



KHAZANAH
NASIONAL



ADVANCING
MALAYSIA



THE
KHAZANAH REPORT
2021



KHAZANAH
NASIONAL

*“Kain belacu kain sutera,
Tenunan indah penuh rahsia;
Negara maju rakyat sejahtera,
Ekonomi mampan, memajukan Malaysia”*

At Khazanah, the work that we do touches the lives of a wide range of people. Over the years, we have woven threads into Malaysia’s rich social fabric that in turn contribute towards the development of this nation of ours. We will continue to move this nation forward through economic progress and social well-being. *Advancing Malaysia* is our goal for the nation and its people, and we carry this responsibility with pride and honour.

ADVANCING MALAYSIA

Scan to watch
the video



At Khazanah, we are committed to invest and deliver sustainable value for Malaysians, via economic and societal benefits

INTRODUCTION

The *Khazanah Report 2021* (TKR2021) outlines Khazanah Nasional Berhad's (Khazanah) achievements as well as vision and strategies that define our role as the sovereign wealth fund of Malaysia.

The Malay word *khazanah* traces its origins to the Arabic word for 'treasure'. The name Khazanah Nasional means 'national treasure', which reflects our responsibility in safeguarding and growing the nation's wealth.



**DATO' AMIRUL
FEISAL WAN ZAHIR**
Managing Director



Advancing Malaysia defines our strategies on how we would create value and positively impact our stakeholders: Government, Private Sector and Community."

The cover of TKR2021 is inspired by our *Advancing Malaysia* strategy through investments and activities that deliver sustainable value for Malaysians. *Advancing Malaysia* has always been at the core of Khazanah's DNA and it will continue to guide our work in the coming years.

The cover images depict what Malaysia has achieved throughout the decades by laying the foundation for a sustainable future. The seeds we plant today will advance the nation tomorrow. A society continues to grow when people plant trees in whose shades their children shall one day sit. Khazanah's mandate strives to achieve this philosophical goal.



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A FULLY DIGITAL REPORT

As part of our sustainability efforts and move towards digitisation, we do not print *The Khazanah Report*. You may now view the report via our website and scan to download this report in PDF format.

CHAPTER ONE



AN OVERVIEW

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WHO WE ARE

Khazanah is the sovereign wealth fund of Malaysia

Khazanah Nasional Berhad (Khazanah) was incorporated on 3 September 1993 under the Malaysian Companies Act as a public limited company and commenced operations in 1994. Khazanah is owned by the Minister of Finance (Incorporated), except for one share held by the Federal Land Commissioner.

Since its inception, Khazanah's role has evolved from holding strategic stakes in the large Government-Linked Companies (GLCs), to investing into new growth areas for the nation.

Khazanah is a global investor, with investments spanning across global markets, asset classes, sectors, and geographies.

At present, Khazanah is led by Dato' Amirul Feisal Wan Zahir, who was appointed as the Managing Director in July 2021. He reports to the Board of Directors, chaired by the Prime Minister, Dato' Sri Ismail Sabri Yaakob.

