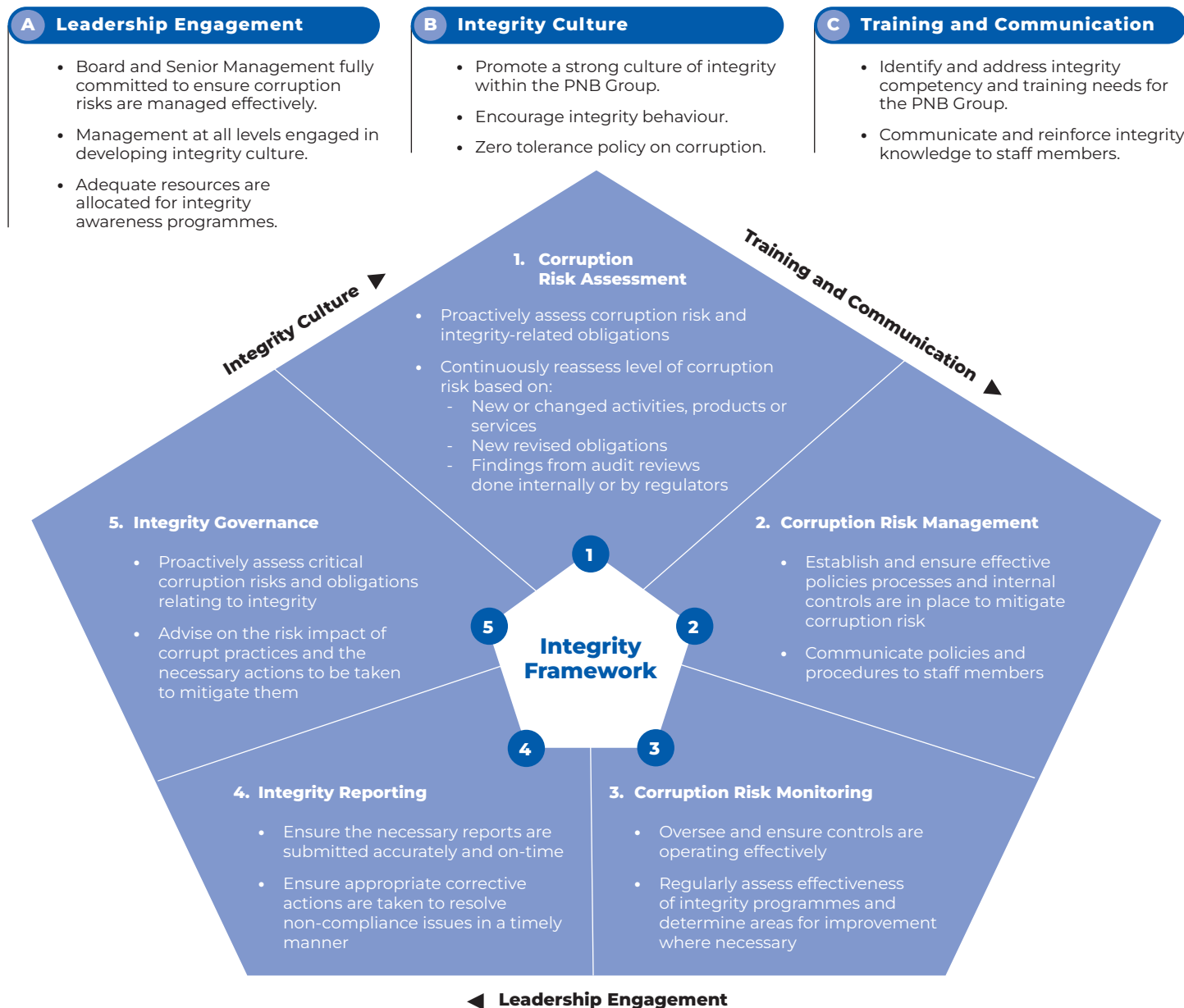
The sustainability and growth of PNB are intricately tied to the diligent execution of the Board’s essential roles. These encompass setting and monitoring strategic business objectives for the PNB Group, alongside reviewing policies and procedures to ensure alignment with principles of integrity and accountability. The Board oversees the adequacy of internal control systems, management information systems, and compliance with applicable laws, ensuring a robust foundation for operations. Additionally, the Board plays a critical role in monitoring the Management’s performance and reviewing succession planning to maintain leadership continuity. It assesses the implementation of risk management systems to safeguard the organisation’s interests and shoulders the responsibility of setting sustainability commitments and targets, overseeing PNB’s sustainable investment strategy, and defining guiding beliefs and principles. This oversight extends to reviewing progress reports on sustainability, including commitments to reducing carbon footprint. For a deeper understanding of our sustainability governance structures, stakeholders are encouraged to refer to our 10th ESG commitment regarding - TCFD aligned disclosures on page 115 of this report.

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 organising talks and seminars featuring local and international speakers for the Board, Senior Management, and staff members. PNB has also established the Whistleblowing Policy, and the Integrity Charter and Framework. As part of our 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.

Corporate Governance Overview Statement

Integrity Charter and Framework of the PNB Group



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 the 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 Group Chairman of the Board and is supported by the PGCE together with other Board members with a wide range of expertise. The Group Chairman of the Board is responsible for instilling good governance practices, leadership, and effectiveness of the Board. The respective responsibilities of the Group 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 and seven (7) 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.

Corporate Governance Overview Statement

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 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 Committees

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

1.	Risk Management Committee
2.	Compliance Committee
3.	Shariah Advisory Committee
4.	Audit Committee
5.	Nomination and Remuneration Committee
6.	Investment Committee
7.	Tender Committee
8.	Technology Committee

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 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’s 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.

Board Assessment

PNB adopts Board assessments as part of our ongoing commitment to upholding the highest standards of corporate governance in line with the recommendation of the Code.

Conduct of Meetings

At each meeting, the Chairman of the Board and the Chairman of 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 Group 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.

Corporate Governance Overview Statement

Principle A

Board Leadership and Effectiveness

Board of Directors	Tun Arifin Zakaria	YM Raja Tan Sri Dato' Seri Arshad Raja Tun Uda	Ahmad Zulqarnain Onn	Tan Sri Datuk Zainun Ali	Datuk Dr. Mohd. Yaakub Haji Johari
Designation	Group Chairman/ Non-Independent Non-Executive <i>(Retired with effect from 6 May 2023)</i>	Group Chairman/ Non-Independent Non-Executive <i>(Appointed with effect from 1 June 2023)</i>	President & Group Chief Executive/ Non-Independent Executive <i>(Resigned with effect from 19 February 2024)</i>	Independent Non-Executive	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.

RMC Risk Management Committee

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 163 to 174 of this IAR.

CC Compliance Committee

Chairman:

- Tan Sri Datuk Zainun Ali

Member:

- ▲ Ahmad Zulqarnain Onn
(Resigned with effect from 19 February 2024)
- ▲ Dato Dr. Nik Ramlah Nik Mahmood
- ▲ Datuk Dr. Mohd. Yaakub Haji Johari

The Compliance Committee ("CC") was set up to determine, approve, review and monitor the Compliance and Integrity Work Plans of the Compliance Department and Integrity Department of PNB. 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 142 to 150 of this IAR.

SAC Shariah Advisory Committee

Chairman:

- Tan Sri Dr. Mohd Daud Bakar
(Resigned with effect from 1 January 2024)
- Datuk Prof. Dr. Mohamad Akram Laldin
(Redesignated as Chairman with effect from 13 March 2024)

Member:

- ▲ SS. Dato' Haji Mohamad Shukri Mohamad (Dato' Kaya Perba)
- ▲ Dato' (Dr.) Haji Nooh Gadot
- ▲ Dr. Aida Othman
- ▲ Wan Abdul Rahim Kamil Wan Mohamed Ali
- ▲ Prof. Dr. Ashraf Md Hashim
(Appointed with effect from 13 March 2024)

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 under the management of PNB and to discuss and approve the proposals according to Shariah requirements matters.

AC Audit Committee

Chairman:

- Datuk Mohd. Anwar Yahya

Member:

- ▲ Tan Sri Dr. Nik Norzrul Thani N. Hassan Thani
- ▲ Datu Haji Soedirman Haji Aini
- ▲ Datin Norazah Mohamed Razali
(Appointed with effect from 4 June 2024)
- ▲ Dato Dr. Nik Ramlah Nik Mahmood
(Resigned with effect from 4 June 2024)

The main function of the Audit Committee ("AC") is to assist the Board in its independent oversight of the adequacy and effectiveness of the internal control environment and oversee the compliance with the relevant rules and regulations. The AC 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 the Management are reviewed periodically to ensure conformance to the applicable Accounting Standards. Further details on the composition and activities of the AC are set out in the AC Report on pages 151 to 155 of this Annual Report.

Corporate Governance Overview Statement

	Datu Haji Soedirman Haji Aini	Dato Dr. Nik Ramlah Nik Mahmood	Dato' Johan Ariffin	Datin Norazah Mohamed Razali	Datuk Johan Mahmood @ Johan Mahmood Merican
	Independent Non-Executive	Independent Non-Executive	Independent Non-Executive	Independent Non-Executive	Independent Non-Executive <i>(Appointed with effect from 6 July 2023)</i>

NRC Nomination and Remuneration Committee

Chairman:

- Datu Haji Soedirman Haji 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 (CEOs) of PNB, operating subsidiary companies, strategic, core, controlled and minority 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.

TC Tender Committee

Chairman:

- Tan Sri Dr. Nik Norzrul Thani N. Hassan Thani

Member:

- ▲ Dato Dr. Nik Ramlah Nik Mahmood
- ▲ Ahmad Zulqarnain Onn
(Resigned with effect from 19 February 2024)

The Tender Committee ("TC") assists the Board to consider tenders and quotations for all assets, supplies and services for the PNB Group valued above RM2 million.

IC Investment Committee

Chairman:

- Tun Arifin Zakaria
(Retired with effect from 6 May 2023)
- YM Raja Tan Sri Dato' Seri Arshad Raja Tun Uda
(Appointed with effect from 2 June 2023)

Member:

- ▲ Tan Sri Dr. Mohd Daud Bakar
(Resigned with effect from 1 January 2024)
- ▲ Dato' Johan Ariffin
- ▲ Tan Sri Dr. Nik Norzrul Thani N. Hassan Thani
- ▲ Datin Norazah Mohamed Razali
(Appointed with effect from 4 June 2024)
- ▲ Ahmad Zulqarnain Onn
(Resigned with effect from 19 February 2024)

The Investment Committee ("IC") 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 delegated by the Board. The IC also considers any proposal for mergers and acquisitions.

TeC Technology Committee

Chairman:

- Datin Norazah Mohamed Razali

Member:

- ▲ Faisal Ariff Rozali Wathooth
- ▲ Ahmad Zulqarnain Onn
(Resigned with effect from 19 February 2024)

Note:
The TeC was established with effect from 15 November 2022, which was approved by the Board of PNB at its Special Meeting (No. SBB-2022) held on 15 November 2022.

The Technology Committee ("TeC") assists the Board in overseeing the governance and implementation of the technology related matters of the PNB Group. The TeC shall meet at least once in every quarter or as frequently as circumstances dictate. The TeC shall have the authority to deliberate and approve on matters within its powers, duties and responsibilities as set out in its terms of reference or such other authority as may be determined by the Board from time to time.

Corporate Governance Overview Statement

Board Attendance

Particulars of the Board Meetings held during the year under review are set forth below:

List of Meetings in 2023	Total Board Members	Attendance by Board Members
Special Meeting (SB1-2023): 30 January 2023	8	8/8
251 st Meeting (1-2023): 2 March 2023	8	8/8
Special Meeting (SB2-2023): 17 March 2023	8	6/8
Special Meeting (SB3-2023): 21 March 2023	8	6/8
252 nd Meeting (2-2023): 16 May 2023	7	7/7
Special Meeting (SB4-2023): 29 May 2023	7	6/7
253 rd Meeting (3-2023): 22 August 2023	9	8/9
Special Meeting (SB5-2023): 21 September 2023	9	8/9
Special Meeting (SB6-2023): 22 November 2023	9	8/9
Special Meeting (SB7-2023): 4 December 2023	9	7/9
Special Meeting (SB8-2023): 12 – 13 December 2023 <i>Board Offsite</i>	9	8/9

Details of Attendance

A record of the Directors' attendance at the meetings of the Board during the financial year is set out below:

Members of the Board	Status	Attendance
Tun Arifin Zakaria <i>(Retired with effect from 6 May 2023)</i>	Group Chairman/ Non-Independent Non-Executive	4/4
YM Raja Tan Sri Dato' Seri Arshad Raja Tun Uda <i>(Appointed with effect from 1 June 2023)</i>	Group Chairman/ Non-Independent Non-Executive	5/5
Ahmad Zulqarnain Onn <i>(Resigned with effect from 19 February 2024)</i>	President & Group Chief Executive/ Non-Independent Executive	11/11
Tan Sri Datuk Zainun Ali	Independent Non-Executive	6/11
Datuk Dr. Mohd. Yaakub Haji Johari	Independent Non-Executive	11/11
Datu Haji Soedirman Haji Aini	Independent Non-Executive	9/11
Dato Dr. Nik Ramlah Nik Mahmood	Independent Non-Executive	11/11
Dato' Johan Ariffin	Independent Non-Executive	11/11
Datin Norazah Mohamed Razali	Independent Non-Executive	11/11
Datuk Johan Mahmood @ Johan Mahmood Merican <i>(Appointed with effect from 6 July 2023)</i>	Independent Non-Executive	1/5

Corporate Governance Overview Statement

Note: With the changes to the composition of the Board, effective thereon the composition of the Board is as follows:

Members	Status
YM Raja Tan Sri Dato' Seri Arshad Raja Tun Uda (Chairman)	Group Chairman/ Non-Independent Non-Executive
Tan Sri Datuk Zainun Ali	Independent Non-Executive
Datuk Dr. Mohd. Yaakub Haji Johari	Independent Non-Executive
Datu Haji Soedirman Haji Aini	Independent Non-Executive
Dato Dr. Nik Ramlah Nik Mahmood	Independent Non-Executive
Dato' Johan Ariffin	Independent Non-Executive
Datin Norazah Mohamed Razali	Independent Non-Executive
Datuk Johan Mahmood @ Johan Mahmood Merican	Independent Non-Executive

The key functions of each Board Committee as well as the membership and attendance at meetings during FY2023 are set out below:

Risk Management Committee

The RMC reviews and recommends to the Board the risk management philosophies, policies and mitigation strategies as proposed by the 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 163 to 174 of this IAR.

Compliance Committee

The CC was set up to determine, approve, review, and monitor the Compliance and Integrity Work Plans of the Compliance Department and Integrity Department of PNB. The CC 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 CC and PNB's Compliance Programmes are set out in the Statement on Corporate Compliance and Integrity on pages 142 to 150 of this IAR.

Shariah Advisory Committee

The SAC was set up in order 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 under the management of PNB and to discuss and approve the proposals according to the Shariah requirements matters. Further details on the composition and attendance of members of the SAC are set out in the Shariah Advisory Committee Report on pages 156 to 161 of this IAR.

Corporate Governance Overview Statement

Audit Committee

The main function of the AC is to assist the Board in its independent oversight of the adequacy and effectiveness of the internal control environment and oversee the compliance with the relevant rules and regulations. The AC 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 the Management are reviewed periodically to ensure conformance to the applicable Accounting Standards. Further details on the composition and activities of the AC are set out in the AC Report on pages 151 to 155 of this IAR.

Nomination and Remuneration Committee

The 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. The NRC 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.

Members	Status	Attendance
Datu Haji Soedirman Haji Aini (Chairman)	Independent Non-Executive	7/7
Datuk Dr. Mohd. Yaakub Haji Johari	Independent Non-Executive	7/7
Datin Norazah Mohamed Razali	Independent Non-Executive	7/7
Datuk Mohd. Anwar Yahya	Independent Non-Executive	7/7

Investment Committee

The IC 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 delegated by the Board. The IC also considers any proposal for mergers and acquisitions.

Members	Status	Attendance
Tun Arifin Zakaria (Chairman) (Retired with effect from 6 May 2023)	Non- Independent Non-Executive	4/4
YM Raja Tan Sri Dato' Seri Arshad Raja Tun Uda (Chairman) (Appointed with effect from 2 June 2023)	Non- Independent Non-Executive	7/7
Tan Sri Dr. Nik Norzrul Thani N. Hassan Thani	Independent Non-Executive	12/12
Dato' Johan Ariffin	Independent Non-Executive	12/12
Tan Sri Dr. Mohd. Daud Bakar (Resigned with effect from 1 January 2024)	Independent Non-Executive	12/12
Ahmad Zulqarnain Onn (Resigned with effect from 19 February 2024)	Non- Independent Executive	11/12

Note: With the changes to the composition of the IC, effective thereon the composition of the IC is as follows:

Members	Status
YM Raja Tan Sri Dato' Seri Arshad Raja Tun Uda (Chairman)	Non-Independent Non-Executive
Tan Sri Dr. Nik Norzrul Thani N. Hassan Thani	Independent Non-Executive
Dato' Johan Ariffin	Independent Non-Executive
Datin Norazah Mohamed Razali (Appointed with effect from 4 June 2024)	Independent Non-Executive

Corporate Governance Overview Statement

Tender Committee

The TC assists the Board to consider tenders and quotations for all assets, supplies, and services for the PNB Group valued above RM2 million.

Members	Status	Attendance
Tan Sri Dr. Nik Norzrul Thani N. Hassan Thani (Chairman)	Independent Non-Executive	7/7
Dato Dr. Nik Ramlah Nik Mahmood	Independent Non-Executive	7/7
Ahmad Zulqarnain Onn (Resigned with effect from 19 February 2024)	Non-Independent Executive	7/7

Note: With the changes to the composition of the TC, effective thereon the composition of the TC as follows:

Members	Status
Tan Sri Dr. Nik Norzrul Thani N. Hassan Thani (Chairman)	Independent Non-Executive
Dato Dr. Nik Ramlah Nik Mahmood	Independent Non-Executive

Technology Committee

The TeC assists the Board in overseeing the governance and implementation of technology related matters of the PNB Group. The TeC shall meet at least once in every quarter or as frequently as circumstances dictate. The TeC shall have the authority to deliberate and approve on matters within its powers, duties and responsibilities as set out in its terms of reference or such other authority as may be determined by the Board from time to time.

Members	Status
Datin Norazah Mohamed Razali (Chairman)	Independent Non-Executive
Faisal Ariff Rozali Wathooth	Independent Non-Executive
Ahmad Zulqarnain Onn (Resigned with effect from 19 February 2024)	Independent Non-Executive

Note: The TeC was established with effect from 15 November 2022, which was approved by the Board of PNB at its Special Meeting (No. SB8-2022) held on 15 November 2022.

Corporate Governance Overview Statement

Note: With the changes to the composition of the TeC, effective thereon the composition of the TeC is as follows:

Members	Status
Datin Norazah Mohamed Razali (Chairman)	Independent Non-Executive
Faisal Ariff Rozali Wathooth	Independent Non-Executive

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.