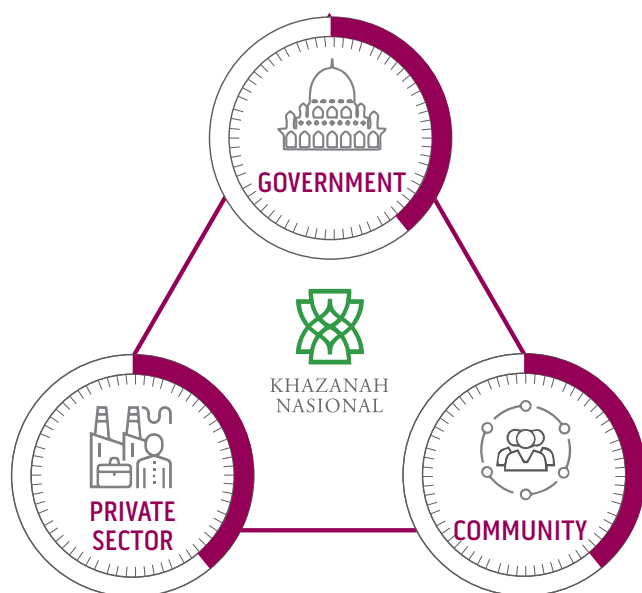


OUR PURPOSE

Khazanah invests to deliver sustainable value for Malaysians

Through our investments and activities, we seek to deliver sustainable economic and societal benefits for the nation that contribute towards *Advancing Malaysia*. We do this by achieving long-term risk-adjusted returns across our portfolio, as well as undertaking investments that catalyse new growth areas, strengthen Malaysia's economic competitiveness, and contribute to impactful socio-economic outcomes. We also invest and operate responsibly to ensure that everything we do has long-lasting impact towards a better future for Malaysia.

Our position as a bridge between the Government, Private Sector, and Community provides us a unique platform to execute our purpose in addressing the needs and supporting the national development agenda.



With deep understanding of the issues and challenges faced by our key stakeholders, we aspire to play a role in several key areas:

- **Catalyse new growth ecosystems** to increase Malaysia's economic competitiveness and build national resilience
- **Spur Malaysia's economic growth** by being an active participant in Malaysia's capital market – especially given that the majority of our portfolio is in Malaysian public assets
- **Invest globally to grow our portfolio**, while finding opportunities to facilitate capital flows, networks, and knowledge from the rest of the world into Malaysia
- **Deliver societal value for Malaysians** through our investments and activities

OUR STRATEGY

Four Strategic Imperatives to deliver our Purpose

We have identified four Strategic Imperatives that define what we must do to succeed in delivering on our purpose.

Investing to deliver sustainable value for Malaysians

Strategic Imperatives



Building on our
Financial Strength

Creating a
Sustainable Future

Developing a
Winning Team

Our Core Values

We hold ourselves
ACCOUNTABLE

Delivering results in
an ethical manner



We **RESPECT**
different viewpoints

Deriving value from diverse
ideas and opinions



We **SUPPORT**
one another

Being mindful of priorities
and circumstances of others



Khazanah will undertake four key initiatives to deliver impactful outcomes for the nation through **Advancing Malaysia**.



1

Dana Impak

Invest in catalytic sectors through Dana Impak, to strengthen the country's resilience and open new growth opportunities. Six themes have been identified, namely:

- Digital Society and Technology Hub
- Quality Health and Education for all
- Decent Work and Social Mobility
- Food and Energy Security
- Building Climate Resilience
- Competing in Global Markets

Dana Impak for
socio-economic
impact

RM6b
Over the next 5
years

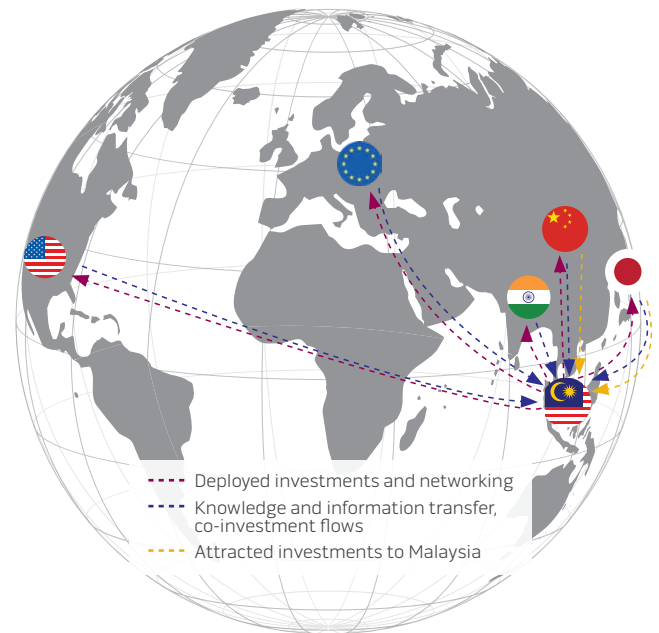
2

Active Corporate Player

Participate as an active shareholder to create value in Malaysia's capital markets. Given that the majority of our portfolio is in Malaysian public assets, we constantly look for opportunities to 'crowd-in' new private investments, drive best-in-class performance in our investee companies, and work with regulators to improve the regulatory environment. We aim to encourage our investee companies in future-proofing their businesses through embracing technology and sustainability to navigate the current challenging economic climate.



3

Global Investor

We invest globally across various asset classes to create wealth for Malaysia. International investments currently make up approximately 30% of our Commercial Fund across several asset classes, including Public and Private Equities, and Real Assets. While we make these investments overseas to grow our portfolio value, we also look for opportunities to facilitate flows of knowledge, networks, and investment opportunities into Malaysia.

4

Building Capacity and Vibrant Communities

Build capacity and develop vibrant communities for the benefit of Malaysians through our activities and via our affiliated entities such as Yayasan Hasanah, Khazanah Research Institute, Taman Tugu, Think City and Yayasan Khazanah.

For more information, please go to Chapter 4 - Sustainability (Community Engagement) ►



A 66-acre green-lung in the heart of Kuala Lumpur, Taman Tugu is an urban forest park for the community and a CSR initiative led by Khazanah.

Building on our Financial Strength is core for Khazanah in *Advancing Malaysia*, and we do this by investing into a well-diversified portfolio to achieve our long-term risk-adjusted returns targets, as well as maintain financial discipline through prudent management of debt and liquidity. This includes continuing our efforts towards rebalancing our portfolio in achieving our target Strategic Asset Allocation (SAA) which should reduce risk while producing optimal returns. Khazanah will also look to turnaround some of its assets, especially those directly impacted by the pandemic and other structural issues.

Creating a Sustainable Future will see Khazanah embed Environmental, Social, and Governance (ESG) considerations into everything we do, from how we make investment decisions to how our employees go about their daily work. We also aim to play a leading role in shaping an equitable and responsible ESG transition for Corporate Malaysia.

Lastly, **Developing a Winning Team** is crucial in delivering our mandate by instilling a culture of high performance and collaboration, equipping employees with future-proof skillsets, and adopting new technologies for higher productivity.

The execution of our long-term strategy is underpinned by our Core Values of holding ourselves accountable, respecting different viewpoints, and supporting one another.



2021 SELECTED KEY EVENTS

- Khazanah Activities
■ External and Investee Companies

AN OVERVIEW

2021

JAN

FEB

MAR

MAY

JAN

Regulation
Movement
Control Order 2.0

25 JAN

Research

KHAZANAH
RESEARCH
INSTITUTE

Launch of Report -
*System Dynamics
Model of Industrial
Crops*

**FEB**

Regulation
National
COVID-19
Immunisation
Programme

MAR

Regulation
Conditional Movement
Control Order

4 MAR

Reporting



Khazanah Annual
Review 2021

22 MAR

Investment



Completion of Malaysia
Aviation Group Berhad
(MAGB) restructuring
process

MAY

Regulation
Movement Control
Order 3.0

4 MAY

Investment



Launch of Khazanah
Impact Innovation
Challenge 2021

5 MAY

Funding



Issuance of
unrated sukuk of
USD1.0b

2021 SELECTED
KEY EVENTS

- Khazanah Activities
- External and Investee Companies

**JUN**

Regulation

Full Movement
Control Order**15 JUN**

Regulation

National Recovery
Plan**21 JUN**

Reporting

KHAZANAH
RESEARCH
INSTITUTELaunch of Book
- Navigating
Challenges,
Realising
Opportunities
of Digital
Transformation**23 SEP**