Training programmes, conferences and forums attended by the Directors for FY2023 are as follows:

Director	YM Raja Tan Sri Dato' Seri Arshad Raja Tun Uda		
Training Programmes Attended	Category	Organiser/Speaker	Date (2023)
Board Training in Financial Statements (as per ARC and NC)	Legal or Compliance or Risk	Training Conducted by Chan Fong Wei using Maxis' Financials, Financial Controller, Maxis Broadband Sdn Bhd	9 January
PricewaterhouseCoopers ("PwC") Budget Seminar	Corporate Governance	PwC	9 March
Leadership for Enterprise Sustainability Asia	Leadership Management	Asia School of Business	15 March
PNB Knowledge Forum I 2023: Harnessing Innovation and Technology for Sustainable Business	Information Technology and Cybersecurity	PNB Research Institute Sdn. Berhad ("PNBRI")	27 July
Asia School of Business Fireside chat in collaboration with Khazanah Alumni and HSBC Malaysia	Leadership Management	Tan Sri Azman Mokhtar - Chairman of INCEIF University ("The International Centre for Education in Islamic Finance")	18 August
The Cooler Earth Sustainability Summit 2023 - Opportunities for a Better Tomorrow	Environmental, Social and Governance	CIMB Group Holdings Berhad	11 September
Capital Market Director Programme for Fund Management (Modules 1,2B, 3 & 4)	Investment	Security Industry Development Corporation ("SIDC")	13-14 September
Khazanah Megatrends Forum 2023 - Orchestrating a Development Bargain for Sustainable Development	Environmental, Social and Governance	Khazanah Nasional Berhad	2-3 October
Project Viridis for Board of Directors Workshop	Environmental, Social and Governance	McKinsey & Company, Inc. (Malaysia)	10 October

Corporate Governance Overview Statement

Director YM Raja Tan Sri Dato' Seri Arshad Raja Tun Uda			
Training Programmes Attended	Category	Organiser/Speaker	Date (2023)
Board and Senior Management's Leadership Role in Enhancing AML/CFT Compliance Culture	Legal or Compliance or Risk	SIDC	7 November
Lembaga Zakat Selangor	Environmental, Social and Governance	Amarjit Kaur - Senior Consultant, Safety Health & Environmental Management Services International (SHEMSI Sdn Bhd)	10 November
PNB Knowledge Forum II - Education Reimagined	Environmental, Social and Governance	PNBRI	15 November
Director Ahmad Zulqarnain Onn			
Training Programmes Attended	Category	Organiser/Speaker	Date (2023)
PNB Tea Talk Series 2023 #1: A Conversation with YB Tuan Nik Nazmi Nik Ahmad, Minister of Natural Resources, Environment and Climate Change	Environmental, Social and Governance	PNBRI	12 January
PNB Tea Talk Series 2023 # 2 - Rebuilding Lives, One Plate at a Time: A Conversation with Ms Lim Yuet Kim, CEO and CO - Founder of Pichaeats	Environmental, Social and Governance	PNBRI	26 January
Investment Research Department Offsite	Investment	PNB	30 January
Senior Leaders Forum: My Experience at the COP 27 Climate Change Conference	Environmental, Social and Governance	PNB	7 February
PNB Tea Talk Series # 4 2023 - A Conversation with Tan Sri Shahril Ridza Ridzuan, Chairman of AXIATA Group	Leadership Management	PNBRI	23 February
Management Offsite 2023 - VP Fund Strategy	Investment	PNB	3-4 March
Senior Leaders: Redevelopment: Between Virtue and Vice	Leadership Management	PNB	7 March
PNB Tea Talk Series #5 2023 - Up Close and Personal with Datin Norazah Mohamed Razali	Leadership Management	PNBRI	7 March
Kick off Session of Project Catalyser	Investment	PNB	30 March
Experience From Mckinsey's Green	Leadership Management	PNB	3 April
Online Training: Climate Innovation and Risk	Environmental, Social and Governance	SIDC	17 March
Online Training: Cybersecurity & Data Privacy: The Fight Against Financial Crimes	Information Technology and Cybersecurity	SIDC	18 July

Corporate Governance Overview Statement

Director		Ahmad Zulqarnain Onn		
Training Programmes Attended	Category	Organiser/Speaker	Date (2023)	
PNB Knowledge Forum 1 2023 - Harnessing Innovation and Technology for Sustainable Business	Information Technology and Cybersecurity	PNBRI	27 July	
Leadership Team Offsite 2023	Leadership Management	PNB	10 – 11 August	
E-Learning: Assessment - Compliance Roadshow 2023	Legal or Compliance or Risk	PNB	24 August	
E-Learning: Anti-Bribery & Anti-Corruption & Defence for Corporate Liability	Legal or Compliance or Risk	PNB	29 September	
Project Viridis For Board of Directors Workshop	Environmental, Social and Governance	McKinsey & Company, Inc. (Malaysia)	10 October	
Senior Leaders Forum On Strategic Plan 2023	Leadership Management	PNB	16 October	
E-Learning: ChatGPT Awareness Training	Information Technology and Cybersecurity	PNB	23 October	
The Bower Forum	Leadership Management	McKinsey & Company, Inc. (Malaysia)	26 – 28 October	
Board and Senior Management's Leadership Role in Enhancing AML/CFT Compliance Culture	Legal or Compliance or Risk	SIDC	7 November	
PNB Knowledge Forum II 2023: Education Reimagined	Environmental, Social and Governance	PNBRI	15 November	
PNB Tea Talk Series # 21: PNB's Iron (Men and Women): When Anything is Possible.	Leadership Management	PNBRI	7 December	
PNB Board of Directors Offsite 2023	Leadership Management	PNB	12 – 13 December	

Director		Tan Sri Datuk Zainun Ali		
Training Programmes Attended	Category	Organiser/Speaker	Date (2023)	
PNB Knowledge Forum II: Education Reimagined	Environmental, Social and Governance	PNBRI	15 November	
Capability Building Workshop	Leadership Management	Allianz Malaysia Berhad	14 February	
BOD Tax Webinar on Budget 2023	Tax	BDO Malaysia	15 March	
Transfer Pricing and E-Invoicing AMB	Management	Allianz Malaysia Berhad	14 September	
Cloud and Cybersecurity Awareness Training	Information Technology and Cybersecurity	Allianz Malaysia Berhad	25 October	
Governance, Risk, Integrity and Control Conference - Leading Governance with Integrity	Corporate Governance	Malaysia Airports Holdings Berhad ("MAHB") and MACC	20 December	

Corporate Governance Overview Statement

Director		Datuk Dr. Mohd Yaakub Haji Johari		
Training Programmes Attended	Category	Organiser/Speaker	Date (2023)	
PNB iRAC Week – Integrity, Risk, Assurance and Compliance Seminar on Corporate governance related topic	Corporate Governance	PNB	14 March	
Institute of Corporate Directors Malaysia (“ICDM”) Bursa Saham Dialogue	Environmental, Social and Governance	ICDM	14 April	
PNB Workshop	Management	PNB	10 – 11 May	
LIMA '23 – Maritime & Aerospace Exhibition and Conference	Environmental, Social and Governance	Ministry of Defense	23 – 27 May	
PNB Knowledge Forum I: Harnessing Innovation and Technology for Sustainable Business	Information Technology and Cybersecurity	PNBRI	27 July	
Healthcare Facility Management Conference	Environmental, Social and Governance	Ministry of Health	16 - 17 August	
Khazanah Megatrends Forum 2023: Orchestrating a Development Bargain for Sustainable Development	Environmental, Social and Governance	Khazanah Nasional Berhad	2 – 3 October	
Integrity and Governance Conference	Corporate Governance	Association of Development Finance Institutions Malaysia (“ADFIM”)	4 – 5 October	
PNB Knowledge Forum II: Education Reimagined	Environmental, Social and Governance	PNBRI	15 November	
PNB Planet Cyber	Information Technology and Cybersecurity	PNB	28 November	

Director		Datu Haji Soedirman Haji Aini		
Training Programmes Attended	Category	Organiser/Speaker	Date (2023)	
Malaysian Institute of Accountants (“MIA”) International Accountants Conference 2023: Future Fit Profession: Charting a Better Tomorrow	Management	MIA	13 – 14 June	
Audit Committee Conference 2023	Audit	MIA & The Institute of Internal Auditors Malaysia	14 September	
Khazanah Megatrends Forum 2023: Orchestrating a Development Bargain for Sustainable Development	Environmental, Social and Governance	Khazanah Nasional Berhad	2 – 3 October	
PNB Knowledge Forum II: Education Reimagined	Environmental, Social and Governance	PNBRI	15 November	
PNB Planet Cyber	Information Technology and Cybersecurity	PNB	28 November	

Corporate Governance Overview Statement

Director Dato Dr. Nik Ramlah Nik Mahmood			
Training Programmes Attended	Category	Organiser/Speaker	Date (2023)
Bursa Malaysia Immersive Session - The Board Agender	Leadership Management	Bursa Malaysia and Leadwomen	13 March
PNB iRAC Week - Integrity, Risk, Assurance and Compliance Seminar on Corporate governance related topic	Corporate Governance	PNB	14 March
Resolution Planning - Lessons from Recent Bank Failures	Leadership Management	Perbadanan Insurans Deposit Malaysia	18 March
A Leadership Agenda: Driving Trust from the Top	Leadership Management	PricewaterhouseCoopers	31 May
Reshaping markets and Finance: Thought Leadership, Talent and Technology as Levers of Change	Leadership Management	Institute for Capital Market Research Malaysia and Securities Industry Development Corporation	25 July
Axiata Annual Risk Conference: Navigating Risk Horizons, Building Resilience for a Thriving Future	Risk Management	AXIATA Group Berhad	31 July
INCEIF Discourse Series - Reviving the Malaysian Economy - Why, How and Who	Economy	INCEIF	16 August
14 th Securities Commission Malaysia ("SC")-OCIS Roundtable - Investing Towards the Common Good: Impact, Stewardship and Ethical Considerations	Environmental, Social and Governance	SC	24 – 25 August
Khazanah Megatrends Forum 2023 - Orchestrating a Development Bargain for Sustainable Development	Environmental, Social and Governance	Khazanah Nasional Berhad	2 – 3 October
OECD Asian Corporate Governance Roundtable	Corporate Governance	SC and Organization for Economic Co-operation and Development	11 – 12 October
Board NRC Dialogue	Corporate Governance	ICDM	30 October
Board and Senior Leadership Role in Enhancing AML/CFT Compliance Culture	Legal or Compliance or Risk	SIDC	7 November

Director Dato' Johan Ariffin			
Training Programmes Attended	Category	Organiser/Speaker	Date (2023)
Etiqa Takaful Strategic Engagement Session 2023: "From Poverty to Prosperity: Malaysia's Fascinating Story"	Economy	Shariah Committee Member, Etiqa Family Takaful Berhad & Etiqa General Takaful Berhad). Speaker: • Y.Bhg Tan Sri Nor Mohamed Yakcop (<i>Khazanah Research Institute</i>)	5 January
Distinguished Board Leadership Series 2023: Can America Stop China's Rise? Will ASEAN Be Damaged?	Leadership Management	FIDE Forum. Speaker: • Professor Kishore Mahbubani (<i>Distinguished Fellow at the Asia Research Institute, National University of Singapore</i>)	12 January
Capital Management Training	Investment	Maybank Ageas Holdings Berhad. Speaker: • Mr. Ajay Garg – Ageas Group Director Capital Management, Treasury & FCG	13 January
Etiqa: Directors' Training Programme Module 2 - ESG Approaches in Reinsurance Market	Environmental, Social and Governance	Swiss Re Asia Pte. Ltd. and Aon Reinsurance Malaysia Limited • Mr. Balasubramanian Nagarajan, Head of Swiss Re Malaysia Branch • Mr. Marcel Omar Papp, Head, Retakaful, Swiss Re Asia Pte. Ltd., Malaysia Branch • Mr. Himavant Mulugu, Director, Aon Impact Forecasting, Aon Reinsurance	10 February

Corporate Governance Overview Statement

Director	Dato' Johan Ariffin		
Training Programmes Attended	Category	Organiser/Speaker	Date (2023)
Agile Thinking Training for Non-Executive Directors	Leadership Management	Maybank Group Team: • Justin Tay (Boston Consulting Group) • Vincent van der Boogert (ex-ING Netherlands CEO) • Paul McNamara (Adapotave) • Dr. Siew Chan Cheong, Group Chief Strategy Officer, Maybank • Ahmad Nasri Mohamed, Head, CX & Ecosystem COE, Maybank	10 March
FY2023 Etiqa Risk Landscape for MAHB Board Members	Risk Management	Etiqa Insurance and Takaful Berhad	19 May
PNB Knowledge Forum I: Harnessing Innovation and Technology for Sustainable Business	Information Technology and Cybersecurity	PNBRI	27 July
Maybank Annual Board Risk Workshop 2023	Risk Management	Maybank Berhad: • Sanjay Sarm, Asia School of Business • Dr. Gary Theseira, Environment, Technology & Development Malaysia • Michael Sprake, PwC Consulting Associates (M) Sdn. Bhd • Suhaimi Ilias, Maybank Investment Bank • Lee Voon Jeng, MBB • Daniel Gelinis, MBB SG	6 July
7 th Shariah Discourse: Islam & Restoration of Justice In Society	Shariah	Maybank Islamic Berhad • Shaykh Dr Hamza Yusuf	11 August
Etiqa's 1 st Sustainability Day: Call to Action to Make the World a Better Place	Environmental, Social and Governance	Etiqa Insurance And Takaful Berhad • Chris Eng, Chief Strategy Officer, MAHB • Sheila Halim, Director of Collaboration, MAHB • Abir Abdul Rahim, Head e-Channel (EFTB) & Finance, MAHB • Prof. Dr. Woo Yin Ling, Founder ROSE Foundation • Ts. Ismi Azura Isteer Khan, Project Manager, Alam Flora Sdn Bhd • Dr. Lee Jen Nie, Associate Professor, Universiti Malaysia Terengganu	14 August
Cybersecurity Management: Cybersecurity in Generative AI	Information Technology and Cybersecurity	Etiqa Insurance and Takaful Berhad • Ms. Chelsea Kiew Siao May, Chief Information Security Officer, MAHB	1 September
Khazanah Megatrends Forum 2023: Orchestrating a Development Bargain for Sustainable Development	Environmental, Social and Governance	Khazanah Nasional Berhad	2 – 3 October
One-Day Workshop on the Outcome of Project VIRIDIS	Environmental, Social and Governance	PNB	10 October
Board and Senior Management's Leadership Role in Enhancing AML/CFT Compliance Culture	Legal or Compliance or Risk	SIDC	7 November
PNB Knowledge Forum II: Education Reimagined	Environmental, Social and Governance	PNBRI	15 November

Corporate Governance Overview Statement

Director		Datin Norazah Mohamed Razali		
Training Programmes Attended	Category	Organiser/Speaker	Date (2023)	
Sustainable Performance	Environmental, Social and Governance	Copperleaf Technologies: Gina Pavlovic (Endeavour Energy), Damien Quentin (Copperleaf Technologies Inc.)	2 May	
Board Audit Committee Dialogue and Networking: A Serious Allegation is Reported – What Should Boards Do?	Corporate Governance	ICDM: Saket Bhartia (Forensic Investigations and Intelligence, Kroll)	6 June	
MISC Annual Planning Market Outlook Webinars 2023: Clean Energy Outlook and Trends <ul style="list-style-type: none"> Offshore Wind Industry Market Outlook Clean Energy Outlook and Trends Gas and LNG Market Outlook Decarbonisation Pathways and Talent Management in Maritime Transformation Global Energy Market Trends Offshore Floating Production Market and Trends Global Oil and Tanker Market Outlook 	Economy	MISC Berhad Training by: <ul style="list-style-type: none"> S&P Global Rystad Energy Wood Mackenzie DNV Maritime Advisory Strategic Research, Petronas Group EMA Kpler Oil and Tankers 	12 – 27 June	
What Amounts to a Conflict of Interest by Directors?	Corporate Governance	Sime Darby Property Training by: Khoo Guan Huat (Iclif / ASB)	8 September	
Navigating the Culture-Strategy GPS: Best Practices for Leaders	Corporate Governance	Patrick Dunne (ICDM)		
Understanding the Importance of Human Rights for Business Sustainability and Resilience	Corporate Governance	Edmund Bon (ICDM)		
<ul style="list-style-type: none"> New Considerations for Risk Assessment in the Era of Decarbonisation Roadmap to Successful Mergers & Acquisitions Transaction in the Current Market Global Minimum Tax: What it Means to MNCs Abatement Technologies: What's Available and What's Coming 	Risk Management	MISC Berhad Training by: <ul style="list-style-type: none"> Mr. Joseph Christofanelli, Ms Arina Kok and Ms Kasia Klaczynska Lewis Ernst & Young ("EY") Mr. Bruno Biagini and Mr Johannes Roth (JP Morgan, HK) Mr. Anil Kumar Puri (EY Tax Consultants) Dr. Shahrin Osman, Dr. Olav Rognebakke and Dr. Karsten Hochkirch (DNV Maritime Advisory) 	11 September	
Macroeconomic Outlook of ASEAN	Economy	Sime Darby Property Pre-Board Engagement by: HSBC Hong Kong Yun Liu (ASEAN Economist)	9 October	
Macroeconomic Outlook of UK	Economy	HSBC UK Liz Martins (Lead Economist (UK))	9 October	

Corporate Governance Overview Statement

Director Datin Norazah Mohamed Razali			
Training Programmes Attended	Category	Organiser/Speaker	Date (2023)
Geographical Expansion – Australia	Economy	Colliers Tim Storey (Managing Director, Victoria Residential)	
Industrial & Logistics	Economy	LOGOS Property Group (i) Natalie Allen (Group Chief Corporate Officer & General Counsel at LOGOS) (ii) David About (Head of Malaysia, LOGOS)	
Protecting Your Business with Adaptation & Resilience Against Climate Impacts	Economy	Boston Consulting Group (i) Nurlin Salleh (Managing Director & Partner (KL)) (ii) Dave Sivaprasad (Managing Director & Partner (SG))	
Case Study Masterclass: Spotlight on a Corporate Governance Scandal	Corporate Governance	Sime Darby Property Training by: Cheryl Khor (ICDM)	10 October
Updates by PricewaterhouseCoopers (“PwC”) on: (i) Sustainability (ii) Malaysian Financial Reporting Standard (iii) Tax	Corporate Governance	(i) Manohar Johnson & Farhana Jabir (ii) Mahesh Ramesh, Yanti Abdul Rahman & Yeow Fei Wong (iii) Jagdev Singh	
Board and Senior Management’s Leadership Role in Enhancing AML/CFT Compliance Culture	Legal or Compliance or Risk	SIDC	7 November
Performance Edge: Investors Hone Their Strategies for New Era	Economy	PNB Training by: McKinsey & Co.	21 November
PNB Planet Cyber	Information Technology and Cybersecurity	PNB	28 November
Director Datuk Johan Mahmood @ Johan Mahmood Merican			
Training Programmes Attended	Category	Organiser/Speaker	Date (2023)
Capital Market Director Programme for Fund Management (Modules 1, 2B, 3 & 4)	Investment	SIDC	4 November
Board Engagement Session with Malayan Banking Berhad	Leadership Management	PNB	8 December

Corporate Governance Overview Statement

Principle B

Effective 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 163 to 174 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

Recent years has seen increasing challenges to PNB as a licensed entity with the SC under the Capital Markets and Services Act 2007 ("CMSA") in fulfilling our regulatory responsibilities and conducting our business in a competitive as well as rapidly changing market.

Consistent with our aim to achieve the highest standards of governance and compliance with the requirements of the law and regulatory authorities, PNB continues to have a systematic and clearly defined approach with robust testing and monitoring mechanisms for 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 effective compliance and corruption risk management is in place for the PNB Group to comply with relevant laws, regulations and guidelines, internal policies and procedures, and ethical standards.

The Board is responsible for the PNB Group's compliance with all laws, regulations and guidelines. The Board has established a Board Compliance Committee ("BCC") 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 the PNB Group's compliance functions which include to establish, implement, operate and monitor the Compliance programmes for the PNB Group. The four (4) key functions of the 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 BCC 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 BCC 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 BCC and the PNB Group's Compliance and Integrity Programmes are set out in this Statement.

Composition and Attendance of the Board Compliance Committee

The BCC 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 BCC. For the year 2023, the Board Compliance Committee comprised four (4) members, three (3) of whom are Independent Non-Executive Directors. A total of four (4) meetings were held during the year.

Corporate Governance Overview Statement

The composition of the BCC and the record of their attendance are as illustrated in the following table:

Members	Status	Attendance
Tan Sri Datuk Zainun Ali (Chairman)	Independent Non-Executive	4/4
Dato Dr. Nik Ramlah Nik Mahmood	Independent Non-Executive	4/4
Datuk Dr. Mohd. Yaakub Haji Johari	Independent Non-Executive	4/4
Ahmad Zulqarnain Onn (Resigned with effect from 19 February 2024)	Non-Independent Executive	4/4

Scope of the Board Compliance Committee

The BCC 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.
- In undertaking the implementation of the above, the BCC 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 BCC or the Board deemed necessary or appropriate; and
 - Promote, together with the Senior Management of the PNB Group, a sound compliance and integrity culture within the PNB Group which emphasises high standards of ethical behaviours that create and support compliance and integrity.

Functions of the Board Compliance Committee

In general, the functions or duties of the BCC 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;

Corporate Governance Overview Statement

Activities of the Board Compliance Committee in 2023

In line with the terms of reference of the BCC, 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 address the breaches, and established necessary actions;
- Matters relating to clients' complaints;
- Matters relating to consequence management for regulatory breaches by the employees of the PNB Group;
- 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 the PNB Group
 - ▶ The PNB Group's Anti-Money Laundering Counter Financing Terrorism and Targeted Financial Sanctions Framework
 - ▶ The PNB Group's Chinese Wall Policy
 - ▶ The PNB Group's Conflicts of Interest Policy
 - ▶ Consequence Management Framework of the PNB Group
 - ▶ Foreign Account Tax Compliance Act and Common Reporting Standard Policy of the PNB Group ("FATCA & CRS Policy")
 - ▶ Economic Sanctions Policy of the PNB Group
 - ▶ Compliance Competency Framework
 - ▶ Code of Business Ethics of the PNB Group ("CoBE")
 - ▶ Whistleblowing Policy of the PNB Group ("Whistleblowing Policy")
 - ▶ The PNB Group's Anti-Bribery and Anti-Corruption Policy Statement ("ABC Statement")
 - ▶ Procurement Integrity Pact of the PNB Group ("PIP")
 - ▶ The PNB Group's Organisational Anti-Corruption Plan 2022 – 2024 ("OACP")

Overview of Compliance and Integrity Programmes

To foster effective compliance and corruption risk management towards compliance with applicable laws and regulations, and other regulatory requirements relevant to the PNB Group's business, the Compliance and Integrity Programmes have been established and implemented based on the fundamental elements prescribed by SC, MACC, Federation of Investment Managers Malaysia ("FIMM"), Bank Negara Malaysia ("BNM") and other relevant regulators. 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 the Compliance and Integrity programmes are dynamic, they are regularly reviewed and enhanced to address the emerging compliance, integrity and corruption risks as well as aligned with the relevant industry best practices and international standards.

With the supervision and guidance of the BCC, 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 instill a strong compliance and integrity culture by promoting compliance and integrity in PNB's working culture.**

Corporate Governance Overview Statement

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, with increased emphasis on the following activities:

- **Strengthening the Roles and Responsibilities of the Compliance and Integrity Division through the Respective Charters and Frameworks**

In its efforts to enhance the effectiveness of the Compliance and Integrity Division in fulfilling its functions, roles, and responsibilities, the division continues to adopt local and international standards, as well as best practices. This ensures compliance with the requirements outlined in the respective Charters and Frameworks of the Compliance Department and Integrity Department:

- A vision and mandate for the Compliance and Integrity Division that is aligned with the 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;
- 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**

Management of AML/CFT and Sanctions ("AML") Risks

In bolstering our AML compliance risk management, PNB had in 2023 performed holistic reviews of its existing AML control measures. These reviews include, among others, an independent review of PNB's AML programme, review of our governance practices and culture, assessment of resource adequacy and competency, review of our risk methodology, and assessment of the future-readiness of existing technology.

Consequently, PNB has realigned our AML programme from the top down to further strengthen AML risk management measures. Among key strengthening measures undertaken include:

- Charted future direction in AML risk profiling and scoring practices through an updated AML Risk Profiling Methodology;

- Enhanced oversight and reporting of AML risks and measurement at the enterprise level which are above and beyond traditional compliance reporting, and includes enhanced reporting of AML issues and remediation;
- Enhanced business accountability for managing AML risks through assignation of performance indicators from enterprise to individual levels;
- Development and implementation of a Compliance Competency Framework to ensure compliance related functions are competently resourced and that programmes are in place to enhance competency along the compliance officers' career path;
- Expanding manpower capacity for AML compliance related functions;
- Focused AML compliance training and engagement at functional level including for Compliance Representatives embedded in the business and all frontliners and customer-facing functions;
- Transforming AML technology eco-system through upgrades to existing AML systems and infrastructure;
- Building robust internal data analytics capability to aid in the transition to next level technology; and
- Comprehensive reengineering of business processes to enhance existing AML risk control measures.