Reporting

KHAZANAH
RESEARCH
INSTITUTELaunch of
Report -
*Building
Resilience:
Towards
Inclusive
Social
Protection in
Malaysia***4-6 OCT**

Research

KHAZANAH
MEGATRENDS
FORUM 2021Khazanah Megatrends
Forum 2021**29 OCT**

Nation-building

CERDIK devices
distributed to 150,000
students**OCT - DEC**

Outreach

YAYASAN
HASANAH

Foundation of Hasanah Hasanah

Arts for
All Seasons**NOV**

Investment

Dana Impak execution
strategy approved**17-18 NOV**

Outreach

YAYASAN
HASANAH

Foundation of Hasanah Hasanah

The Hasanah
Forum 2021**20 DEC**

Outreach

Khazanah and
Yayasan Hasanah
pledged RM7.5m
to help flood
victims

2022

AN OVERVIEW

JUN

SEP

OCT

NOV

DEC

MESSAGE FROM THE CHAIRMAN

Bismillahirrahmanirrahim,

The year in review has been the most challenging period in our nation's history, due to the global spread of the COVID-19 pandemic. Malaysia not only experienced the brunt of its impact, but the after-effects of the pandemic would still be felt in the years to come. However, the Almighty's Will has brought us all to the light at the end of the tunnel where one test after another has begun to show us a clear and hopeful path to recovery.

Malaysia has opened international borders and this has considerably brightened the business sector's hopes of a recovery. This will also spur the national economy to become more competitive, resilient and further embrace the global revolution of Industry 4.0.

This strong national spirit is further demonstrated by the government's initiative to foster and strengthen the ethos of *Keluarga Malaysia*. The core of inclusiveness and togetherness can be the foundation for our beloved nation to face the current economic challenges and to build a more resilient financial position, *Insyah-Allah*.

DATO' SRI ISMAIL SABRI YAAKOB
Chairman
Khazanah Nasional Berhad



Impact of COVID-19

COVID-19, to a certain extent, has eroded the nation's financial position, which was diligently built over the years by the government and the *rakyat*. The negative impact on Government-Linked Companies (GLCs), corporate and manufacturing sectors which are all national revenue generators, cannot be understated.

Nevertheless, this challenging situation that we are in, can be seen as an opportunity for us all to find solutions together in order to further revitalise the national economy.

This pandemic has not only burdened the country at a governmental level but also caused the *rakyat* to suffer greatly. This monumental national challenge is a moment of collective reflection for us all to reject differences and celebrate our common values



Dato' Sri Ismail Sabri Yaakob at Taman Tugu during the World Environment Day celebration 2022.

“
The core of inclusiveness
and togetherness can be
the foundation for our
beloved nation”

as a country. Unconsciously, the spirit of *Keluarga Malaysia* has allowed us to move past our differences and foster an openness for the *rakyat* to contribute ideas to strengthen the economy. We must take this opportunity to build a better, more resilient and unified nation to enjoy greater economic prosperity in the post-pandemic era. In this way, we can not only be stronger economically but also enjoy greater national unity.

Response to COVID-19

Since the onset of the pandemic, Malaysia had embraced a holistic approach to fighting COVID-19, with the government and communities working together to battle a severe crisis, the likes of which have never been seen before. The government employed a clear strategy focusing on three main thrusts; fine-tuning the healthcare delivery system to curb the spread of the virus; prioritising the treatment of infected citizens; and providing fiscal injections into the economy to help buffer it from global impacts as well as protect livelihoods through a variety of initiatives.



Dato' Sri Ismail Sabri Yaakob at 100 Hari Aspirasi Keluarga Malaysia event.

Simultaneously, the government also introduced a RM530 billion economic stimulus package, which was 36% of Malaysia's Gross Domestic Product (GDP). This important package was designed to promote inclusive economic growth, curb poverty and provide a social security blanket especially for the most vulnerable sections of the population. This package also play an instrumental role in assisting businesses and industries to sustain themselves during these unprecedented times.