- **Adoption of Regulatory Technology in Compliance**

Transforming AML Technology Eco-System

Pursuant to the Regulatory Technology agenda, the Compliance Department had evaluated the systems used for managing AML risk with the objectives of:

- Identifying gaps in technology in use when compared to new systems available in the market, and
- Identifying technological advancement necessary to enable alignment with the planned revision to the Risk Profiling Methodology in the next three years.

Consequently, PNB has identified and is embarking on key compliance-related technological initiatives to support its digital agenda, including adoption of Machine Learning and Artificial Intelligence ("ML/AI"), upgrading the Data Analytics infrastructure, and adoption of Cloud services to enable real-time processes and transactions.

Corporate Governance Overview Statement

In this regard, PNB is undergoing a major upgrade of the existing AML-related and Reporting System (“AMRS”) which manages AML-related functions for the retail unit trust business with an objective of eventually embedding AI/ML and data analytics functionalities into the system.

PNB is also continuously expanding and enhancing usage of the Compliance Catalyst (“COMCAT”) system to strengthen the standard of Know Your Customer (“KYC”) and Customer Due Diligence (“CDD”) processes and controls when onboarding corporate customers and counterparties. Further to this, the use of the COMCAT system was strengthened to allow better management of sanctions and timely sanctions screening. This allows the PNB Group to effectively rate our risks and manage any issues identified with such risks.

• AML System Enhancements

To facilitate the PNB Group in relation to AML and sanctions monitoring, and in line with the strategy for adopting Regulatory Technology, the AML systems were also enhanced 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; and
- Embedding mandatory controls in relation to KYC and CDD processes across the different channels and systems.

• Compliance Risk Management

The PNB Group strives to continuously improve our 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 the 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 the 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.

• Technology Review

Regulatory Development in Technology Risk Management

In 2023, the Technology Review Unit continues to perform its function to complement Risk, Audit and Information and Cybersecurity (“ICS”) in relation to oversight on technology risk. Risk, Audit, Compliance, and ICS (“RACS”) serves as a check and balance function to review technology related proposals before being tabled to Management and Board committee as well as undertakes an advisory role on the effectiveness of control measures. In conjunction with the SC-issued, Guidelines on Technology Risk Management (“GTRM”), the Technology Review Unit had performed an enterprise gap analysis on relevant keyholders. In addition, RACS has a joint oversight function over all key technologies to identify and validate justifications from relevant stakeholders through a review process and advised on related amendments to technology and security policies. Besides that, for annual events, the Technology Review Unit play the roles as an observer 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”), the PNB Group had embarked on a comprehensive review of both FATCA and Common Reporting Standards (“CRS”) compliance within the PNB Group which was completed in May 2023.

• Strengthening Compliance Governance and Capabilities

Enhanced Compliance Monitoring

In 2023, in an effort to monitor the adequacy and effectiveness of internal procedures and processes, the Compliance Department intensified its review strategies and testing of compliance controls throughout PNB through:

- Collection, analysis and interpretation of data on compliance controls for a holistic assessment of enterprise-wide compliance health;
- Strengthening of enterprise-wide compliance policies, processes and controls in line with upcoming regulatory compliance outlook and in response to new regulations, regulatory actions, emerging risks including local and foreign areas of concern;
- Data-driven and data-complemented thematic compliance reviews on potential risk areas;

Corporate Governance Overview Statement

- Quality control reviews of CDD processes within the business unit;
- Follow-up reviews of risk and issues remediation measures identified in regulatory and compliance reports; and
- Reviews of reports submitted by compliance representatives.

a. 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 have been strengthened to support and enhance co-ordination between the Compliance Department and the business units for the purpose of compliance monitoring. In 2023, compliance representatives continued to undertake periodic review and reporting on AML operational controls at their respective business units to the Compliance Department.

A total of 22 engagement sessions with the compliance representatives were also conducted in 2023, not only to provide awareness on the policies and regulatory updates, but also to educate and inculcate the importance of a good compliance culture. Specific and customised briefings, as well as one-on-one engagement sessions with the compliance representatives of the business units continue to be organised by the Compliance Department to share and equip them with the necessary skills and knowledge to perform their functions effectively and meet the regulatory expectation.

b. Compliance Training and Awareness

In 2023, the Compliance Department continuously reviewed the initiatives to promote a sound compliance culture within the PNB Group and instill compliancy behaviours through ongoing training and awareness programmes. Various initiatives have been undertaken under a structured and robust compliance communications and awareness programme with an increased focus in inculcating compliance culture via the established compliance policies and framework. Education on compliance risk and its management is delivered via digital and online communication tools and platforms that are accessible to all employees.

The existing online repository of laws, regulations, guidelines and policies continues to be enhanced from time to time and made accessible to all employees via digital and online communication tools and platforms such as Knowledge Hub (“K-hub”) and Viva Engage. These platforms provide easy access and quick reference on regulatory and compliance information as well as knowledge for the employees to draw upon in performing their daily operations. This 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 2023, a total of 27 regulatory updates, which include awareness emails on various regulatory topics and their impacts to the relevant business units have been disseminated to ensure that employees and the 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 had also taken the initiative to undertake a gap analysis on the requirements against the internal current practices. The Compliance Department also monitored 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.

The Compliance Department had launched several new online training modules in 2023 within PNB’s existing learning management system. These include the Personal Data Protection Act 2013 and an enhanced AML-related e-learning modules that focus on specific areas, as part of the revised compliance learning programme which is developed to continually provide general and role-based learning on compliance to all employees. The Compliance Department keeps track of the completion status and staff who fail to complete the online training modules are subject to disciplinary action.

Corporate Governance Overview Statement

During the year under review, five 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 culture 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 the PNB Group such as Group Economic Sanctions Policy, FATCA & CRS Policy, No Gift Policy, Chinese Wall Policy and Conflicts of Interest Policy. The new hires are required to sign a declaration that they have read and understood the compliance policies.

c. Competency and Capabilities of Compliance Department and Compliance Functions

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.

In 2023, the Compliance Department developed a Compliance Competency Framework aimed at ensuring compliance competencies in the PNB Group are developed at the highest standard.

The framework supplements the existing employee development initiatives, which aim 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.

d. Stakeholder Engagement

In ensuring that the business strategy is aligned with the regulatory requirements, the Compliance Department continues to conduct engagement with internal and external stakeholders, 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, Royal Malaysian Police (“PDRM”) and MACC continued to be conducted in 2023, which had facilitated our compliance process and helped PNB prioritise its initiatives, in accordance with the regulatory requirements. In 2023, the Compliance Department 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, technology risk management, compliance and governance. Amongst the activities and programmes attended are as follows:

SC’s third Roundtable on Compliance 2023 - Fortifying Compliance Resilience in Capital Markets

Capital Market Cyber Simulation 2023 conducted by SC

Compliance Officers Steering Committee

As part of the initiative to foster the governance culture within the internal stakeholders in PNB Group, an Integrity, Risk, Audit & Compliance (iRAC) Week of the PNB Group continued to be held in March 2023. The iRAC programmes and activities were designed for all levels in the PNB Group, i.e., members of the Board, members of the various Board committees, Leadership Team and employees, whereby various webinars on governance topics were held during the iRAC Week, including quizzes and games that were conducted via an online platform.

• Anti-Bribery and Anti-Corruption Statement

The Anti-Bribery and Anti-Corruption Policy Statement of the PNB Group (“ABC Policy Statement”) which was established in August 2020, formalises and solidifies the PNB Group’s commitment in upholding anti-bribery and securities laws applicable to PNB Group.

The PNB Group is committed to conducting all our 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.

The 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.

Corporate Governance Overview Statement

We are committed to creating an environment that enables and encourages our employees and the public to raise any concerns on our 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 our commitment in ensuring that all our business dealings are conducted in an honest and ethical manner while 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 year under review, in further strengthening its business conduct and in realising its utmost commitment to a Corruption-Free Business Environment pledge, the following initiatives had 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, and stakeholders, including business associates, revisions were made to the Corruption Risk Management Framework where new Standard Operating Procedures (“SOPs”) were introduced in April 2023 to further refine the process flow involved in the framework for clarity and efficiency.

The Whistleblowing Policy of the PNB Group was also revised in November 2023 to include the provision of a referral policy which gives guidance on handling complaints that require immediate reporting to regulatory agencies due to possible criminal or corruption offence.

- **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, the PNB Group continues its efforts to perform a corruption risk assessment in line with its Integrity Charter and Framework. Additionally, as part of the requirements of ISO 37001:2016 Anti-Bribery Management Systems certification, the Integrity Department in collaboration with various other business units within the PNB Group conducted a corruption risk assessment and identification involving other areas in PNB’s support functions comprising 61 business units.

- **Progress of PNB Group Operational Anti-Corruption Plan (“OACP”) 2022-2024**

The progress of the PNB Group OACP 2022-2024 which was approved by the Board on 3 March 2022 continued to be monitored and tracked in 2023. It is an integrated anti-corruption plan that is to be adopted and implemented by all internal stakeholders of the PNB Group. It 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.

Out of the 46 total initiatives implemented from 2022 to 2024, 13 have been identified with specific deadlines that are required to be completed by 2023, while 33 are categorised as continuous initiatives, which require periodic implementation throughout 2022 to 2024.

During the period under review, all 13 initiatives that were identified to be completed by 2023 had been successfully completed, and the rest of the 33 continuous initiatives of the OACP are on track and being monitored and reported periodically. This accomplishment 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 June 2023. This certification is for the provision of fund management operations or activities, solidifies the commitment of the 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 was also successful in its second surveillance audit by SIRIM QAS which was conducted in October 2023. ASNB achieved a commendable 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.

Corporate Governance Overview Statement

Government-Linked Investment Companies Integrity Event 2023 ("GIE")

In conjunction with "Hari Integriti Kebangsaan" celebrated annually on 5 November, PNB once again, in collaboration with Khazanah Nasional Berhad, Retirement Fund (Incorporated), EPF, Lembaga Tabung Angkatan Tentera, Lembaga Tabung Haji and Pertubuhan Keselamatan Sosial (PERKESO) (collectively, "GLICs"), organised the second GIE on 7 November 2023, held at Royale Chulan Kuala Lumpur. The event was curated for business leaders and integrity practitioners and was aimed at not only addressing common operational issues faced, but also to facilitate networking and camaraderie among fellow leaders and practitioners. The event featured two forum sessions by renowned speakers and was attended by CEOs of the GLICs and their Investee Companies together with their Chief Integrity Officers, with the Deputy Chief Commissioner of the MACC delivering the key note address.

PNB Integrity Solidarity Event 2023

In an effort to promote and inculcate capacity building between integrity units in the PNB Group and its Investee Companies, the Integrity Department organised the PNB Integrity Solidarity Event 2023 on 18 July 2023 at Menara PNB.

The event was aimed at deducing the best practices in strategic and tactical approaches in supporting the implementation of integrity management and to also provide a common platform for knowledge sharing in the generic control of whistleblowing cases in an effort to handle and spearhead anti-bribery practices across various industries. The event was attended by more than 60 participants from key industry players such as Malayan Banking Berhad, Sime Darby Berhad, SP Setia Berhad and Sapura Energy Berhad.

Intensifying Integrity Literacy and Awareness Programmes

Training and awareness are the key components in inculcating an integrity culture among employees. The Compliance Department continuously reviewed the initiatives to promote integrity culture and behaviours through ongoing training and awareness programmes 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 values and an ethical code of conduct applicable to the employees.

• Integrity Strengthening Programmes

Onboarding Sessions with New Hires

Five integrity awareness sessions were conducted during the period under review, for all new hires of the 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 the PNB Group to the new hires. Among the topics briefed were the MACC Act 2009 and the Anti-Bribery and Anti-Corruption Policies of the PNB Group pursuant to Section 17A of MACC Act as well as PNB's initiatives as laid out under the ISO 37001:2016 ABMS.

In addition, there were five sessions of introduction to integrity conducted with the interns and graduate trainees of the PNB Group to expose and familiarise themselves with the various anti-bribery and anti-corruption policies practiced by the Group.

Engagements via PNB Integrity Talk

PNB Integrity Talk is a series of engagement sessions conducted in June 2023 with ASNB branches nationwide and account managers of high net-worth clients, covering relevant topics of interest, including Corruption Risk Management and Procurement Integrity Pact, 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.

In addition, the sessions aimed to improve the way PNB protects its people from corruption, fraud and ensures that there is a conducive working environment, where staff understand and follow the guidelines, in-house rules and code of ethics. This mitigates the risk of being involved in corruption charges.

Integrity Briefings

Other integrity awareness initiatives conducted during the year under review included Integrity Briefings which involved more than 130 Integrity Representatives and Risk Management Representatives which were conducted in February, April and May 2023. The briefings were conducted in an effort to create training, exposure and awareness to the participants on the establishment of new Key Risk Indicators of the PNB Group and also a refresher course on Corruption Risk Management.

Communications via E-mail Blasts & Vlogs

There were two e-mail blasts and two video blogs shared with all employees 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) and Procurement Integrity Pact & Due Diligence.

Corporate Governance Overview Statement

Audit Committee Report

Composition

The 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.

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:

Members	Status
Datuk Mohd. Anwar Yahya (Chairman)	Independent Non-Executive
Tan Sri Dr. Nik Norzrul Thani N. Hassan Thani	Independent Non-Executive
Datu Haji Soedirman Haji Aini	Independent Non-Executive
Datin Norazah Mohamed Razali (Appointed with effect from 4 June 2024)	Independent Non-Executive
Dato Dr. Nik Ramlah Nik Mahmood (Resigned with effect from 4 June 2024)	Independent Non-Executive

This is in line with the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia") and the Malaysian Code on Corporate Governance ("MCCG"), which prescribes that the AC must be composed of not fewer than three (3) members, and all the members must be non-executive directors, with a majority of them being independent directors. In addition, the current AC comprises solely of independent directors, which is in accordance with the MCCG.

The primary role and responsibilities of the AC are to assist the Board in its independent oversight of the adequacy and effectiveness of the internal control environment and oversee the compliance with the relevant rules and regulations.

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. Seek any information it requires from any employee of the PNB Group and all employees are directed to co-operate with any request made by the AC;
- v. 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) in order to perform its duties as set out in these terms of reference.

The duties and responsibilities of the AC include 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 the PNB Group's financial position or condition and consider the question of going concern;
- iv. Review both the interim (half-yearly results) and year-end financial statements of unit trust funds and year-end financial statements for PNB and subsidiaries under the management, before the approval by the Board; and
- v. Provide the Board with assurance on the adequacy and reliability of financial information used by the Board and of the financial information issued publicly by the 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 Group based on audit reports prepared by the company's Internal Assurance Department ("IAD");
- ii. Review the adequacy of the Corporate Governance disclosures in relation to the preparation of the PNB Group IAR, 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 the audit plan, audit reports, audit charter, appointment, remuneration, performance evaluation, removal and redeployment of the Group 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 Group Head of the IAD and the Senior Management of the PNB Group, irrespective of whether these have been resolved, in order 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 to 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, 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 the 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 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 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 the PNB Group;
- c To monitor compliance with corporate codes or policies governing 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 coordination between internal and external auditors; and
- f To review any other reports issued by the Group, which relate to the responsibilities of the AC.

Activities

A total of 14 meetings were held during the year under review. Details of meeting attendance are set out below:

Members	Status	Attendance
Datuk Mohd. Anwar Yahya (Chairman)	Independent Non-Executive	14/14
Tan Sri Dr. Nik Norzrul Thani N. Hassan Thani	Independent Non-Executive	14/14
Datu Haji Soedirman Haji Aini	Independent Non-Executive	14/14
Dato Dr. Nik Ramlah Nik Mahmood (Resigned with effect from 4 June 2024)	Independent Non-Executive	14/14

Corporate Governance Overview Statement

The PGCE, the GCFO 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 for specific agenda 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 the 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 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 Intergrated Annual Report 2022, 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 not be 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 2023 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 2023;
- iv. Reviewed the result of IAD's post audit feedback surveys; and
- v. Reviewed and approved IAD's Key Performance Indicators achievement for 2022 and Proposed Key Performance Indicators for 2023.

Internal Assurance Department

In discharging its responsibilities, the AC is assisted by the IAD. The IAD comprises 33 staff, who are segregated into six units below:

1. Operations & Subsidiaries Assurance

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 & 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, Strategic & Sustainability Assurance

Responsible for the execution of internal audit assignments for PNB's strategy, investment-related divisions and business units (Strategy, Public Markets, Private & Strategic Investments, Investment Processing), Governance (Compliance, Integrity, AML/CFT, Risk Management, Shariah Management) and Sustainability & Social Investments.

3. Unit Trust & Regulatory Assurance

Responsible for the execution of internal audit assignments for ASNB's operations or functions and ASNB branch operations.

4. Technology & Cybersecurity Assurance

Responsible for the execution of internal audit assignments for IT and cybersecurity 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 9001:2015 QMS, MS 1900:2014 Shariah-based QMS and ISO 37001:2016 ABMS for certified business units and entities namely, PNB, ASNB, Public Markets & related areas, Perdana Kuala Lumpur City Centre, Perdana Kota Bharu, Villea Rompin Resort & Golf, Espira Kinrara and Attana Golf Sdn. Bhd.

6. Practice Management & Special Projects

Responsible for the quality assurance of internal audit reports to the Management and Audit Committee and the 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 successfully completed a total of 37 full audit assignments, surpassing the planned 36 full audits for the year. In addition, IAD completed 94 limited scope audits and advisory reviews during the year. These are summarised as follows:

I Internal Assurance Audits on

- Functions such as Global Real Estate & Funds Investment, PNB UK Properties, Real Estate Investment Management, Investment Processing, Investment Research, Company Secretary, ASN Sukuk Fund, Human Resource ("HR") Business Partner & Resourcing, HR Operations & Admin, Performance & Reward, Investment Verification of PNB and ASNB unit trust funds;
- Procurement and Legal;
- ASNB-related functions such as Accounts, Customer Service Unit, Branch Management & Supervision Unit, and Unitholders Communication & Financial Education;
- Subsidiaries' operations such as PNB (UK) Ltd, PNB Commercial Sdn. Bhd., Villea Rompin Resort & Golf and Projek Lintasan Kota Holdings Sdn Bhd (PROLINTAS); and
- ASNB branches' operations.

II IT and Cybersecurity Audits on

- Securities Commission's Guidelines on Technology Risk Management ("GTRM") Enterprise-wide Gap Assessment Exercise
- Disaster Recovery ("DR") Simulation and Connectivity Test 1/2023 and 2/2023;
- Technology Division's Policies;
- Data Centre Management;
- Desktop Management by PNB's Outsourced IT Service Provider;
- Yardi System for Malaysia Real Estate;
- Yardi System for PHNB;
- Cybersecurity on PNB's selected subsidiaries;
- Income Distribution Verification for 16 ASNB unit trust funds; and
- ASNB's Outsourced Function to Jewel Digital Ventures.

III Business Advisory Review on

- PNB Japan Ltd;
- Federation of Investment Managers Malaysia ("FIMM")'s Annual Compliance Review on ASNB.
- Analysis on Customer Information File ("CIF") Registration via Kiosk at ASNB branches; and
- Project Challenger Review with PricewaterhouseCoopers (PwC Consulting Services (M) Sdn Bhd).

IV Follow-up

- Follow up on management action plans for reports issued in 2023 and prior.

V Surprise Cash Counts and Cash Management

- ASNB branches; and
- Hotels under Attana Hotels & Resorts Sdn. Bhd.

VI Control Self-Assessment

- Attana Hotels & Resorts Sdn. Bhd.

VII 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; and
- Attana Golf Sdn. Bhd.

VIII Shariah-Based QMS on

- Perdana Kuala Lumpur City Centre; and
- Perdana Kota Bahru.

IX Anti-Bribery Management System ("ABMS") on

- PNB; and
- ASNB.

X Non-audit Tasks

- Attended tender activities as observer;
- Verified fixed asset disposals by the Procurement Department;
- Verified PNB Development Value Homes' applicants' documentations; and
- Verified ASNB quizzes and the PNB Group's events.

Corporate Governance Overview Statement

Other significant milestones and key initiatives conducted throughout the year, including certifications for IAD staff as follows:

- ✓ Seven (7) auditors obtained Certified Fraud Examiner (“CFE”) certifications, enhancing their expertise in fraud detection and prevention
- ✓ One (1) auditor achieved Certified Information System Auditor (“CISA”) certification, showcasing dedication to IT and Cybersecurity audit
- ✓ Three (3) auditors became Certified Integrity Officers (“CeIO”), reinforcing commitment to organisational integrity
- ✓ Successfully organised the Integrity, Risk, Assurance & Compliance (“iRAC”) Week 2023, a hybrid event which aimed at raising awareness of the importance of good governance across the PNB Group. This collaborative effort involved the Risk Management, Compliance, and Integrity departments, featuring engaging sessions and Fireside Chats with respective Risk, Audit, and Compliance Board Committee members
- ✓ Successfully initiated the digitalisation of audit processes via the Audit Management System project, with a Go Live date of 26 October 2023, optimising efficiency and implementing enhanced functionalities including dashboards and an impact report

In 2024, the IAD plans to conduct 39 full audit assignments and 73 limited scope audits and advisory reviews. These included Internal Assurance audits, IT & Cybersecurity audits, Surprise Cash Count and Cash Management, ASNB unit trust funds income distribution verification, Control Self-Assessments, and Quality Management Systems audits.

Moving forward, the IAD is committed to advancing previous achievements and initiatives, maintaining operational excellence and nurturing staff development. Key ongoing and planned initiatives for the year include:

1 Audit Management System Utilisation

- Focusing on maximising the system’s usage post project implementation phase to streamline audit processes and enhance efficiency.

2 Continued Staff Development and Knowledge Enhancement

- Encouraging staff to pursue knowledge enhancement opportunities and professional certifications in ESG, Shariah, IT & Cybersecurity and Project Management domains. These include certifications such as Sustainability and Climate Risk (“SCR”) Certificate, Certified Information Security Manager (“CISM”), Cybersecurity Foundation+Practitioner (“CSF+P”), Professional Certificate in Islamic Finance (Shariah) and Project Management Professional (“PMP”) Certification, ensuring a skilled and competent workforce.
- Implementing inter-unit rotations and mentoring programmes, including the establishment of an auditor pool to foster professional growth.
- Facilitating knowledge sharing and benchmarking with other organisations.