We continue to be optimistic. Bank Negara Malaysia has projected an economic growth of between 5.3% to 6.3% for 2022. As a trading nation, our economic expectations have brightened, supported by rising global demand, re-opening of international borders, recovery in the labour market, and continuing government policies.

Nevertheless, this projection is subject to the risk of new, transmissible COVID-19 variants, geopolitical tensions, volatility of financial markets, and global supply chains.

Performance of Khazanah

I am cognisant of the fact that Khazanah does not expect recovery in hard-hit sectors such as aviation and tourism until 2023 but I am very confident in the management's ability to do their best to overcome the specific challenges impacting these important sectors and create sustainable growth for the long-term. I am also encouraged by Khazanah's positive overall performance in 2021 despite the significant commercial obstacles caused by the Movement Control Order (MCO) and a tepid global economy. I am confident Khazanah is now perfectly positioned to aggressively embark on the signature strategic initiative, *Advancing Malaysia*.

Thanks and Appreciation

The years have shown us the importance of strong stakeholder relationships, as positive enablers to assist Khazanah attain positive and sustainable outcomes. This co-dependence and interoperability of organisations and ecosystems proved to be so important when the pandemic struck. It was a clear demonstration of how robust networks and ecosystems are essential for seamless cooperation in the worst times of a crisis.

I humbly offer my deepest gratitude and thanks to all concerned stakeholders who continue to give selflessly when the nation needs it the most. Such value cannot be measured quantitatively and the nation is grateful for all their dedication and hard work.

I also extend my deepest gratitude to all treasured colleagues on the Khazanah Board as well as to members of the senior management who have shown great wisdom and perspective. A very warm appreciation is also reserved for Tan Sri Shahril Ridza Ridzuan who vacated the post of Khazanah Managing Director in August 2021 to pursue other interests. On behalf of the Khazanah Board, I wish him great success in all his future endeavours.

I would also like to express my highest appreciation to my predecessor, the former Chairman, Tan Sri Dato' Haji Muhyiddin Haji Md Yassin for his deep commitment and guidance to the Board and senior



Dato' Sri Ismail Sabri Yaakob at the GLC Open Day 2022.

management team during his tenure. As Chairman, I will continue to build on the good works of my predecessors in order to strengthen and position Khazanah for the future. This task is now of even more critical importance due to the emergence of the global pandemic. Nevertheless, I am heartened by Khazanah's zeal to continue innovating and reinventing the organisation to face an ever fluid and unpredictable business operating environment, for the benefit of *rakyat* Malaysia.

Lastly, let me express my gratitude to all Khazanah staff for embracing their Core Values in helping to enrich the lives of *Keluarga Malaysia* through various national initiatives, either directly or indirectly. Thank you.

DATO' SRI ISMAIL SABRI YAAKOB
Chairman

BOARD OF DIRECTORS

The Board is led by the Prime Minister of Malaysia, Dato' Sri Ismail Sabri Yaakob, which is collectively responsible for overseeing the performance of Khazanah

AN OVERVIEW



Goh Ching Yin
Director, Chairman of
EXCO, Member of ARC
and Member of NRC

**Dato' Seri
Mohamed
Azmin Ali**
Director

**Dato' Sri Ismail
Sabri Yaakob**
Chairman

**Tengku Datuk
Seri Utama
Zafrul Tengku
Abdul Aziz**
Director

**Dato' Amirul
Feisal Wan Zahir**
Managing
Director and
Member of EXCO

**Dato' Zainal
Abidin Putih**
Director and
Chairman of
ARC

**Tan Sri Mohammed
Azlan Hashim**
Director, Chairman of
NRC and Member of
EXCO

**Datuk Azian
Mohd Aziz**
Director and
Member of ARC

Lau Seng Yee
Director,
Member of
EXCO and
Member of
NRC

**Dato' Mohamed
Nasri
Sallehuddin**
Company
Secretary

ARC - Audit & Risk Committee

EXCO - Executive Committee

NRC - Nomination & Remuneration Committee



Scan to read
their profiles

MESSAGE FROM THE MANAGING DIRECTOR

Salam Sejahtera,

Welcome to the 10th edition of our annual report, *The Khazanah Report 2021 (TKR2021)*. The year 2021 continued to be challenging as the world was still reeling from and navigating the uncertainties of the COVID-19 pandemic. Countries, including Malaysia, were doubling down on vaccinations to accelerate the transition towards an endemic phase. Against this backdrop, Khazanah also seized the opportunity to recalibrate our long-term strategies. Our purpose to deliver sustainable value for Malaysians remains the same, but we have newly defined strategic imperatives which outline what we must do to succeed in *Advancing Malaysia*.

**DATO' AMIRUL FEISAL
WAN ZAHIR**
*Managing Director
Khazanah Nasional Berhad*



“ Khazanah’s Net Asset Value (NAV) in 2021 grew from RM79 billion to RM86 billion”



Dato' Feisal at Khazanah Annual Review 2022 media briefing.

2021 Financial Snapshot

Despite the tough year, Khazanah continued to grow its portfolio value with Net Asset Value (NAV) growing from RM79 billion in 2020 to RM86 billion in 2021, translating to a compounded annual growth rate of 5.8% since 2004. Operating profits stood lower at RM670 million compared to RM2.9 billion in 2020 mainly due to the provision of significant financial support to our aviation and tourism assets due to the devastating pandemic.

Our financial position remained strong as we reduced our Operating Expenses (OPEX) from RM490 million in 2020 to RM420 million in 2021. The Realisable Asset Value (RAV) over debt ratio remained healthy at 2.8 times despite debt rising to RM48 billion from RM43 billion in the previous year. In 2021, we delivered RM2 billion in dividends to support the government's efforts in tackling the pandemic.

The Commercial Fund had a strong performance with a NAV Time-Weighted rate of return (TWRR) of 19.0%, representing a three-year rolling return of 7.0%. This was attributed mainly to the recovery of our Malaysian listed portfolios, monetisation of our Private Equity investments overseas, and strong returns from our Public Equities - Developed Market portfolio.

For the Strategic Fund, it recorded a NAV TWRR of negative 11.4% where we continued to support many of our pandemic-impacted assets, namely in the aviation and tourism sectors. Despite this, the timely completion of Malaysia Aviation Group's (MAGB) restructuring exercise, which reduced liabilities by RM15 billion, is a significant milestone which will make the airline more financially resilient ahead of the recovery in air travel.



Adventure Waterpark Desaru Coast, Johor.

Looking Forward and Our Long-term Strategies Towards Advancing Malaysia

In 2021, we re-examined how we could better fulfil our mandate to deliver sustainable value for Malaysians. The pandemic showed us how resilient Malaysia was in facing the crisis, and we seized this opportunity to strengthen our strategy to allow Khazanah, and ultimately Malaysia, to rebound to greater heights. The resulting strategy is themed on *Advancing Malaysia*, which define our strategies more comprehensively on how we will address the issues and challenges faced by our key stakeholders: Government, Private Sector and Community.

Firstly, we target to spur and catalyse new growth areas to make Malaysia more resilient and competitive via Dana Impak, a RM6 billion commitment for catalytic sectors. The initiatives will have specific financial commitments to be aligned with the national agenda and will be guided by a set of outcomes such as increasing household incomes, improving other socio-economic measures, and promoting crowding-in by the private sector.

Secondly, Khazanah will strengthen its role as an active corporate player. This is critical in the pursuit of rejuvenating our assets following two consecutive years of downward pressure on operating profits. As shareholders, we continue to push the limits of our investee companies, expecting both the Board and management team to focus on value creation initiatives such as identifying key growth areas, strengthening their competitive edge, and in essence staying ahead of the curve in a rapidly changing operating environment.