3 Other On-going Initiatives

- Implementing Control Self-Assessment (“CSA”), Data Analytics, Guest Auditor Programme and Advisory Services continuously with gradual refinement to effectively respond to shifting business and risk landscapes.

Corporate Governance Overview Statement

SHARIAH ADVISORY COMMITTEE REPORT

Composition

The SAC was set up to give advice, 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 “Status Kepatuhan Syariah Pelaburan PNB dan Dana Unit Amanah ASNB” and to discuss and approve the proposals according to Shariah requirements matters.

The SAC comprises the following members:

Members	Status	Attendance
Tan Sri Dr. Mohd Daud Bakar (Chairman) (Resigned on 1 January 2024)	Independent Non-Executive	5/5
Dato' (Dr.) Haji Nooh Gadot	Independent Non-Executive	5/5
SS Dato' Haji Mohamad Shukri Mohamad (Dato' Kaya Perba)	Independent Non-Executive	3/5
Dr. Aida Othman	Independent Non-Executive	5/5
Wan Abdul Rahim Kamil Wan Mohamed Ali	Independent Non-Executive	5/5
Datuk Prof. Dr. Mohamad Akram Laldin (Redesignated as Chairman with effect from 13 March 2024)	Independent Non-Executive	5/5
Prof. Dr. Ashraf Md Hashim (Appointment with effect from 13 March 2024)	Independent Non-Executive	-
Prof. Emeritus Dato' Dr. Mahmood Zuhdi Ab. Majid* (*Passed away on 17 June 2023)	Independent Non-Executive	1/2

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. After acquiring permissible or “Harus” fatwa from The Muzakarah of Fatwa Committee of National Council for Islamic Religious Affairs Malaysia and 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 2023.

SAC Certification

The 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 compliance requirements have been implemented in accordance with PNB's internal Shariah compliance controls approved by the SAC.

Fixed Price Funds

Fund Name
1 Amanah Saham Bumiputera (“ASB”)
2 Amanah Saham Bumiputera 2 (“ASB 2”)
3 Amanah Saham Bumiputera 3-Didik (“ASB 3 Didik”)
4 Amanah Saham Malaysia (“ASM”)
5 Amanah Saham Malaysia 2-Wawasan (“ASM 2 Wawasan”)
6 Amanah Saham Malaysia 3 (“ASM 3”)

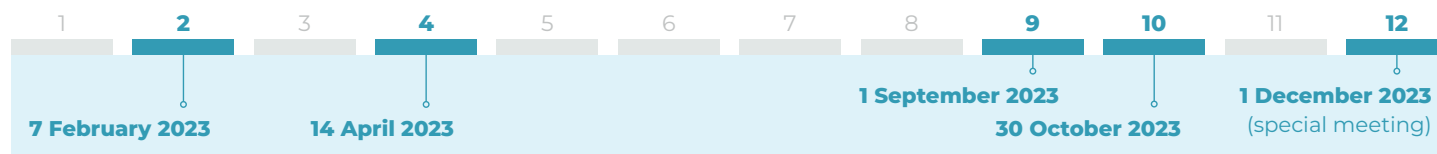
Variable Price Funds

Fund Name
1 Amanah Saham Nasional (“ASN”)
2 ASN Equity 2
3 ASN Equity 3
4 ASN Equity 5
5 ASN Equity Global
6 ASN Imbang (Mixed Asset Balanced) 1, (“ASN Imbang 1”)
7 ASN Imbang (Mixed Asset Balanced) 2, (“ASN Imbang 2”)
8 ASN Imbang (Mixed Asset Balanced) 3 Global, (“ASN Imbang 3 Global”)
9 ASN Sara (Mixed Asset Conservative) 1, (“ASN Sara 1”)
10 ASN Sara (Mixed Asset Conservative) 2, (“ASN Sara 2”)
11 ASN Sukuk*

* ASN Sukuk is an ASNB Islamic Fund supervised by the Shariah Advisory Committee for ASNB Shariah Compliant Funds (ASNB SACF)

Corporate Governance Overview Statement

This report is made based on the information provided and disclosed to the SAC members every quarter entitled “Status Kepatuhan Syariah Pelaburan PNB dan Dana Unit Amanah ASNB” during the SAC meetings held in 2023 as follows:

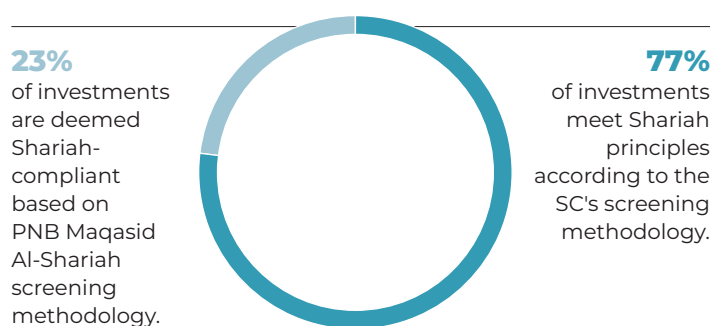


PNB Shariah Initiatives 2023

Continuous Commitment Towards Shariah-Compliant Investment According to the Securities Commission Malaysia’s Shariah Screening Methodology and PNB Maqasid Al-Shariah Screening Methodology

PNB prioritises adherence to Shariah principles in all aspects of our operations, continuously refining our compliance efforts to align with regulatory standards and ethical norms. Our commitment extends beyond financial outcomes; we strive to deliver sustainable returns to stakeholders while upholding the highest standards of integrity, thus reinforcing public trust. Through a rigorous process, PNB ensures the Shariah compliance of PNB and ASNB unit trust funds adherence to the SC’s Shariah-Compliant Securities Screening Methodology and the Maqasid Al-Shariah screening methodology, approved by the SAC. Furthermore, all funds are classified as “Harus” (permissible) by the The Muzakarah of Fatwa Committee of National Council for Islamic Religious Affairs Malaysia and all state Fatwa Committees in Malaysia.

Throughout the year under review, PNB’s investment portfolio has consistently maintained Shariah-compliant status:



This commitment not only bolsters our reputation as a trusted investment entity but also fosters stability and growth within Malaysia’s Islamic capital market, aligning with our mission to support investors’ ethical aspirations and nurture a conducive environment for Shariah-compliant financial activities.

PNB Shariah Governance Framework (“PNB SGF”)

In 2023, Shariah Management remains committed to advancing the successful implementation of PNB SGF. Four main functions of PNB SGF:

Shariah research and advisory

Responsible for conducting Shariah research and providing Shariah advice.

Shariah compliance

Responsible for Shariah compliance monitoring and review for the purpose of continuous assessment in accordance with the PNB Shariah Manual and the PNB SAC’s resolutions.

Shariah risk management

Responsible to ensure efficient and effective management of Shariah non-compliance risk.

Shariah audit

Responsible for Shariah auditing for the purpose of independent periodical assessment and objective assurance on the degree of Shariah compliance.

Corporate Governance Overview Statement

In the year 2023, the Shariah Management Department conducted comprehensive SGF programmes aimed at providing guidance and awareness to employees. The programmes had several impacts on the SGF implementation, including;

1 Enhanced Understanding:

Employees gained a deeper understanding of the PNB SGF covering its structures, controls, and reporting process in managing Shariah compliance risk.

2 Increased Ethical and Shariah Practices:

The programme raised awareness among staff about the importance of Shariah compliance and the organisation's commitment to ethical and Shariah-compliant practices. The business activities were carried out in accordance with the SAC resolutions, the PNB/ASNB's Shariah Manual, and related SOPs.

3 Strengthen Shariah Compliance:

Introduction of Shariah self-assessment within the PNB Group business activities in identifying and addressing potential Shariah compliance issues in business units' day-to-day operations, thereby minimising risks and ensuring regulatory compliance. The monitoring was conducted by Shariah Compliance representatives and Shariah risk representatives of related departments. The report on the monitoring was tabled to the SAC for guidance and advice.

4 Established Shariah Reference Centre:

A Shariah knowledge platform was established in KHUB PNB as a reference centre for staff to access the latest information on Shariah-related documents.

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 understand the needs of the Muslim investing communities as well as measure the impact of our programmes and thereafter make the necessary enhancements.

PNB actively engages with all our stakeholders including the regulatory bodies, States' religious institutions, government agencies, GLICs, and other related institutions, to deepen our understanding of the respective stakeholders' requirements to further enhance our Shariah-compliant products.

Among the engagement sessions held in 2023:

a Regulatory bodies and states' religious institutions:

1. Selangor Mufti Department
2. Perlis Mufti Department
3. Federal Territory Mufti Department
4. Jabatan Kemajuan Islam Malaysia ("JAKIM")
5. Majlis Agama Islam Wilayah Persekutuan ("MAIWP")
6. Majlis Agama Islam Negeri Johor ("MAIJ")
7. Majlis Agama Islam dan Adat Melayu Terengganu ("MAIDAM")
8. Majlis Agama Islam Melaka ("MAIM")
9. Majlis Ugama Islam Sabah ("MUIS")
10. Lembaga Zakat Negeri Kedah ("LZNK")
11. Lembaga Zakat Selangor ("LZS")
12. Jabatan Agama Islam Wilayah Persekutuan ("JAWI")
13. Pusat Pungutan Zakat – Majlis Agama Islam Wilayah Persekutuan ("PPZ-MAIWP")
14. Perbadanan Baitulmal Negeri Sabah
15. Wakaf Pulau Pinang

b Government agencies, GLICs, financial institutions and other associations:

1. Bank Negara Malaysia
2. Bank Islam Malaysia Berhad
3. Affin Islamic Bank Berhad
4. CIMB Islamic Bank Berhad
5. RHB Islamic Bank Berhad
6. Employees Provident Fund ("EPF")
7. Institut Kefahaman Islam Malaysia ("IKIM")
8. Lembaga Tabung Haji
9. Maybank Islamic Berhad
10. MBSB Bank Berhad
11. Kor Agama Angkatan Tentera ("KAGAT")
12. Waqaf An-Nur Corporation Berhad
13. Takaful Ikhlas Family Berhad

c Higher educational institutions:

1. Universiti Teknologi MARA ("UiTM")
2. Universiti Sains Islam Malaysia ("USIM")
3. Universiti Kebangsaan Malaysia ("UKM")
4. Universiti Islam Antarabangsa Malaysia ("UIAM")
5. Institut Penyelidikan dan Pengurusan Kemiskinan, Universiti Malaysia Kelantan ("InsPeK UMK")
6. Waqaf, Endowment, Zakat, Khairat & Sadaqah Universiti Pendidikan Sultan Idris ("WEZAS UPSI")
7. Education Malaysia Egypt
8. Education Malaysia Jordan
9. Majlis Perundingan Mahasiswa Malaysia Mesir ("MP3M")
10. Majlis Perwakilan Mahasiswa Malaysia Jordan ("MPMMJ")
11. University of Jordan

Corporate Governance Overview Statement

Public Outreach

1 Maqasid Al-Shariah Awareness Programme

PNB's Maqasid Al-Shariah awareness programme is a Shariah investment literacy programme which aims to educate our stakeholders on smart Shariah Investment and PNB Shariah Investment Initiatives as well as providing assurance on the Shariah status of ASNB's unit trust funds.

Traditionally focused on domestic audience, PNB expanded its efforts in 2023 to engage with international stakeholders, aiming to broaden the reach of its Shariah initiatives. Throughout 2023, the Shariah Management Department successfully organised eight Maqasid Al-Shariah Awareness programmes, benefitting approximately

935 participants
in total.

No.	Participants	No. of Participants
1.	Kor Agama Angkatan Tentera ("KAGAT")	45
2.	Akademi Pengajian Islam Kontemporari ("ACIS"), UITM (Universiti Teknologi MARA) Shah Alam	300
3.	The 10 th International Islamic Economic System Conference (IIECONS 2023)	150
Bicara Maqasid International Student Programme (Jordan & Egypt):		
4.	University of Jordan	80
5.	Mutah University, Jordan	80
6.	Yarmouk University, Jordan	80
7.	Al-Azhar University, Egypt	120
8.	Wisma Melaka Hayyu Sabiek, Egypt	80
Total		935

2 Bicara Maqasid Radio Programme

In 2023, PNB continued its public engagement efforts by disseminating information extensively through collaboration with the Radio Institute of Islamic Studies Malaysia ("IKIM"), known as Radio IKIM.

During the Ramadan, three episodes were broadcast under the theme "Ramadan dan Wakaf". These episodes, featuring two hosts and one guest - either from PNB or esteemed guest speakers - reflect our commitment to engaging and informing our audience on

the awareness of Wakaf as well as promoting ASNB's Wakaf product.

Each episode spanned 30 minutes and was broadcast live during the "Warna Pagi" segment from 9.30 am to 10.00 am. The programme garnered significant traction, accumulating approximately 600,000 listeners from both live and recorded sessions. This initiative underscores PNB's dedication to fostering dialogue, sharing expertise, and providing valuable insights to our stakeholders.

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Strategic Partnership

PNB is dedicated to advancing significant achievements through the implementation of diverse Shariah measures, strategically aimed at reinforcing comprehensive Shariah compliance while simultaneously supporting the Islamic investment industry and Islamic social finance in Malaysia. Aligned with these objectives, the company remains committed to engaging with a wide spectrum of stakeholders, ensuring inclusivity across diverse levels. Our collaborations underscore our dedication to inclusivity and social impact through:

1 Muzakarah Sekretariat Syariah GLIC 2023

The objective of the 'Shariah Secretariat of GLICs is to establish a platform for Shariah collaboration among GLICs to discuss and address issues and challenges of Shariah-compliant investments both domestically and internationally, as well as to establish an effective networking between GLICs in Malaysia. This secretariat comprises PNB, Employees Provident Fund ("EPF"), and Lembaga Tabung Haji ("LTH").

In 2023, the secretariat successfully hosted the inaugural Muzakarah Sekretariat Syariah GLIC 2023 on 2 November 2023, at Espira Kinrara, Puchong. The first closed-door event themed "Mendepani Cabaran Pengurusan Zakat Korporat", received encouraging participation from the GLICs' representatives.

The organisation of the event aligns with PNB's commitment in supporting efforts to elevate the quality of life of the Asnaf community by enhancing the productivity and efficiency of corporate zakat management.

Corporate Governance Overview Statement

2 Memorandum of Understanding

i) RHB Islamic Bank Berhad

A mutually beneficial collaboration, which shall remain valid for a period of five (5) years, aimed at empowering and uplifting the social and economic well-being of the Asnaf community in Malaysia. This collaboration will involve joint efforts to contribute to Islamic social capital through zakat contributions. Additionally, the scope of the MoU covers organising outreach initiatives tailored to the needs of the Asnaf, fostering community

engagement and support. Through this concerted effort, PNB and RHB Islamic aim to make a meaningful and lasting impact on the lives of the Asnaf, enhancing their socio-economic prospects and fostering inclusivity within Malaysian society.

The first project under the MoU is seed funding for Projek Ternakan Ayam Kampung Kacuk ("PTAKK"), a poultry farming entrepreneurship programme to foster sustainable economic growth within targeted communities in Kelantan.

Managed by Institut Penyelidikan & Pengurusan Kemiskinan (InsPeK), Universiti Malaysia Kelantan, the programme covers farm development, product marketing, mentoring and monitoring.

The programme had an impact on 260 beneficiaries across various groups, directly and indirectly.

ii) Institut Kefahaman Islam Malaysia

The Memorandum of Understanding ("MoU") between Institut Kefahaman Islam Malaysia ("IKIM") and PNB was established on 13 October 2023 and remain valid for a period of three (3) years. The agreement aims to foster cooperation and collaboration between the two entities in various fields for mutual benefit.

The MoU highlights the commitments of both PNB and IKIM in managing various programmes, among others:

Professional training and professional talks;

Joint research activities;

Producing books or other types of publications based on joint activities;

Exchange of publications, reports, and other academic materials and information; and

Sharing of other activities and programmes in areas of mutual interest that benefit both parties.

iii) Universiti Teknologi MARA ("UiTM")

Following the MoU signed with UiTM in 2020, PNB continued its commitment in 2023 by conducting the following programmes:

- 1 Maqasid Al-Shariah awareness programmes across UiTM students nationwide
- 2 Karnival Pemantapan Syariah dan Ukhuwwah ACIS-PNB (KaPSU 2023)

The collaboration reflects PNB unwavering commitment to promoting Islamic finance education, fostering community engagement, and upholding the principles of Shariah in its operations. With the successful completion of these programmes, PNB officially concluded the MoU with UiTM in 2023.

Corporate Governance Overview Statement

3 Sponsorships to Strengthen Contemporary Islamic Studies

In accordance with PNB's unwavering dedication to Shariah principles and our commitment to nurturing the advancement of the Islamic finance industry, alongside Islamic Social Finance in Malaysia, the company's sponsorships are delineated as follows:

Programme	Description
<p>1 10th International Islamic Economic System Conference ("I-iECONS")</p> <ul style="list-style-type: none"> - Hosted by the Faculty of Economics and Muamalat, Universiti Sains Islam Malaysia ("USIM") 	<p>The biennial conference serves as an international platform for discussions and knowledge sharing, addressing contemporary economic and muamalat issues and challenges within the overarching theme of "Sustainable Development through Innovative Economic Transformation."</p>
<p>2 Muzakarah Zakat Nusantara 2023</p> <ul style="list-style-type: none"> - Hosted by Lembaga Zakat Selangor ("LZS") and Universiti Sains Islam Malaysia ("USIM") 	<p>The conference focused on exploring assorted studies regarding zakat fatwas and modern approaches to dakwah, pertinent to today's context. It included presentations on zakat management, including the development of zakat fatwas, practical dakwah methods, and discussions aimed at improving zakat comprehension to meet future ummah needs. The Head of Shariah Management PNB was among the presenters, delivering a talk titled "Penggunaan Dana Zakat PNB bagi Pembangunan Skim Mikrotakaful".</p>
<p>3 "Projek Infak Back to School"</p> <ul style="list-style-type: none"> - Hosted by Jabatan Kemajuan Islam Malaysia ("JAKIM") 	<p>An initiative led by JAKIM and joined by prominent entities including YaPEIM, Etiqa Takaful, Petronas, Bank Islam, Bank Muamalat, and PNB, aimed at providing support to individuals facing life challenges, with a special focus on students. Aligned with the vision of "Membangun Malaysia Madani", this collaborative effort has successfully assisted a total of 1,476 B40 underprivileged students to purchase essential school supplies.</p>
<p>4 "Sambutan Bulan Wakaf Wanita UKM"</p> <ul style="list-style-type: none"> - Hosted by Yayasan Canselor Universiti Kebangsaan Malaysia ("UKM") 	<p>A month-long special wakaf programme aimed at promoting UKM's wakaf products alongside PNB's ASNB Wakaf, with a focus on highlighting the pivotal role of women as primary catalysts for national advancement. PNB's involvement serves as a model for strengthening the wakaf economy in Malaysia.</p>
<p>5 "Karnival Pementapan Syariah dan Ukhuwwah ACIS-PNB (KaPSU 2023)"</p> <ul style="list-style-type: none"> - Hosted by Akademi Pengajian Islam Kontemporari ("ACIS"), Universiti Teknologi Mara ("UiTM") 	<p>A collaborative effort between ACIS UiTM Shah Alam and PNB, aimed at fostering community engagement and adherence to a righteous life.</p>

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 our stakeholders are well informed and updated on the Group’s developments. PNB discloses regular 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, members of the public may also access up-to-date information on PNB. In recent years, PNB has also begun sharing news and updates via social media channels, namely, Instagram, YouTube, Facebook, and LinkedIn, to reach different segments of society.

Maintaining an open and constructive dialogue with stakeholders is essential for any business. It enables us to understand community expectations, identify issues, and discover opportunities to serve our unitholders and help our communities prosper. Our approach to stakeholder engagement is outlined below. In all interactions with stakeholders, we are committed to being respectful, responsive, open, and authentic in addressing 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 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

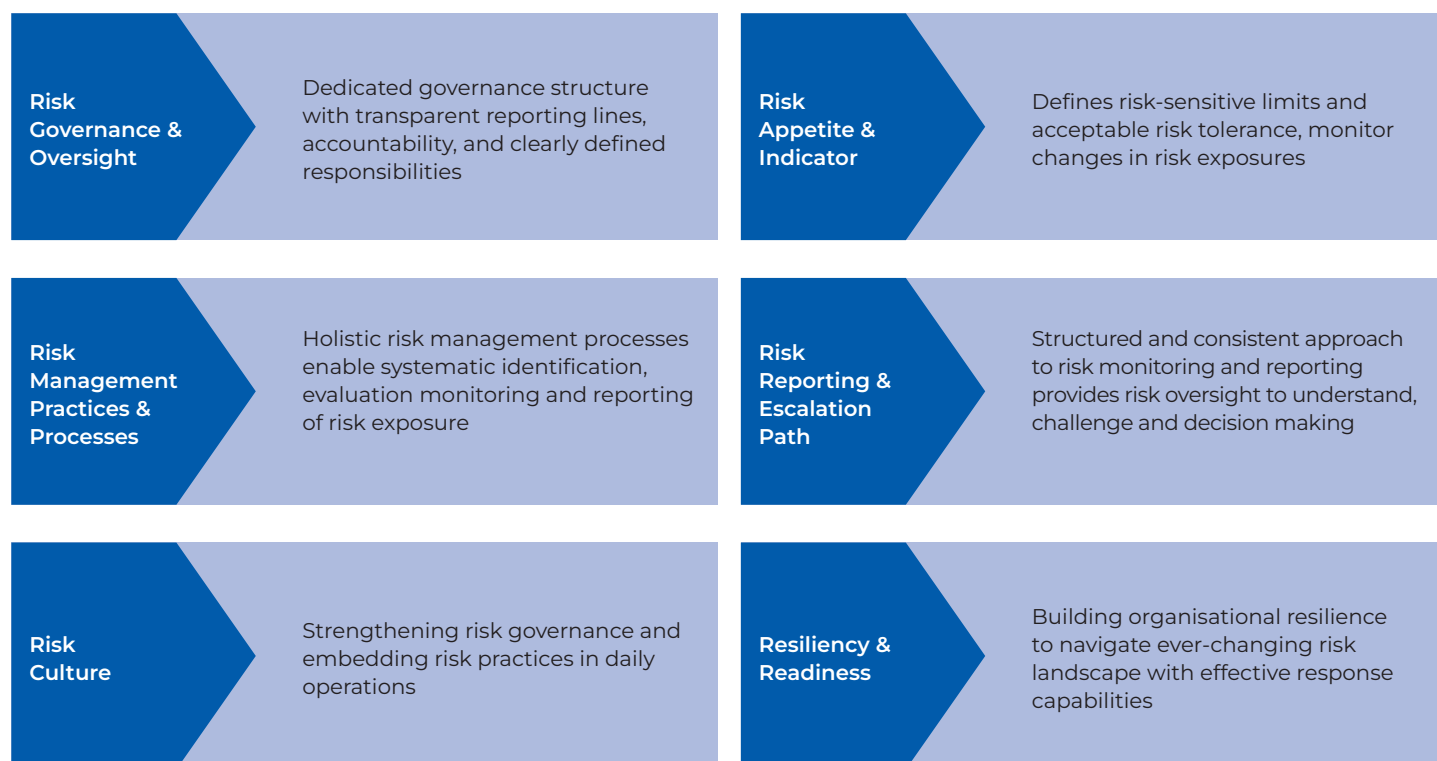
Overview

The global risks identified in 2022 continued to have a substantial impact on economic and technological transformations throughout 2023. Amidst the backdrop of sluggish global economic growth, ongoing geopolitical tensions, and prudent monetary policies aimed at mitigating inflationary pressures, these challenges have cast their shadows over the domestic economy, which includes PNB. Notwithstanding that, the Malaysian economy and stock market showed resilience on the back of various plans formulated by the government, low and stable unemployment, and potential of attracting foreign direct investments, being a “Plus One” beneficiary.

Despite the risk exposures, PNB is poised to maintain vigilance through our robust implementation of Enterprise Risk Management (“ERM”) practices across the organisation. This approach establishes a resilient control environment equipped with suitable systems and risk assessment processes to effectively manage risks in alignment with key and relevant guidelines, regulatory requirements, and industry best practices.

Risk Management at PNB

The independence of the risk management function and its close alignment to the business ensure consistent and effective risk oversight via the following fundamental risk elements:

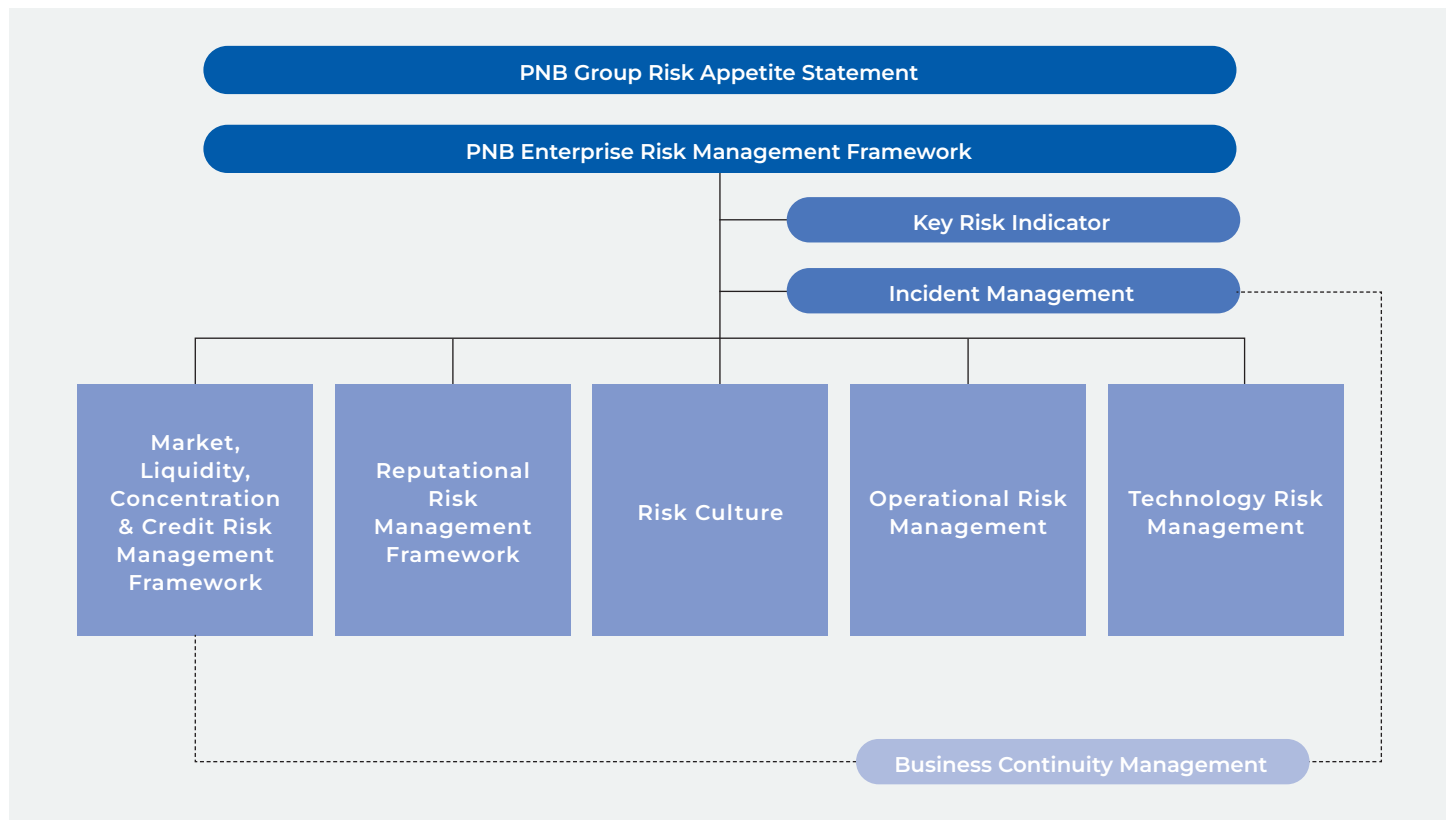


Fundamental risk elements

Statement On Risk Management and Internal Control

Risk Management Framework & System

The ERM framework provides a structured approach for identifying, assessing, monitoring and managing risks within the PNB Group. This serves as a measure for PNB to optimise our returns on risk taking activities within PNB’s risk appetite as approved by the Board.



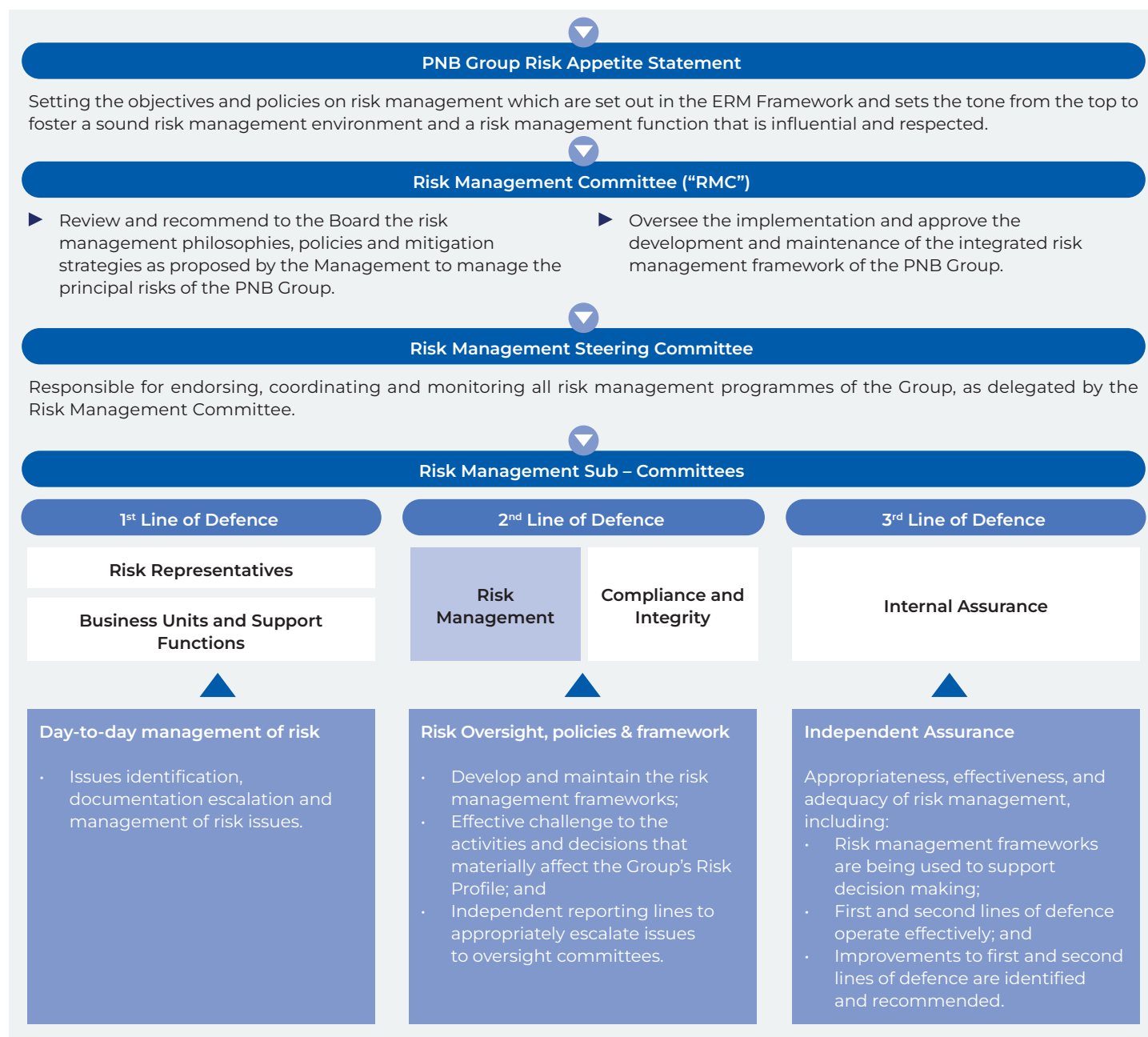
The key objectives of establishing a structured and integrated ERM framework are outlined below:

- Identifying, analysing and understanding each of the material risks at all levels of the Group;
- Ensuring risks are managed in line with 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 & Oversight

PNB adopts Three Lines of Defence Model, supported by 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 the involvement of the Board and Senior Management. Clearly delineated lines of responsibility and accountability is outlined to segregate between the three lines, fostering constructive risk discussions at various levels and ensuring alignment with PNB's strategic objectives.



PNB Group Three Lines of Defence model

Statement On Risk Management and Internal Control

Board Responsibility

The Board remains committed to upholding a robust system of risk management and internal control, with the aim of safeguarding the interests of PNB and our unitholders. The Board is responsible for setting the objectives and policies on risk management and sets the tone for a sound risk management culture, emphasising the importance of a resilient risk management function that commands influence and respect. The Board continuously ensures that risk management within the Group remains robust and agile to adapt to changing business environments and 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 RMC, which includes the oversight of PNB's ERM framework. The RMC is responsible to assist the Board by overseeing and approving the on-going development, maintenance and implementation of integrated risk management frameworks, policies, and activities. Furthermore, the RMC is delegated with the responsibility to assess, identify, measure and monitor the overall risk exposure of the Group, and ensure that sufficient strategies are in place and implemented, to manage identified risks effectively.

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 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 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 2023, a total of five (5) meetings were held during the year under review. The composition of the RMC and the record of their attendance are as follows:

Members	Status	Attendance
Dato Dr. Nik Ramlah Nik Mahmood <i>(Chairman)</i>	Independent Non-Executive	5/5
Tan Sri Dr. Nik Norzrul Thani N. Hassan Thani	Independent Non-Executive	5/5
Datuk Mohd. Anwar Yahya	Independent Non-Executive	5/5
Datin Norazah Mohamed Razali	Independent Non-Executive	5/5

Management Responsibility

The Risk Management Steering Committee ("RMSC") is a Management Committee led by the PGCE. The RMSC is responsible for endorsing, coordinating and monitoring all of the Group's risk management programmes, as delegated by the RMC.

The RMSC assists the RMC to discharge its primary responsibilities, which include 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.

Additionally, the RMSC forwards any recommendations to the Board, through the RMC, regarding all pertinent risk management activities under its purview or as directed by the Board.

The RMSC is complemented by the Risk Management Sub-Committees which were established at the working group level to foster cross-departmental collaboration in identifying, discussing, and/or evaluating risk-related matters and to provide solutions across departments or business units. This is to enhance integration and promote a unified risk management approach for effective monitoring and communication.

Statement On Risk Management and Internal Control

Risk Appetite & Key Risk Indicators

The risk appetite constitutes a fundamental component of the comprehensive PNB ERM Framework which is driven by both top-down Board leadership and active participation of Management at all levels. It sets out the risk tolerance and types of risk that PNB is willing to accept and translates it into measurable limits that enable PNB to navigate its risk landscape in pursuit of its strategic and business objectives. The risk appetite is dynamic and adaptable to internal and external changes such as fluctuating market conditions, evolving business requirements and diverse stakeholders' expectations. It is embedded in PNB's risk management structure and integrated into PNB's business strategic planning, objectives, day-to-day operations and decisions throughout PNB.

Complementing this, Key Risk Indicators ("KRIs") are used by the Management as a tool in monitoring and addressing changes in key risk exposures over time. It provides insight into risk exposure of business operations, highlighting operational and control weaknesses by tracking the primary drivers associated with key risks. KRIs mainly act as early warning signals, alerting the Management to 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.

Risk Management Practices & 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:

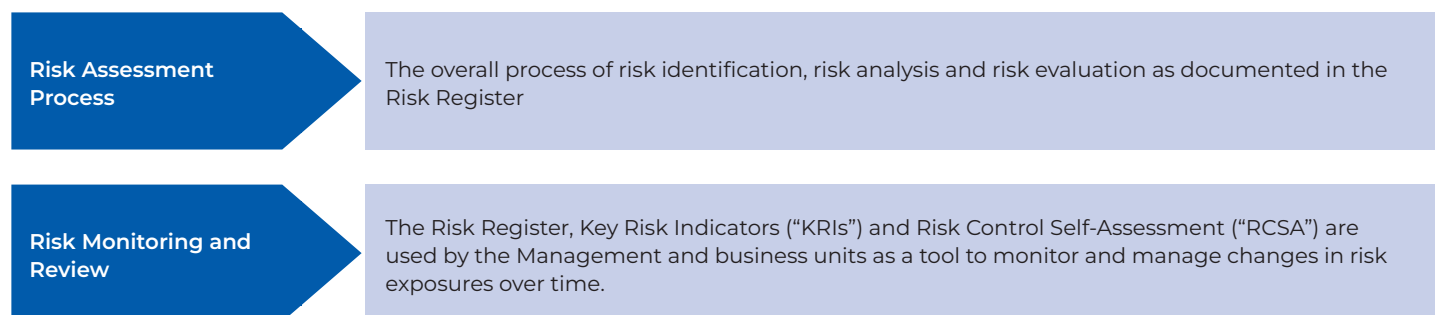
- International Organisation of Standardisation (ISO) 31000:2018 Risk Management;
- International Organisation of Standardisation (ISO) 22301:2012 for Business Continuity Management System; and
- Guidelines on Unit Trust Funds issued by the Securities Commission Malaysia.

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 processes enable systematic identification, evaluation, monitoring and reporting of risk exposure across the Group.

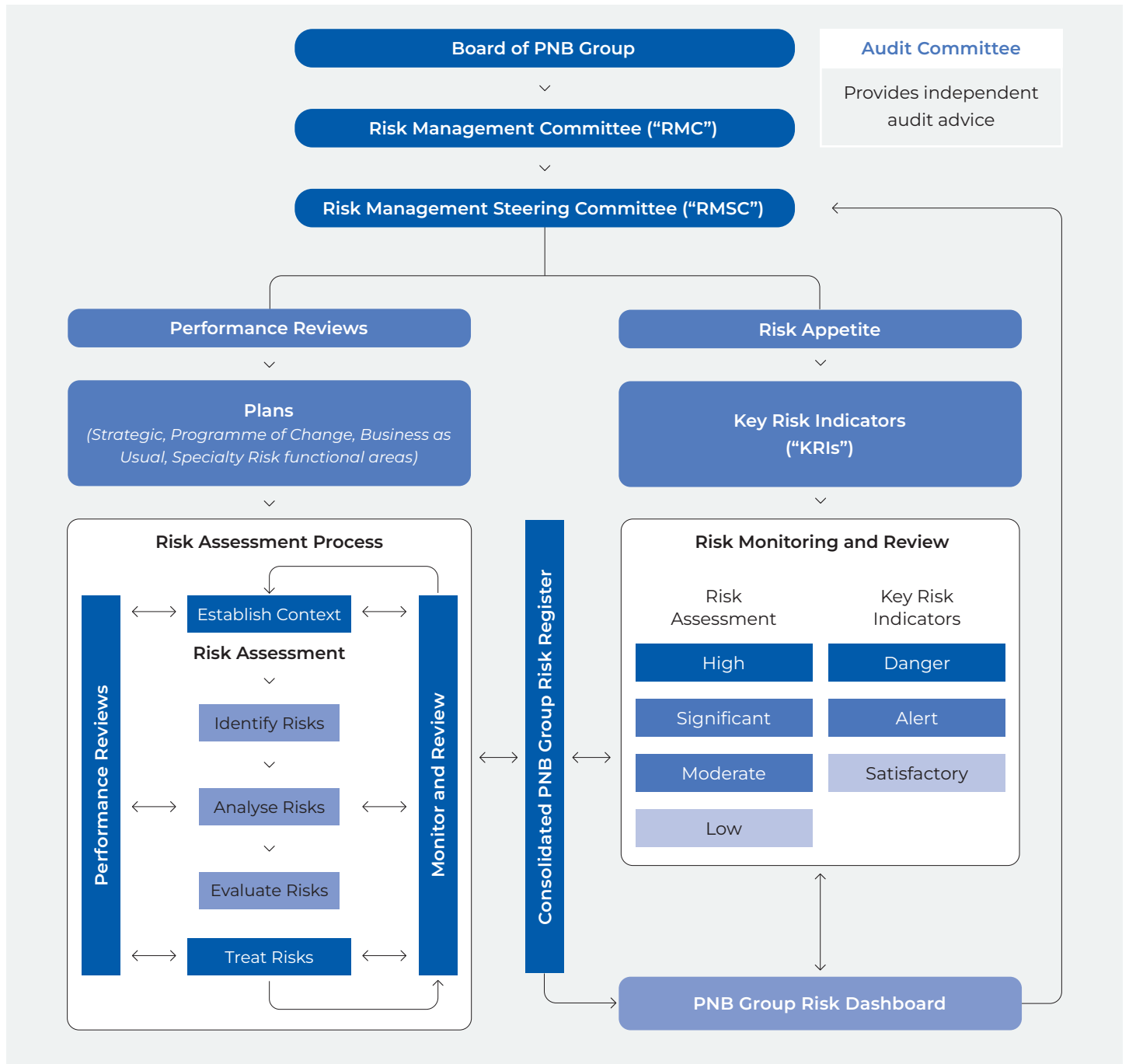
The key elements of an effective ERM are as follows:



Statement On Risk Management and Internal Control

Risk Reporting & Escalation Path

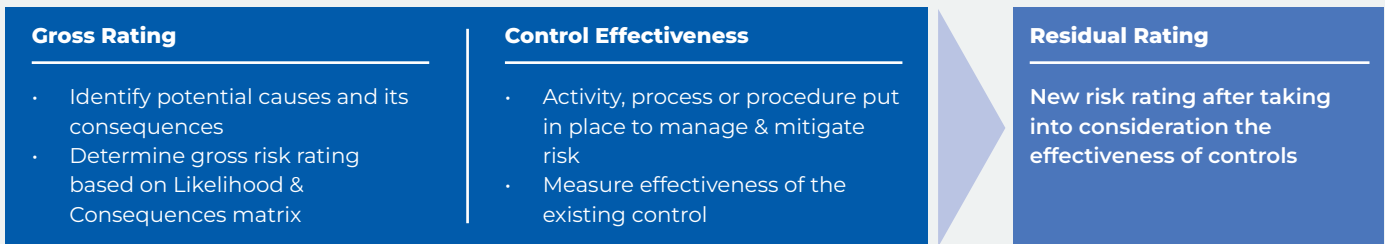
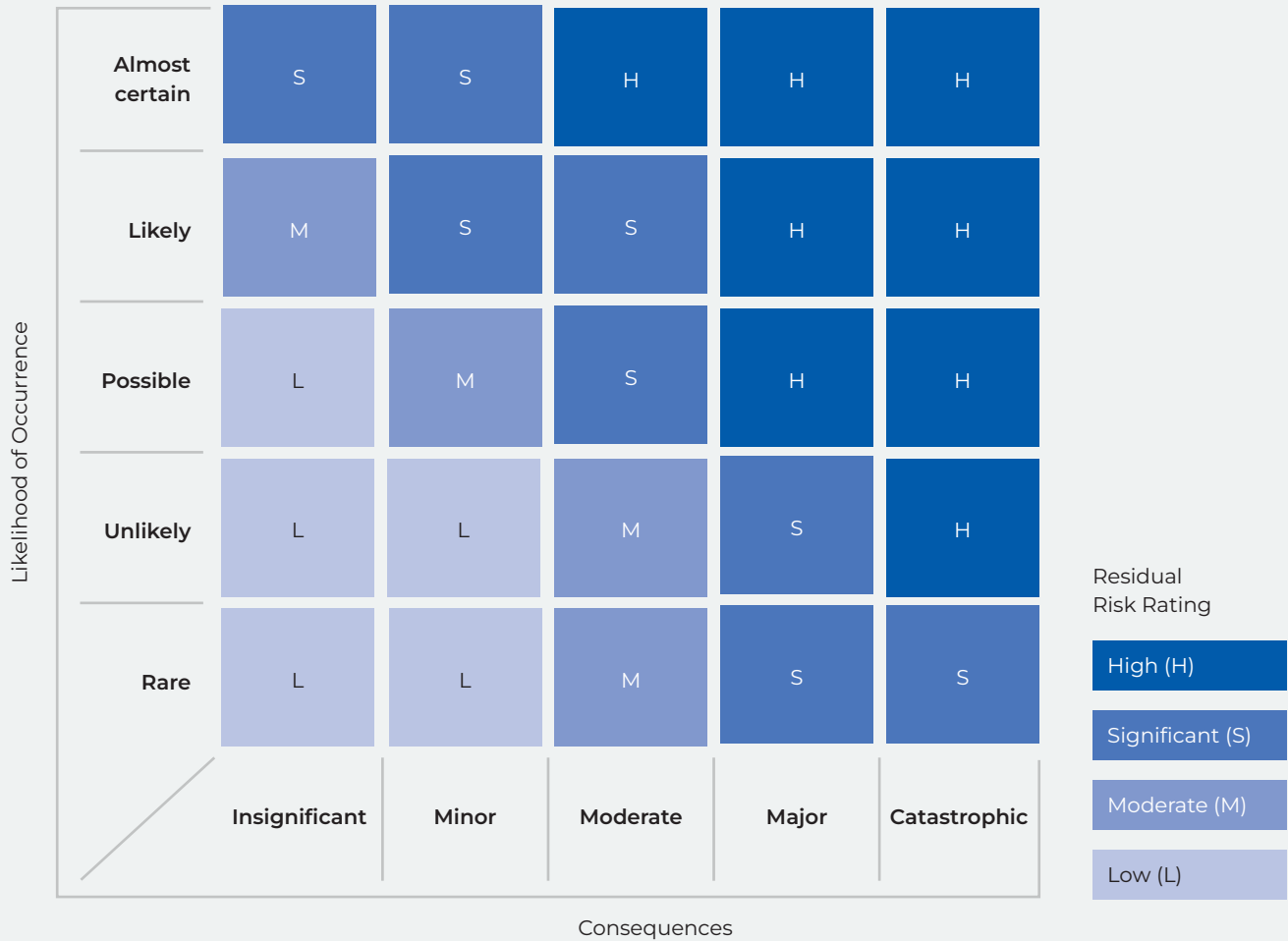
PNB adopts a structured and consistent approach to the monitoring and reporting of risks within the PNB Group, to ensure effective management and provide assurance to the Board that all risks are being effectively managed. Risk reporting enables risk oversight bodies to understand, challenge and ultimately make informed decisions on the Group’s material risk issues.



Risk management and reporting process

Statement On Risk Management and Internal Control

Risk Scoring



Statement On Risk Management and Internal Control

Resiliency & Readiness

Operational Risk Management

The Operational Risk Management (“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;
- 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.

The ORM covers the following areas:

Human Resource Management	<ul style="list-style-type: none"> • Risks caused by inadequate staff, recruitment process, reward and appraisal, training and development, motivating culture and inadequate social policy.
Technology Risk Management	<ul style="list-style-type: none"> • 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.
Project Risk Management	<ul style="list-style-type: none"> • The effect of uncertainty on project objectives, which relates to project execution, management and delivery. • This can include both the downside (potential for loss or detrimental impact) and the upside (potential for gain).
Outsourcing & Vendor Risk Management	<ul style="list-style-type: none"> • Outsourcing risk arising from inexperienced providers/non-performing vendors.
Security Risk Management	<ul style="list-style-type: none"> • Physical security: physical access control – deterring, detecting, delaying, and responding to breaches. • People security: personnel, personal & human behavioural security. • Information security: protection, classification & handling of information.
Compliance & Integrity Management	<ul style="list-style-type: none"> • 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 & regulations, regulatory and codes of practice.
Financial Crime Management	<ul style="list-style-type: none"> • Fraud – any dishonest behaviour to obtain an unjust advantage (financial or otherwise). • 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.
Safety & Health	<ul style="list-style-type: none"> • Risk of injury or harm at workplace which includes chemical due to inadequate or absence of safety and health measures.
Business Continuity Management	<ul style="list-style-type: none"> • Risk event occurred due to business disruption, system failures and force majeure: <ul style="list-style-type: none"> - Risk of business opportunity loss from failure to meet Recovery Time Objective (“RTO”). - Loss or damage of data/ documents/ premises. - IT systems failure, business closure due to external sources (pandemic, force majeure, etc).

Areas of Operational Risk Management

Statement On Risk Management and Internal Control

Incident Management

Operational risk or compliance event resulting from a breakdown of internal processes, people, systems, or external events that could potentially impact PNB financially, reputationally, or regulatory-wise are defined as “incident”. This includes near-miss events that could result in a financial loss.

PNB’s Incident Management outlines the process for identifying, documenting, reporting and managing incidents within PNB with the aim to:

- minimise the impact and exposure to loss and disruption caused by incidents; and
- ensure comprehensive communication and involvement among all stakeholders in resolving such incidents.

The Incident Management process is integrated with PNB’s Business Continuity Management (“BCM”). Based on the severity level, incidents are promptly escalated to the respective Management Committees, which the Crisis Management Team will be mobilised when necessary to centrally coordinate strategic responses to mitigating losses and minimising disruptions to business operations.

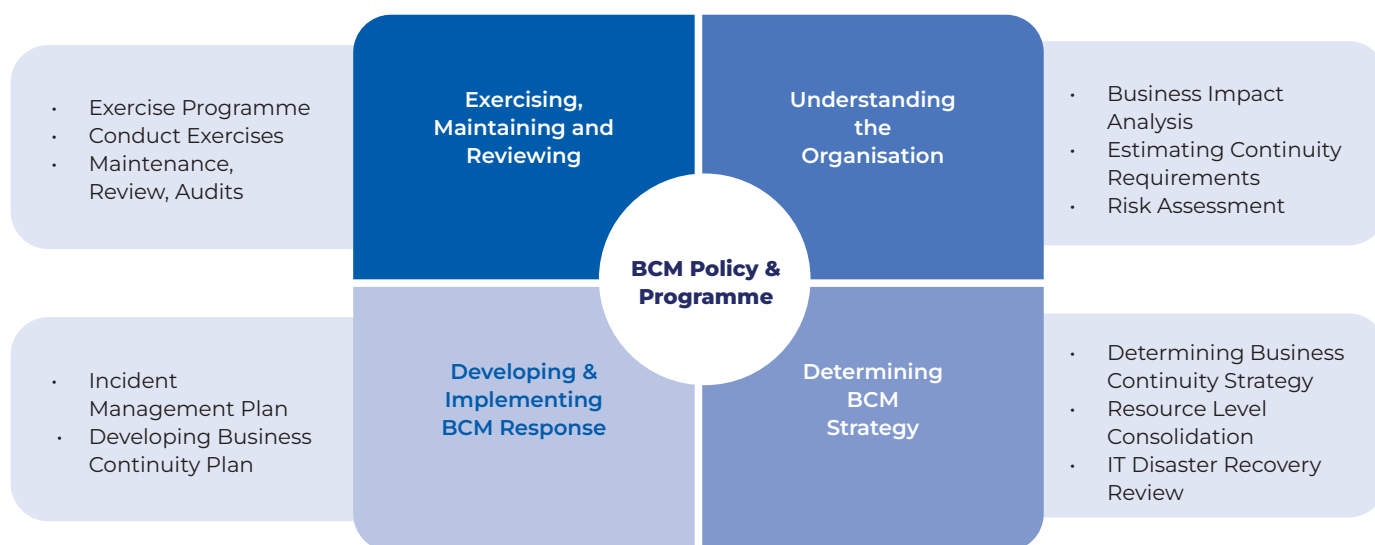
Business Continuity Management

PNB has been continuously strengthening its operational resilience to enhance its adaptability, suitability and effectiveness as part of preventive measures in mitigating business disruption guided by PNB’s BCM Programme.

The Programme aims to protect the wellbeing of all employees, ensuring sustainability of the business operations while safeguarding PNB’s reputation and image. The Programme undergoes periodic review, testing, and updates to strengthen PNB’s capability to effectively respond, recover, and resume critical business functions during disruptive incidents. Among key initiatives include conducting a Cyber Simulation exercise, virtual disaster recovery testing and participating in Cyber Drill exercises facilitated by SC. These activities and initiatives enhance our awareness and preparedness, fostering improved coordination in response and recovery efforts to mitigate potential disruptions effectively.



Embedding BCM in the organisation's culture



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 various other 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.

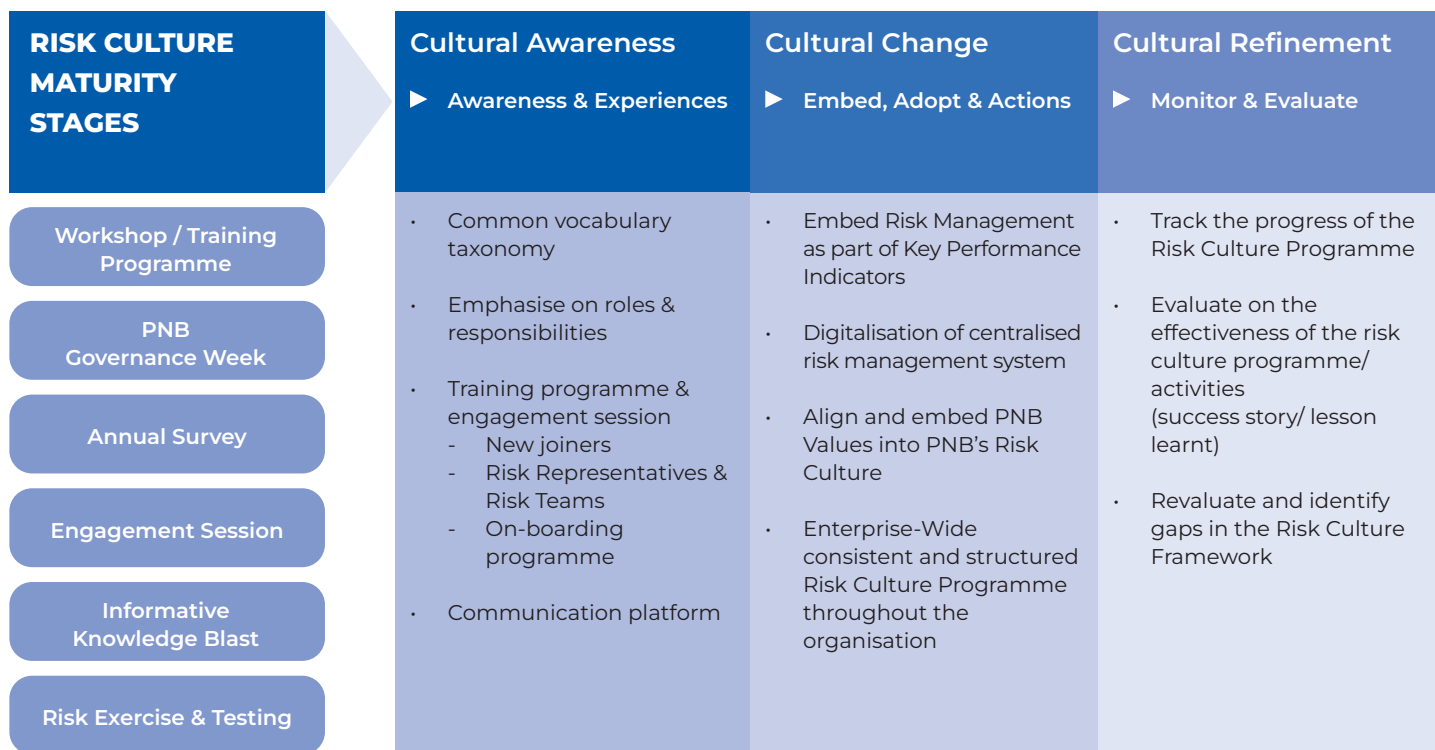
Risk Culture

Risk culture plays a vital role in the execution of risk management strategy, as it greatly influences decision-making processes and shapes the approach to identifying, understanding, discussing, and mitigating risks.

PNB is committed to nurturing a risk-intelligent culture, which encompasses, rapid risk escalation, proactive risk detection, and effective risk management at the enterprise level. In line with these commitments, various efforts were undertaken to cultivate a risk-aware culture where values, principles, mindsets, behaviours, and attitudes towards risk management are embedded throughout the organisation.

The Risk Culture Framework (“RCF”) outlines key focus areas to enhance risk function capabilities and capacities across the organisation. By promoting a culture of collective responsibility, integrity, accountability, and transparency in risk management practices, the RCF encourages collaboration between the First and Second Lines of Defence, ensuring seamless coordination and effective risk monitoring.

With appropriate tools, structure, platforms, and engagement and educational programmes conducted, the RCF aims to elevate the maturity level of risk culture within the organisation.



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 Audit Committee of the Board of PNB, Management Compliance Committee, Technology Committee, Occupational Safety and Health Administration (“OSHA”) Committee, Risk Management Steering Committee, Business Continuity Management Committee and Whistleblowing Committee in PNB.

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. The internal audit personnel are free from any relationships or conflicts of interest, which could impair their objectivity and independence. This commitment is demonstrated by our disclosure of statement of independence in both the audit planning memorandum and audit report, affirming that the assigned auditors have no professional or personal conflicts that may influence the outcome of the audit engagement.

The Group Head of Internal Assurance reports functionally to the Audit Committee (“AC”) of the Board of PNB and administratively to the PGCE.

The IAD helps the Group to accomplish its objectives by bringing a systematic and disciplined approach to assess the adequacy, efficiency and effectiveness of risk management, internal controls, anti-corruption, whistleblowing and governance processes.

The principal responsibility of the IAD is to provide independent, reasonable and objective assurance, alongside offering consulting services aimed at enhancing the value and efficiency of the PNB Group’s operations and internal controls. Furthermore, the IAD conducts investigations, special or ad-hoc reviews or assessments on internal controls upon request from the Management and/or the AC.

The IAD’s coverage extends across all PNB’s business and support units, including its subsidiaries.

The IAD’s Internal Quality Audit (“IQA”) provides an independent assessment and assurance to the certified entities within the PNB Group, aiming to enhance the level of compliance with the documentation and requirements of the relevant International Organization for Standardization (“ISO”) Standards.

As at 31 December 2023, the IAD has a staff strength of 33 individuals from diverse backgrounds and qualifications.

Standards of Practice

The IAD’s processes and activities are guided by the relevant regulatory guidelines, the Internal Audit Charter, the PNB Group’s Code of Business Ethics (“CoBE”) and the mandatory and recommended guidance outlined in the International Professional Practices Framework (“IPPF”) by the Institute of Internal Auditors (“IIA”), which includes the IIA’s Code of Ethics and Standards. Additionally, the IAD is a corporate member of 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”).

Annual Audit Plan

The IAD carried out its activities based on a risk-based annual audit plan approved by the AC. The agile risk-based plan undergoes continual assessment to adapt to significant changes in key risks and indicators that might affect PNB Group’s operations. In formulating this plan, the IAD actively consults with the Senior Management and external auditors, seeking their input to ensure a thorough grasp of organisational needs and risks, thereby aligning the efforts with strategic objectives.

Communicating Results

The IAD’s findings and the Management’s responses are presented to the AC, ensuring that the agreed-upon remedial actions are undertaken by the Management. Prior to presentation to the AC, the Senior Management convenes to deliberate on the IAD’s findings and establish corresponding preventive and corrective action plans. Subsequently, the IAD conducts follow-ups on the respective departments or business units to verify the implementation of necessary action plans and ensure the intended results are achieved.

Quality Assurance Improvement Programme

The IAD has established a structured Quality Assurance and Improvement Programme (“QAIP”), which places a robust emphasis on the effectiveness and efficiency of audit processes. This QAIP is consistently utilised to evaluate the IAD’s audit processes against the International Standards promulgated by the IIA. Internally, an annual assessment is conducted, and at least once every three years, an external assessment by a qualified independent reviewer is undertaken, with the latest assessment conducted in 2021. The results of both internal and external assessments are presented to the AC for review and consideration.

Statement On Risk Management and Internal Control

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 in order to achieve end results with the desired quality and are a crucial element 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 are 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 also a crucial element of the process improvement 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 Document Repository for all SOPs via Knowledge Hub, one-stop centre for PNB’s information. This is to ensure a single source of the latest SOPs and they are adequately protected, and accessible to and understood and implemented by staff members within PNB.

Assurance From PGCE and 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

PNB Group Five-Year Consolidated Cotermious Proforma Financials 176

Independent Auditors' Report 177

Unit Trust Funds 179



PNB Group 5-Year

Consolidated Coterminous Proforma Financials

For The Year Ended 31 December

	2019 RM million	2020 RM million	2021 RM million	2022 RM million	2023 RM million
Gross Income ¹	15,121	14,451	18,309	14,530	16,423
Net Income ¹	10,732	11,018	11,785	10,382	13,036
Total Assets ²	312,005	322,642	336,684	341,609	337,001
Return on Assets ³	3.5%	3.5%	3.6%	3.1%	3.9%

Notes:

1. 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.
2. 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.
3. Return on Assets = Net income divided by average total assets.

Independent Auditors' Report (Incorporated In Malaysia)

Opinion

The summary financial information which comprise 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 2021, 2022 and 2023;
2. Amanah Saham Bumiputera 2 - 31 March 2021, 2022 and 2023;
3. Amanah Saham Bumiputera 3 - Didik - 30 June 2021, 2022 and 2023;
4. Amanah Saham Malaysia - 31 March 2021, 2022 and 2023;
5. Amanah Saham Malaysia - 2 Wawasan - 31 August 2021, 2022 and 2023;
6. Amanah Saham Malaysia 3 - 30 September 2021, 2022 and 2023;
7. Amanah Saham Nasional - 31 December 2021, 2022 and 2023;
8. ASN Equity 2 - 30 June 2021, 2022 and 2023;
9. ASN Imbang (Mixed Asset Balanced) 1 - 30 November 2021, 2022 and 2023;
10. ASN Imbang (Mixed Asset Balanced) 2 - 31 March 2021, 2022 and 2023;
11. ASN Equity 3 - 31 March 2021, 2022 and 2023;
12. ASN Sara (Mixed Asset Conservative) 1 - 31 March 2021, 2022 and 2023;
13. ASN Equity 5 - 30 September 2021, 2022 and 2023;
14. ASN Sara (Mixed Asset Conservative) 2 - 30 September 2021, 2022 and 2023;
15. ASN Imbang (Mixed Asset Balanced) 3 Global – 31 December 2021, 2022 and 2023;
16. ASN Equity Global – financial period ended from 1 September 2021 (launched date) to 31 December 2022 and 31 December 2023;
17. ASN Sukuk – financial period ended from 25 November 2022 (launched date) to 30 June 2023.

In our opinion, the accompanying summary financial information are consistent, in all material respects with the respective audited financial statements, in accordance with the basis described on pages 179 to 212.

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 Imbang (Mixed Asset Balanced) 2, ASN Equity 3, ASN Sara (Mixed Asset Conservative) 1, 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 do 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.

Independent Auditors' Report (Incorporated In Malaysia)

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 179 to 212.

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
13 March 2024
Kuala Lumpur

Unit Trust Funds (Incorporated In Malaysia)

	Launch Date	Fund Type	Fund Category
	2 January 1990	Income	Mixed Asset
	<p>▶ Investment Objective</p> <p>To generate long-term, consistent and competitive returns to unitholders whilst ensuring the preservation of capital at minimal risk tolerance level.</p>		
	<p>▶ Asset Allocation</p> <ul style="list-style-type: none"> 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 <p>▶ Performance Benchmark</p> <p>Maybank 12-Month Fixed Deposit</p>		

Fund Snapshot

Financial Year Ended 31 Dec	2021	2022	2023
Units in Circulation (million units)	181,909	186,365	174,975
Number of accounts	10,367,645	10,639,551	10,857,928

Fund Financials

Summarised Statements of Comprehensive Income for the year ended 31 Dec (RM'000)	2021	2022	2023
Total investment income	10,394,590	8,001,228	8,547,423
Total expenses	3,458,504	1,808,101	965,703
Net income before taxation	6,936,086	6,193,127	7,581,720
Less: Taxation	-	-	-
Net income after taxation	6,936,086	6,193,127	7,581,720
Other comprehensive income	-	-	-
Total comprehensive income	6,936,086	6,193,127	7,581,720

Unit Trust Funds (Incorporated In Malaysia)

Fund Performance

Financial Year Ended 31 Dec	2021	2022	2023
Income Distribution (RM million)	7,510.24	6,179.03	7,534.30
Income Distribution (sen per unit)	4.25	3.35	4.25
Bonus (sen per unit)	0.75	1.25	1.00
Special Bonus (sen per unit)#	-	0.50	-
Benchmark Return (%)	1.85	2.27	2.84

Asset Allocation

(% of Net Asset Value)


Financial Year Ended 31 Dec	2021	2022	2023
Equity	80.61	79.26	83.13
Fixed Income	7.18	8.09	7.45
Others	12.21	12.65	9.42
Total	100.00	100.00	100.00

Notes:

1. Source: Fund Annual Report 2023.
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

Unit Trust Funds (Incorporated In Malaysia)

	Launch Date	Fund Type	Fund Category
	2 April 2014	Income	Mixed Asset
	Investment Objective	To provide a regular income stream whilst preserving unitholders' investment capital through a mixed asset portfolio.	
	Asset Allocation	<ul style="list-style-type: none"> 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	

Fund Snapshot

Financial Year Ended 31 Mar	2021	2022	2023
Units in Circulation (million units)	11,488	11,965	12,420
Number of accounts	459,416	481,030	513,244

Fund Financials

Summarised Statements of Comprehensive Income for the year ended 31 Mar (RM'000)	2021	2022	2023
Total investment income	601,597	645,528	635,058
Total expenses	104,825	129,862	110,246
Net income before taxation	496,772	515,666	524,812
Less: Taxation	-	-	-
Net income after taxation	496,772	515,666	524,812
Other comprehensive income	-	-	-
Total comprehensive income	496,772	515,666	524,812

Unit Trust Funds (Incorporated In Malaysia)

Fund Performance

Financial Year Ended 31 Mar	2021	2022	2023
Income Distribution (RM million)	482.01	506.06	610.48
Income Distribution (sen per unit)	4.25	4.30	5.00
Benchmark Return (%)	1.95	1.85	2.52

Asset Allocation


(% of Net Asset Value)

Financial Year Ended 31 Mar	2021	2022	2023
Equity	78.08	86.33	85.71
Fixed Income	8.85	6.74	8.16
Others	13.07	6.93	6.13
Total	100.00	100.00	100.00

Notes:

1. Source: Fund Annual Report 2023.
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 2001	Fund Type Growth	Fund Category Mixed Asset
	<p>▶ Investment Objective To provide an investment opportunity that generates reasonable long-term growth and returns.</p>		
	<p>▶ Asset Allocation</p> <ul style="list-style-type: none"> • 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 		
	<p>▶ Performance Benchmark Maybank 12-Month Fixed Deposit</p>		

Fund Snapshot

Financial Year Ended 30 Jun	2021	2022	2023
Units in Circulation (million units)	6,785	7,062	7,363
Number of accounts	302,672	308,198	312,476

Fund Financials

Summarised Statements of Comprehensive Income for the year ended 30 Jun (RM'000)	2021	2022	2023
Total investment income	338,838	457,217	461,107
Total expenses	40,669	183,569	99,731
Net income before taxation	298,169	273,648	361,376
Less: Taxation	-	-	-
Net income after taxation	298,169	273,648	361,376
Other comprehensive income	-	-	-
Total comprehensive income	298,169	273,648	361,376

Unit Trust Funds (Incorporated In Malaysia)

Fund Performance

Financial Year Ended 30 Jun	2021	2022	2023
Income Distribution (RM million)	284.92	297.51	364.13
Income Distribution (sen per unit)	4.25	4.25	5.00
Benchmark Return (%)	1.85	1.89	2.74

Asset Allocation


(% of Net Asset Value)

Financial Year Ended 30 Jun	2021	2022	2023
Equity	84.61	71.48	77.06
Fixed Income	10.45	8.78	12.41
Others	4.94	19.74	10.53
Total	100.00	100.00	100.00

Notes:

1. Source: Fund Annual Report 2023.
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	Fund Type	Fund Category
	20 April 2000	Income	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	<ul style="list-style-type: none"> • 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	

Fund Snapshot

Financial Year Ended 31 Mar	2021	2022	2023
Units in Circulation (million units)	21,279	22,087	22,737
Number of accounts	559,222	567,904	575,351

Fund Financials

Summarised Statements of Comprehensive Income for the year ended 31 Mar (RM'000)	2021	2022	2023
Total investment income	1,030,329	1,333,106	1,063,518
Total expenses	191,775	546,511	187,775
Net income before taxation	838,554	786,595	875,743
Less: Taxation	-	-	-
Net income after taxation	838,554	786,595	875,743
Other comprehensive income	-	-	-
Total comprehensive income	838,554	786,595	875,743

Unit Trust Funds (Incorporated In Malaysia)

Fund Performance

Financial Year Ended 31 Mar	2021	2022	2023
Income Distribution (RM million)	850.12	879.80	1,023.61
Income Distribution (sen per unit)	4.00	4.00	4.50
Benchmark Return (%)	1.95	1.85	2.52

Asset Allocation


(% of Net Asset Value)

Financial Year Ended 31 Mar	2021	2022	2023
Equity	79.09	82.42	83.80
Fixed Income	8.48	6.72	6.19
Others	12.43	10.86	10.01
Total	100.00	100.00	100.00

Notes:

1. Source: Fund Annual Report 2023.
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)

 <p>ASM 2 Wawasan</p>	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 <ul style="list-style-type: none"> 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		

Fund Snapshot

Financial Year Ended 31 Aug	2021	2022	2023
Units in Circulation (million units)	23,031	23,533	23,124
Number of accounts	897,145	906,646	914,008

Fund Financials

Summarised Statements of Comprehensive Income for the year ended 31 Aug (RM'000)	2021	2022	2023
Total investment income	1,171,876	933,238	1,084,472
Total expenses	245,027	159,172	45,280
Net income before taxation	926,849	774,066	1,039,192
Less: Taxation	-	-	-
Net income after taxation	926,849	774,066	1,039,192
Other comprehensive income	-	-	-
Total comprehensive income	926,849	774,066	1,039,192

Unit Trust Funds (Incorporated In Malaysia)

Fund Performance

Financial Year Ended 31 Aug	2021	2022	2023
Income Distribution (RM million)	919.06	882.25	1,055.41
Income Distribution (sen per unit)	4.00	3.75	4.50
Benchmark Return (%)	1.85	1.98	2.82

Asset Allocation


(% of Net Asset Value)

Financial Year Ended 31 Aug	2021	2022	2023
Equity	82.49	82.10	84.89
Fixed Income	9.95	9.23	8.02
Others	7.56	8.67	7.09
Total	100.00	100.00	100.00

Notes:

1. Source: Fund Annual Report 2023.
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	Fund Type	Fund Category
	5 August 2009	Income	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	<ul style="list-style-type: none"> 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	

Fund Snapshot

Financial Year Ended 30 Sep	2021	2022	2023
Units in Circulation (million units)	14,826	15,298	15,155
Number of accounts	525,038	551,685	563,460

Fund Financials

Summarised Statements of Comprehensive Income for the year ended 30 Sep (RM'000)	2021	2022	2023
Total investment income	830,587	711,633	870,939
Total expenses	247,454	103,517	217,239
Net income before taxation	583,133	608,116	653,700
Less: Taxation	-	-	-
Net income after taxation	583,133	608,116	653,700
Other comprehensive income	-	-	-
Total comprehensive income	583,133	608,116	653,700

Unit Trust Funds (Incorporated In Malaysia)

Fund Performance

Financial Year Ended 30 Sep	2021	2022	2023
Income Distribution (RM million)	589.31	572.67	688.29
Income Distribution (sen per unit)	4.00	3.75	4.50
Benchmark Return (%)	1.85	2.04	2.83

Asset Allocation


(% of Net Asset Value)

Financial Year Ended 30 Sep	2021	2022	2023
Equity	85.76	84.74	86.46
Fixed Income	6.89	5.99	6.29
Others	7.35	9.27	7.25
Total	100.00	100.00	100.00

Notes:

1. Source: Fund Annual Report 2023.
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	Fund Type	Fund Category
	20 April 1981	Growth	Equity
	Investment Objective	To generate a reasonable level of income distribution and capital appreciation to unitholders through a diversified portfolio of investments.	
	Asset Allocation	<ul style="list-style-type: none"> 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	

Fund Snapshot

Financial Year Ended 31 Dec	2021	2022	2023
Units in Circulation (million units)	1,755	1,732	1,555
Number of accounts	1,213,161	1,210,294	1,205,584

Fund Financials

Summarised Statements of Comprehensive Income for the year ended 31 Dec (RM'000)	2021	2022	2023
Total investment income/(loss)	29,574	(33,534)	89,389
Total expenses	16,075	13,732	12,899
Net income/(loss) before taxation	13,499	(47,266)	76,490
Less: Taxation	-	-	-
Net income/(loss) after taxation	13,499	(47,266)	76,490
Other comprehensive income/(loss)	(4,458)	(9,950)	36,816
Total comprehensive income/(loss)	9,041	(57,216)	113,306
Total comprehensive income/(loss) for the year is made up of the following:			
Realised	32,938	30,253	12,072
Unrealised	(23,897)	(87,469)	101,234
	9,041	(57,216)	113,306

Unit Trust Funds (Incorporated In Malaysia)

Summarised Statements of Financial Position as at 31 Dec (RM'000)	2021	2022	2023
Investments	1,074,728	962,597	944,393
Other Assets	21,070	45,127	33,768
Total Assets	1,095,798	1,007,724	978,161
Liabilities	(29,312)	(42,920)	(35,788)
Unitholder Capital/NAV	1,066,486	964,804	942,373

Fund Performance

Financial Year Ended 31 Dec	2021	2022	2023
Distribution Yield (%)	2.63	2.98	2.89
Total Return (%)	0.55	(5.66)	11.96
Benchmark Return (%)	(2.96)	(3.76)	1.11

Financial Year Ended 31 Dec	1 Year	3 Years	5 Years
Annualised Total Return (%)	11.96	2.03	1.81
Benchmark Return (%)	1.11	(1.91)	(0.79)

Asset Allocation


(% of Net Asset Value)

Financial Year Ended 31 Dec	2021	2022	2023
Equity	88.14	84.31	87.06
Fixed Income	2.93	5.22	5.48
Others	8.93	10.47	7.46
Total	100.00	100.00	100.00

Notes:

1. Source: Fund Annual Report 2023.
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	Fund Type	Fund Category
	9 June 1999	Growth	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	<ul style="list-style-type: none"> 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	

Fund Snapshot

Financial Year Ended 30 Jun	2021	2022	2023
Units in Circulation (million units)	1,299	1,237	1,196
Number of accounts	34,577	35,409	35,954

Fund Financials

Summarised Statements of Comprehensive Income for the year ended 30 Jun (RM'000)	2021	2022	2023
Total investment income/(loss)	61,024	(47,412)	23,924
Total expenses	12,574	10,004	6,857
Net income/(loss) before taxation	48,450	(57,416)	17,067
Less: Taxation	-	-	-
Net income/(loss) after taxation	48,450	(57,416)	17,067
Other comprehensive income/(loss)	12,075	(44,021)	2,290
Total comprehensive income/(loss)	60,525	(101,437)	19,357
Total comprehensive income/(loss) for the year is made up of the following:			
Realised	24,268	13,186	1,520
Unrealised	36,257	(114,623)	17,837
	60,525	(101,437)	19,357

Unit Trust Funds (Incorporated In Malaysia)

Summarised Statements of Financial Position as at 30 Jun (RM'000)	2021	2022	2023
Investments	662,255	560,803	462,676
Other Assets	37,263	33,762	37,174
Total Assets	699,518	594,565	499,850
Liabilities	(40,362)	(95,620)	(41,705)
Unitholder Capital/NAV	659,156	498,945	458,145

Fund Performance

Financial Year Ended 30 Jun	2021	2022	2023
Distribution Yield (%)	3.47	2.78	2.79
Total Return (%)	5.42	(18.27)	(2.40)
Benchmark Return (%)	4.05	(5.64)	(1.01)

Financial Year Ended 30 Jun	1 Year	3 Years	5 Years
Annualised Total Return (%)	(2.40)	(5.61)	(4.52)
Benchmark Return (%)	(1.01)	(0.95)	(2.19)

Asset Allocation


(% of Net Asset Value)

Financial Year Ended 30 Jun	2021	2022	2023
Equity	86.83	83.75	84.54
Fixed Income	3.15	2.03	6.73
Others	10.02	14.22	8.73
Total	100.00	100.00	100.00

Notes:

1. Source: Fund Annual Report 2023.
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	Fund Type	Fund Category
	17 March 2003	Growth & Income	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	<ul style="list-style-type: none"> 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	

Fund Snapshot

Financial Year Ended 31 Mar	2021	2022	2023
Units in Circulation (million units)	2,164	1,992	1,947
Number of accounts	86,306	84,950	83,689

Fund Financials

Summarised Statements of Comprehensive Income for the year ended 31 Mar (RM'000)	2021	2022	2023
Total investment income	134,816	21,928	23,471
Total expenses	26,895	24,865	20,022
Net income/(loss) before taxation	107,921	(2,937)	3,449
Less: Taxation	-	-	-
Net income/(loss) after taxation	107,921	(2,937)	3,449
Other comprehensive income/(loss)	253,390	17,747	(59,762)
Total comprehensive income/(loss)	361,311	14,810	(56,313)
Total comprehensive (loss)/income for the year is made up of the following:			
Realised	76,834	52,707	32,231
Unrealised	284,477	(37,897)	(88,544)
	361,311	14,810	(56,313)

Unit Trust Funds (Incorporated In Malaysia)

Summarised Statements of Financial Position as at 31 Mar (RM'000)	2021	2022	2023
Investments	1,979,369	1,750,781	1,596,907
Other Assets	33,294	52,072	50,720
Total Assets	2,012,663	1,802,853	1,647,627
Liabilities	(84,015)	(84,272)	(85,142)
Unitholder Capital/NAV	1,928,648	1,718,581	1,562,485

Fund Performance

Financial Year Ended 31 Mar	2021	2022	2023
Distribution Yield (%)	3.96	2.96	2.50
Total Return (%)	18.32	(0.34)	(4.60)
Benchmark Return (%)	18.73	(1.06)	(6.36)

Financial Year Ended 31 Mar	1 Year	3 Years	5 Years
Annualised Total Return (%)	(4.60)	4.00	(1.40)
Benchmark Return (%)	(6.36)	3.23	(3.13)

Asset Allocation


(% of Net Asset Value)

Financial Year Ended 31 Mar	2021	2022	2023
Equity	85.99	82.40	86.20
Fixed Income	6.75	6.86	7.30
Others	7.26	10.74	6.50
Total	100.00	100.00	100.00

Notes:

1. Source: Fund Annual Report 2023.
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)

 <p>ASN Equity 5</p>	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 <ul style="list-style-type: none"> • 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		

Fund Snapshot

Financial Year Ended 30 Sep	2021	2022	2023
Units in Circulation (million units)	344	378	304
Number of accounts	11,202	13,297	14,237

Fund Financials

Summarised Statements of Comprehensive Income for the year ended 30 Sep (RM'000)	2021	2022	2023
Total investment income/(loss)	22,897	(13,934)	23,922
Total expenses	7,913	5,195	4,248
Net income/(loss) before taxation	14,984	(19,129)	19,674
Less: Taxation	-	-	-
Net income/(loss) after taxation	14,984	(19,129)	19,674
Other comprehensive income/(loss)	23,839	(18,085)	17,235
Total comprehensive income/(loss)	38,823	(37,214)	36,909
Total comprehensive income/(loss) for the year is made up of the following:			
Realised	12,017	9,803	11,061
Unrealised	26,806	(47,017)	25,848
	38,823	(37,214)	36,909

Unit Trust Funds (Incorporated In Malaysia)

Summarised Statements of Financial Position as at 30 Sep (RM'000)	2021	2022	2023
Investments	328,194	314,631	258,322
Other Assets	13,267	8,261	25,972
Total Assets	341,461	322,892	284,294
Liabilities	(13,225)	(10,246)	(9,542)
Unitholder Capital/NAV	328,236	312,646	274,752

Fund Performance

Financial Year Ended 30 Sep	2021	2022	2023
Distribution Yield (%)	2.99	2.83	2.89
Total Return (%)	10.71	(10.77)	12.30
Benchmark Return (%)	3.01	(8.83)	4.87

Financial Year Ended 30 Sep	1 Year	3 Years	5 Years
Annualised Total Return (%)	12.30	3.52	1.18
Benchmark Return (%)	4.87	(0.53)	(2.33)

Asset Allocation


(% of Net Asset Value)

Financial Year Ended 30 Sep	2021	2022	2023
Equity	88.44	83.07	82.07
Fixed Income	-	9.46	3.77
Others	11.56	7.47	14.16
Total	100.00	100.00	100.00

Notes:

1. Source: Fund Annual Report 2023.
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)

 <p>ASN Imbang 1</p>	Launch Date	Fund Type	Fund Category
	16 October 2001	Balanced	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	<ul style="list-style-type: none"> • 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	

Fund Snapshot

Financial Year Ended 30 Nov	2021	2022	2023
Units in Circulation (million units)	1,002	916	837
Number of accounts	44,752	47,559	54,304

Fund Financials

Summarised Statements of Comprehensive Income for the year ended 30 Nov (RM'000)	2021	2022	2023
Total investment income/(loss)	53,215	(22,923)	54,704
Total expenses	13,710	12,895	11,268
Net income/(loss) before taxation	39,505	(35,818)	43,436
Less: Taxation	-	-	-
Net income/(loss) after taxation	39,505	(35,818)	43,436
Other comprehensive income/(loss)	29,972	(5,143)	26,821
Total comprehensive income/(loss)	69,477	(40,961)	70,257
Total comprehensive income/(loss) for the year is made up of the following:			
Realised	30,688	25,372	11,788
Unrealised	38,789	(66,333)	58,469
	69,477	(40,961)	70,257

Unit Trust Funds (Incorporated In Malaysia)

Summarised Statements of Financial Position as at 30 Nov (RM'000)	2021	2022	2023
Investments	978,414	791,532	778,864
Other Assets	8,571	44,941	33,142
Total Assets	986,985	836,473	812,006
Liabilities	(33,818)	(27,512)	(33,020)
Unitholder Capital/NAV	953,167	808,961	778,986

Fund Performance

Financial Year Ended 30 Nov	2021	2022	2023
Distribution Yield (%)	2.88	3.07	3.45
Total Return (%)	6.38	(4.28)	9.04
Benchmark Return (%)	(0.45)	(0.64)	1.70

Financial Year Ended 30 Nov	1 Year	3 Years	5 Years
Annualised Total Return (%)	9.04	3.55	3.20
Benchmark Return (%)	1.70	0.16	0.42

Asset Allocation


(% of Net Asset Value)

Financial Year Ended 30 Nov	2021	2022	2023
Equity	59.83	47.99	61.56
Fixed Income	34.44	34.54	29.58
Others	5.73	17.47	8.86
Total	100.00	100.00	100.00

Notes:

1. Source: Fund Annual Report 2023.
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)

 <p>ASN Imbang 2</p>	Launch Date 17 March 2003	Fund Type Growth & 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 <ul style="list-style-type: none"> 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		

Fund Snapshot

Financial Year Ended 31 Mar	2021	2022	2023
Units in Circulation (million units)	1,460	1,286	1,133
Number of accounts	85,147	83,245	81,218

Fund Financials

Summarised Statements of Comprehensive Income for the year ended 31 Mar (RM'000)	2021	2022	2023
Total investment income	169,266	5,604	6,415
Total expenses	17,765	17,932	14,177
Net (loss)/income before taxation	151,501	(12,328)	(7,762)
Less: Taxation	-	-	-
Net income/(loss) after taxation	151,501	(12,328)	(7,762)
Other comprehensive (loss)/income	73,282	11,208	(3,262)
Total comprehensive (loss)/income	224,783	(1,120)	(11,024)
Total comprehensive (loss)/income for the year is made up of the following:			
Realised	49,054	35,300	32,021
Unrealised	175,729	(36,420)	(43,045)
	224,783	(1,120)	(11,024)

Unit Trust Funds (Incorporated In Malaysia)

Summarised Statements of Financial Position as at 31 Mar (RM'000)	2021	2022	2023
Investments	1,374,038	1,115,105	1,014,329
Other Assets	24,284	95,363	29,345
Total Assets	1,398,322	1,210,468	1,043,674
Liabilities	(48,124)	(54,583)	(63,416)
Unitholder Capital/NAV	1,350,198	1,155,885	980,258

Fund Performance

Financial Year Ended 31 Mar	2021	2022	2023
Distribution Yield (%)	3.36	2.85	3.12
Total Return (%)	16.64	(0.10)	(0.69)
Benchmark Return (%)	12.32	0.12	(3.00)

Financial Year Ended 31 Mar	1 Year	3 Years	5 Years
Annualised Total Return (%)	(0.69)	4.99	1.09
Benchmark Return (%)	(3.00)	2.94	(0.91)

Asset Allocation


(% of Net Asset Value)

Financial Year Ended 31 Mar	2021	2022	2023
Equity	58.87	55.04	48.97
Fixed Income	28.96	29.19	42.47
Others	12.17	15.77	8.56
Total	100.00	100.00	100.00

Notes:

1. Source: Fund Annual Report 2023.
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	Fund Type	Fund Category
	16 September 2020	Growth & Income	Mixed Asset Balanced
	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	<ul style="list-style-type: none"> 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	

Fund Snapshot

Financial Year Ended 31 Dec	2021	2022	2023
Units in Circulation (million units)	1,380	1,511	1,043
Number of accounts	29,378	36,812	33,788

Fund Financials

Summarised Statements of Comprehensive Income for the year ended 31 Dec (RM'000)	2021	2022	2023
Total investment income/(loss)	25,828	(148,033)	176,292
Total expenses	19,095	23,074	19,001
Net income/(loss) before taxation	6,733	(171,107)	157,291
Less: Taxation	-	-	-
Net income/(loss) after taxation	6,733	(171,107)	157,291
Other comprehensive loss	(1,375)	(4,612)	(218)
Total comprehensive income/(loss)	5,358	(175,719)	157,073
Total comprehensive income/(loss) for the year is made up of the following:			
Realised	13,397	8,833	5,558
Unrealised	(8,039)	(184,552)	151,515
	5,358	(175,719)	157,073

Unit Trust Funds (Incorporated In Malaysia)

Summarised Statements of Financial Position as at 31 Dec (RM'000)	2021	2022	2023
Investments	1,394,369	1,329,250	1,020,481
Other Assets	29,263	38,045	66,733
Total Assets	1,423,632	1,367,295	1,087,214
Liabilities	(18,689)	(11,462)	(31,329)
Unitholder Capital/NAV	1,404,943	1,355,833	1,055,885

Fund Performance

Financial Year Ended 31 Dec	2021	2022	2023
Distribution Yield (%)	1.23	0.50	0.50
Total Return (%)	3.04	(11.45)	13.47
Benchmark Return (%)	16.68	(6.45)	13.29

Financial Year Ended 31 Dec	1 Year	3 Years	5 Years
Annualised Total Return (%)	13.47	0.57	1.06
Benchmark Return (%)	13.29	5.62	6.67

Asset Allocation


(% of Net Asset Value)

Financial Year Ended 31 Dec	2021	2022	2023
Equity	55.18	36.83	39.65
Fixed Income	14.84	42.95	38.95
Others	29.98	20.22	21.40
Total	100.00	100.00	100.00

Notes:

1. Source: Fund Annual Report 2023.
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)

 <p>ASN Sara 1</p>	Launch Date 17 March 2003	Fund Type Growth & 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 <ul style="list-style-type: none"> 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			

Fund Snapshot

Financial Year Ended 31 Mar	2021	2022	2023
Units in Circulation (million units)	2,609	2,395	2,555
Number of accounts	85,776	96,801	128,589

Fund Financials

Summarised Statements of Comprehensive Income for the year ended 31 Mar (RM'000)	2021	2022	2023
Total investment income	220,710	12,031	1,387
Total expenses	31,091	32,713	31,945
Net (loss)/income before taxation	189,619	(20,682)	(30,558)
Less: Taxation	-	-	-
Net income/(loss) after taxation	189,619	(20,682)	(30,558)
Other comprehensive (loss)/income	66,370	23,975	(19,820)
Total comprehensive (loss)/income	255,989	3,293	(50,378)
Total comprehensive (loss)/income for the year is made up of the following:			
Realised	89,024	75,375	88,338
Unrealised	166,965	(72,082)	(138,716)
	255,989	3,293	(50,378)

Unit Trust Funds (Incorporated In Malaysia)

Summarised Statements of Financial Position as at 31 Mar (RM'000)	2021	2022	2023
Investments	2,973,011	2,617,508	2,662,957
Other Assets	45,229	99,062	195,676
Total Assets	3,018,240	2,716,570	2,858,633
Liabilities	(94,487)	(102,295)	(207,256)
Unitholder Capital/NAV	2,923,753	2,614,275	2,651,377

Fund Performance

Financial Year Ended 31 Mar	2021	2022	2023
Distribution Yield (%)	3.14	2.75	3.31
Total Return (%)	11.22	0.10	(1.81)
Benchmark Return (%)	8.13	0.86	(0.77)

Financial Year Ended 31 Mar	1 Year	3 Years	5 Years
Annualised Total Return (%)	(1.81)	3.01	1.64
Benchmark Return (%)	(0.77)	2.67	0.52

Asset Allocation


(% of Net Asset Value)

Financial Year Ended 31 Mar	2021	2022	2023
Equity	29.25	36.6	28.14
Fixed Income	56.5	54.45	63.62
Others	14.25	8.95	8.24
Total	100.00	100.00	100.00

Notes:

- Source: Fund Annual Report 2023.
- 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)

 <p>ASN Sara 2</p>	Launch Date 24 September 2018	Fund Type Conservative	Fund Category Mixed Asset
	<p>▶ Investment Objective To provide investors with liquidity and regular income stream with potential long-term capital growth.</p>		
	<p>▶ Asset Allocation</p> <ul style="list-style-type: none"> • 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 		
	<p>▶ Performance Benchmark 30% FTSE Bursa Malaysia 100 (FBM100): 70% Maybank 12-Month Fixed Deposit</p>		

Fund Snapshot

Financial Year Ended 30 Sep	2021	2022	2023
Units in Circulation (million units)	1,712	1,553	1,265
Number of accounts	42,860	44,421	42,944

Fund Financials

Summarised Statements of Comprehensive Income for the year ended 30 Sep (RM'000)	2021	2022	2023
Total investment income/(loss)	59,949	(70,525)	77,994
Total expenses	21,628	19,202	16,089
Net income/(loss) before taxation	38,321	(89,727)	61,905
Less: Taxation	-	-	-
Net income/(loss) after taxation	38,321	(89,727)	61,905
Other comprehensive income/(loss)	24,255	(25,592)	12,025
Total comprehensive income/(loss)	62,576	(115,319)	73,930
Total comprehensive income/(loss) for the year is made up of the following:			
Realised	48,738	45,085	43,884
Unrealised	13,838	(160,404)	30,046
	62,576	(115,319)	73,930

Unit Trust Funds (Incorporated In Malaysia)

Summarised Statements of Financial Position as at 30 Sep (RM'000)	2021	2022	2023
Investments	1,750,478	1,398,105	1,188,542
Other Assets	28,807	60,033	34,948
Total Assets	1,779,285	1,458,138	1,223,490
Liabilities	(49,700)	(44,261)	(50,409)
Unitholder Capital/NAV	1,729,585	1,413,877	1,173,081

Fund Performance

Financial Year Ended 30 Sep	2021	2022	2023
Distribution Yield (%)	2.77	2.94	3.62
Total Return (%)	3.58	(7.20)	5.52
Benchmark Return (%)	2.40	(2.03)	3.66

Financial Year Ended 30 Sep	1 Year	3 Years	5 Years
Annualised Total Return (%)	5.52	0.48	1.89
Benchmark Return (%)	3.66	1.28	0.77

Asset Allocation


(% of Net Asset Value)

Financial Year Ended 30 Sep	2021	2022	2023
Equity	37.46	29.36	31.07
Fixed Income	50.35	58.20	64.41
Others	12.19	12.44	4.52
Total	100.00	100.00	100.00

Notes:

1. Source: Fund Annual Report 2023.
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 Equity Global	Launch Date	Fund Type	Fund Category
	1 September 2021	Growth	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	<ul style="list-style-type: none"> 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	

Fund Snapshot

Financial Year Ended 31 Dec	2022	2023
Units in Circulation (million units)	954	685
Number of accounts	24,146	22,110

Fund Financials

Summarised Statements of Comprehensive Income for the year ended 31 Dec (RM'000)	2022	2023
Total investment income/(loss)	(134,132)	147,899
Total expenses	21,274	15,227
Net income/(loss) before taxation	(155,406)	132,672
Less: Taxation	-	-
Net income/(loss) after taxation	(155,406)	132,672
Other comprehensive income	-	-
Total comprehensive income/(loss)	(155,406)	132,672
Total comprehensive income/(loss) for the year is made up of the following:		
Realised	(90,701)	11,628
Unrealised	(64,705)	121,044
	(155,406)	132,672

Unit Trust Funds (Incorporated In Malaysia)

Summarised Statements of Financial Position as at 31 Dec (RM'000)	2022	2023
Investments	778,838	668,193
Other Assets	12,450	48,240
Total Assets	791,288	716,433
Liabilities	(1,654)	(41,675)
Unitholder Capital/NAV	789,634	674,758

Fund Performance

Financial Year Ended 31 Dec	2022	2023
Distribution Yield (%)	-	-
Total Return (%)	(17.21)	18.92
Benchmark Return (%)	(12.02)	22.04

Financial Year Ended 31 Dec	3 Years	5 Years
Annualised Total Return (%)	18.92	(17.21)
Benchmark Return (%)	22.04	(12.02)

Asset Allocation


(% of Net Asset Value)

Financial Year Ended 31 Dec	2022	2023
Equity	70.30	74.48
Fixed Income	-	-
Others	29.70	25.52
Total	100.00	100.00

Notes:

1. Source: Fund Annual Report 2023.
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 25 November 2022	Fund Type Income	Fund Category Sukuk
	<p>▶ Investment Objective Provide unitholders with stable income and capital appreciation opportunities through investment mainly in a portfolio of sukuk and other Islamic liquid assets.</p> <p>▶ Asset Allocation The fund seeks to achieve its objectives by investing in the following:</p> <ul style="list-style-type: none"> • 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 • Maximum of 20% of its NAV in unrated sukuk <p>▶ Performance Benchmark 90% RF BPAM Sukuk Index and 10% Maybank One- Month Fixed Deposit (FD)-iRate.</p>		

Fund Snapshot

Financial Year Ended 30 Jun	2023
Units in Circulation (million units)	707,800
Number of accounts	16,603

Fund Financials

Summarised Statements of Comprehensive Income for the year ended 30 Jun (RM'000)	25.11.2022 to 30.6.2023
Total investment income	17,514
Total expenses	2,143
Net income/(loss) before taxation	15,371
Less: Taxation	-
Net income after taxation	15,371
Other comprehensive income	-
Total comprehensive income	15,371
Total comprehensive income for the year is made up of the following:	
Realised	8,348
Unrealised	7,023
	15,371

Unit Trust Funds (Incorporated In Malaysia)

Summarised Statements of Financial Position as at 30 Jun (RM'000)		2023
Investments		721,566
Other Assets		14,056
Total Assets		735,622
Liabilities		(13,918)
Unitholder Capital/NAV		721,704

Fund Performance

Financial Year Ended 30 Jun		2023
Distribution Yield (%)		1.84
Total Return (%)		3.84
Benchmark Return (%)		5.42

Financial Year Ended 30 Jun		Since inception
Annualised Total Return (%)		3.84
Benchmark Return (%)		5.42

Asset Allocation

(% of Net Asset Value)

Financial Year Ended 30 June		2023
Equity		-
Fixed Income		91.56
Others		8.44
Total		100.00

Notes:

1. Source: Fund Annual Report 2023.
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.

Appendix

Enterprise GHG Performance Disclosure Statement

214

Statement of Assurance

217



Enterprise GHG Performance Disclosure Statement

This year, PNB obtained limited assurance of our Scope 1 (Mobile Combustion), Scope 2 (Purchased Electricity), Scope 3 Category 5 (Waste Generated in Operations) and Scope 3 Category 6 (Business Travel) and emits an equivalent of 8,192 tCO₂e (location-based method) or 6,097 tCO₂e (market-based method) emissions for the period between 1 January 2023 to 31 December 2023.

The calculation of the emission by scope above is aligned to the GHG Protocol and used relevant emission factors sourced from UK Government GHG Conversion Factor 2022 and 2023, EPA 2022, US Environmentally-Extended Input-Output (USEEIO) and local database emissions by the Malaysia Energy Commission. We used the global warming potential (GWP) of the Sixth Assessment Report of the Intergovernmental Panel on Climate Change to measure the impact of emissions from GHGs with the impact of emissions from the equivalent amount of CO₂.

The GHGs that we measure included CO₂, CH₄, N₂O, HFCs, PFCs, SF₆, NF₃. A further breakdown and details for each scope will be explained later in the document.

Organizational Boundaries

The organisational boundaries for this disclosure includes operating offices for entities as follows:

Country	Entity	Office Occupied in Building
Malaysia	<ol style="list-style-type: none"> 1. PNB HQ* 2. Amanah Saham Nasional Berhad ("ASNB") 3. Pelaburan Hartanah Nasional Berhad ("PHNB") 4. PNB Merdeka Ventures Sdn Bhd ("PNBMV") 5. PNB Research Institute Sdn Bhd ("PNBRI") 6. PNB Commercial Sdn Bhd ("PNBC") 7. PNB Development Sdn Bhd ("PNBD") 8. Attana Hotels & Resorts Sdn Bhd ("AHR") 	<ol style="list-style-type: none"> 1. Menara PNB 2. 32 ASNB branches located in Menara PNB, Shah Alam, Seremban, Bayan Lepas, Ipoh, Kangar, Sg Petani, Batu Pahat, Kuantan, Kota Bharu, Kuala Terengganu, Putrajaya, Kuala Selangor, Melaka, Butterworth, Teluk Intan, Alor Setar, Johor Bahru, Segamat, Temerloh, Pasir Puteh, Kota Kinabalu, Sandakan, Tawau, Sibul, Bintulu, Limbang, Keningau, Lahad Datu, Kuching, Miri, Sri Aman. 3. PNBD business offices in Kajang and Kota Seriemas. 4. PNBC business offices in Johor Bahru, Kuala Lumpur, Mutiara and Sg Petani. 5. AHR business office in Kuala Lumpur.
United Kingdom	<ol style="list-style-type: none"> 9. PNB (UK) Limited ("PNB UK") 	<ol style="list-style-type: none"> 6. PNB House 77 Victoria Street

Note:

* PNB HQ refers to Permodalan Nasional Berhad at the company level only

All listed properties in the table above are 100% owned by PNB. Properties deemed as real estate investments are not considered as part of PNB Enterprise emission.

The limited assurance includes the following GHG emission:

- Scope 1 (Mobile Combustion)
- Scope 2 (Purchased Electricity)
- Scope 3 Category 5 (Waste Generated in Operations)
- Scope 3 Category 6 (Business Travel)

Scope 1 Mobile Combustion:

- Scope 1 emissions comprised of mobile combustion which is fuel usage by company vehicles measured from PNB HQ, ASNB, PNBC, PNBD, and AHR in FY2023.

Scope 2 Purchased Electricity:

- Scope 2 emissions comprised indirect emissions from purchased and consumed electricity.
- Scope 2 emissions are calculated using the market and location-based methods separately.
- Scope 2 market-based emissions include the reduction number from the purchase of RECs for Q3 2024 for all entities under Enterprise boundary except for PNB UK and GET for buildings that subscribed to GET from mid of February 2023 to end of July 2023.

Enterprise GHG Performance Disclosure Statement

Scope 3 Category 5 Waste Generated in Operations:

- Scope 3 Category 5 Waste Generated in Operations emissions comprised emissions from disposal and treatment of waste generated in PNB HQ, PNB UK and PNBC in FY2023.

Scope 3 Category 6 Business Travel:

- Scope 3 Category 6 Business Travel emissions comprised emissions from transportation of employees for business-related activities FY2023 for all entities covered under Enterprise.

Sources of Emissions (tCO₂e)

Scope	2022	2023
Scope 1 Mobile Combustion	200	149
Scope 2 Purchased Electricity (location-based)	6,028	6,140
Scope 2 Purchased Electricity (market-based)		4,045
Scope 2 reduction from GET	0	551
Scope 2 reduction from RECs	0	1,544
Solar REC	0	907
Biogas REC	0	637
Scope 3 Category 5 Waste Generated in Operations	61	55
Scope 3 Category 6 Business Travel	1,314	1,848

Note: Restated 2022 baseline emission (not part of assurance exercise)

Methodology

The calculation for Scope 1 Mobile Combustion involves the following:

- Data collection from each business units on their fuel consumption or mileage travelled of company vehicles of PNB HQ, ASNB, PNBC, PNBD and AHR for the period of 1 January 2023 to 31 December 2023.
- Calculation of the fuel consumption (consumption-based approach) with specific emission factors according to type of fuel i.e. petrol or diesel.
- Calculation of mileage travelled in km (distance-based approach) where there is no record of fuel consumption, using specific emission factors according to type of vehicle i.e. average-sized motorcycle and average-sized car.
- Calculation of estimated emissions based on conversion of value of fuel purchased to litres based on prevailing corresponding fuel price with specific emission factors to the type of fuel.
- Calculation of estimated emissions for vehicles with no recorded fuel consumption and mileage travelled using average emission calculated from similar type of vehicle and fuel.

For Scope 2 Purchased Electricity:

- Data collection from each business units on their kWh electricity consumption for the period of 1 January 2023 to 31 December 2023.
- Calculation of the kWh consumed with specific emission factors for Peninsular Malaysia, Sabah, Sarawak, and the United Kingdom.
- Reduction of CO₂ calculated via the purchase of RECs and subscription of GET have a zero emission factor. The total emission of Scope 2 after reduction is disclosed as per market-based emissions.

For Scope 3 Category 5 Waste Generated in Operations:

- The waste generated data is computed between period of 1 January 2023 to 31 December 2023.
- The waste data is collected according to specific type of waste which includes paper (landfill), plastic (landfill), mixed waste (landfill), paper (recycling), plastic (recycling) and metal (recycling).
- Data for mixed waste to landfill and paper consumption were recorded via invoices issued by service providers, where available.
- Emissions are calculated by multiplying emission factor based on weight of waste generated for each waste type and waste disposal method. We filled a one-month data gap by estimating the weight of waste disposed. To do this, we averaged the waste collected per pickup during FY2023 and then multiplied this average by the number of pickups for the relevant month.

Enterprise GHG Performance Disclosure Statement

For Scope 3 Category 6 Business Travel:

1. The amount of business travel activities by each business unit is computed between the period of 1 January 2023 to 31 December 2023.
2. We prioritised consumption-based data over the spend-based in calculating the emissions.

The 2023 emissions is then compared with the base year of 2022 to determine the movement in the total emissions. 2022 is selected as the baseline year due to the following considerations:

1. 2022 represents the most recent full year in which the economy has fully operated post-Covid 19.
2. 2022 data provides a fairer comparison in terms of business activity and current business state.
3. Based on the assurance exercise conducted, emission for Scope 1, Scope 2, Scope 3 Category 5, and Scope 3 Category 6 in 2022 has been restated in the spirit of transparency. The restatement includes the use of updated emission factors for Scope 2 and improvement in data accuracy for Scope 1, Scope 3 Category 5, and Scope 3 Category 6.

Assured GHG Emissions

Based on the assurance exercise, the assured GHG emissions comprise of the following:

Scope 1 Mobile Combustion	
Source of emission factor	UK Government GHG Conversion Factor 2022
Total emission	149 tCO ₂ e
Scope 2 Purchased Electricity	
Total electricity consumption of PNB Enterprise	8,463,572 kWh
Total location-based Scope 2 PNB Enterprise Emission	6,140 tCO ₂ e
Source of location-based method emission factor	Malaysia Energy Commission and UK Government GHG Conversion Factor 2022
Total market-based Scope 2 PNB Enterprise Emission	4,045 tCO ₂ e
Source of market-based method emission factor	Malaysia Energy Commission and UK Government GHG Conversion Factor 2022
Total GET subscribed	726,614 kWh
Total REC purchased	2,118,140 kWh
Total emission reduced (market-based)	2,094,420 tCO ₂ e
Scope 3 Category 5 Waste Generated in Operations	
Total waste generated – mixed waste (landfill)	92 tonnes
Source of emission factor	EPA 2022
Total waste generated – paper (recycling)	0.5 tonnes
Source of emission factor	UK Government GHG Conversion Factor 2022
Total waste generated – paper (landfill)	6.03 tonnes
Source of emission factor	UK Government GHG Conversion Factor 2023
Total emission	55 tCO ₂ e
Scope 3 Category 6 Business Travel	
Source of emission factor	UK Government GHG Conversion Factor 2022 (for consumption-based approach)
	US Environmentally-Extended Input-Output (for spend-based approach)
Total emission	1,848 tCO ₂ e

Statement of Assurance



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To the Board of Directors of Permodalan Nasional Berhad

Independent Limited Assurance Statement on Selected Sustainability Key Performance Indicators for Permodalan Nasional Berhad

Scope

We have been engaged by Permodalan Nasional Berhad (“PNB”) to perform a ‘limited assurance engagement’, as defined by International Standards on Assurance Engagements, here after referred to as the engagement, to report on selected subject matters (the “Subject Matter”) contained in PNB’s (the “Company’s”) Integrated Annual Report as of 21 June 2024 for the year ended 31 December 2023 (the “IAR 2023”).

The scope of our work was limited to the selected Subject Matter presented in the IAR 2023 and did not include coverage of data sets or information unrelated to the data and information underlying the selected Subject Matter and related disclosures; nor did it include information reported outside of the IAR 2023, comparisons against historical data, or management’s forward-looking statements.

Subject Matter

Our limited assurance engagement was performed for the selected Subject Matter listed in the table below, as presented in the IAR 2023:

Subject Matter	Scope
Direct (Scope 1) GHG emissions - Mobile combustion	<ul style="list-style-type: none"> • PNB HQ* • Amanah Saham Nasional Berhad (“ASNB”) & branches • Attana Hotels & Resorts Sdn. Bhd. (“AHR”) • PNB Commercial Sdn. Berhad (“PNBC”) • PNB Development Sdn. Berhad (“PNBD”)
Indirect (Scope 2) GHG emissions - Purchased electricity	<ul style="list-style-type: none"> • PNB HQ* • ASNB & branches • AHR • PNB Research Institute Sdn. Berhad (“PNBRI”) • PNBC • PNBD • PNB (UK) Limited (“PNB UK”) • PNB Merdeka Ventures Sdn. Berhad (“PNBMV”) • Pelaburan Hartanah Nasional Berhad (“PHNB”)

Statement of Assurance



Subject Matter	Scope
Other indirect (Scope 3) GHG emissions Category 5: Waste generated in operations	<ul style="list-style-type: none"> • PNB HQ* • PNBC • PNB UK
Other indirect (Scope 3) GHG emissions Category 6: Business travel	<ul style="list-style-type: none"> • PNB HQ* • ASNB & branches • AHR • PNBRI • PNBC • PNBD • PNB UK • PNBMV • PHNB

* PNB HQ refers to PNB at the company-level only.

Criteria applied by PNB

In preparing the Subject Matter, PNB applied the Global Reporting Initiative (GRI) Standards, GHG Protocol and PNB's relevant policies and procedures ("Criteria").

PNB's responsibilities

PNB's management is responsible for selecting the Criteria, and for presenting the Subject Matter in accordance with that Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the subject matter, such that it is free from material misstatement, whether due to fraud or error.

EY's responsibilities

Our responsibility is to express a conclusion on the presentation of the Subject Matter based on the evidence we have obtained.

We conducted our engagement in accordance with the *International Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* ('ISAE 3000 (Revised)') and *International Standard for Assurance Engagements on Greenhouse Gas Statements* ('ISAE 3410') (collectively referred to as the "Standards") and the terms of reference for this engagement as agreed with Permodalan Nasional Berhad on 10 June 2024. Those Standards require that we plan and perform our engagement to express a conclusion on whether we are aware of any material modifications that need to be made to the Subject Matter in order for it to be in accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgement, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusions.

Statement of Assurance



Our independence and quality management

We have maintained our independence and confirm that we have met the requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, and have the required competencies and experience to conduct this assurance engagement.

EY also applies International Standard on Quality Management 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services engagements*, which requires that we design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Description of procedures performed

Procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the Subject Matter and related information, and applying analytical and other appropriate procedures.

Our procedures included:

- ▶ Conducted interviews with personnel to understand the business
- ▶ Conducted interviews with key personnel to understand the process for collecting, collating and reporting the subject matter during the reporting period
- ▶ Checked that the calculation criteria have been correctly applied in accordance with the methodologies outlined in the Criteria
- ▶ Undertook analytical procedures of the data and made inquiries of management to obtain explanations for any significant differences we identified
- ▶ Analytical procedures and inspection of documents on a sample basis with respect to the compilation and reporting of the Subject Matter
- ▶ Tested, on a sample basis, underlying source information to check the accuracy of the data
- ▶ Performed recalculations of Subject Matter using input data
- ▶ Checked that measurements made at the end of the reporting period are timely entered in the records and the IAR 2023

We also performed such other procedures as we considered necessary in the circumstances.

Statement of Assurance



Conclusion

Based on our procedures and the evidence obtained, we are not aware of any material modifications that should be made to the Subject Matter stated above in our report as of 21 June 2024 for the year ended 31 December 2023, in order for it to be in accordance with the Criteria.

Restricted use

This report is intended solely for the information and use of PNB and is not intended to be and should not be used by anyone other than those specified parties.

A handwritten signature in black ink, appearing to read 'Ernst & Young', is positioned above the printed name of the firm.

Ernst & Young Consulting Sdn. Bhd.
21 June 2024
Kuala Lumpur, Malaysia



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