Thirdly, we will also continue to be a global investor to grow our portfolio while finding opportunities to facilitate flows of knowledge, networks, and investment opportunities into Malaysia. With our investments overseas, we have also built strong relationships for both Khazanah and Malaysia, which has enhanced Malaysia's reputation as a progressive nation that participates meaningfully in the global economy and investment community.

Fourthly, continuing our efforts since 2006, we remain committed in building capacity and vibrant communities that aims to enhance societal value creation that will benefit all Malaysians. These initiatives will be determined based on the current societal landscape and will be done either directly or via our entities such as Yayasan Hasanah, Khazanah Research Institute, Taman Tugu, and Yayasan Khazanah.



Kuala Lumpur International Airport (KLIA).

In carrying out our strategies, we will ensure Sustainability and ESG values are embedded in all aspects of our business as we ensure actions consider the full impact to the environment and communities alike. To enhance Khazanah's financial strength, we are also consolidating the commercial and strategic funds into a single portfolio to further streamline the performance management and monitoring of our investments.

With a redefined framework in addressing the multiple stakeholders, we believe we are able to more effectively address the challenges they face. Details of our new strategic imperatives can be explored further in this report.

“

We remain committed in building capacity and vibrant communities... that will benefit all Malaysians”

Notable Activities

In 2021, we developed a much more holistic sustainability strategy including establishing a set of Guiding Principles. We also conducted an ESG materiality assessment on our portfolio, identifying material areas pertinent to Khazanah and our stakeholders. Overall, this serves as part of our efforts of a responsible transition towards a sustainable future.

Outside of our investment activities, our continued support towards the national development agenda



GLC/GLIC Disaster Response Network (GDRN) reaching out to the flood victims at the end of 2021.

saw various initiatives by our related entities. On top of their corporate responsibility efforts in education, knowledge, and community development, Yayasan Hasanah was a key driver in helping communities affected by the pandemic and the flood disaster.

Taman Tugu continued to attract visitors to the 66-acre park despite the pandemic, whilst Khazanah Research Institute's research continued to focus on issues critical to the nation, and Yayasan Khazanah's ongoing efforts in developing human capital continues to award prestigious scholarships to deserving students. The Khazanah Megatrends Forum returned in 2021, albeit fully virtual following a pause in the previous year due to the pandemic, in which we explored topics in understanding how our world was influenced and shaped by the various facets of history and also humanity itself.

As part of the government's initiative to upskill unemployed graduates due to the pandemic, Khazanah also participated in the MySTEP initiative and was successful in training more than 4,000 participants with an 85% employment success rate.



Dato' Feisal with Khazanah Board and staff at the GLC Open Day 2022.

Thanks and Appreciation

I would like to extend my warmest welcome to our new Chairman, Dato' Sri Ismail Sabri Yaakob and express my sincere thanks to the Chairman and Board for their continued guidance and oversight.

In this regard, I would like to express my utmost gratitude to Tan Sri Dato' Haji Muhyiddin Haji Md Yassin and Tan Sri Shahril Ridza Ridzuan, both of whom have since left the Board of Directors and have contributed immensely to Khazanah especially during a period of great uncertainty.

The efforts seen in this past year would not have been possible without the collective efforts of Khazanah's staff, investee companies, and entities, and I would like to thank them for this. Indeed, we have much more to do whilst navigating these uncertainties. Let us look forward to another exciting year and continue to remain steadfast in serving our mandate with integrity and professionalism.

Dato' Amirul Feisal Wan Zahir
Managing Director

SENIOR MANAGEMENT TEAM

We draw on the experience and capabilities of our Senior Management Team, which is collectively responsible for implementing and delivering our strategies

AN OVERVIEW



Bryan Lim
Executive Director
Head, Dana Impak and
Head, Healthcare

Latifah Daud
Executive Director
Head, Strategic
Human Capital
Management

**Dato' Amirul
Feisal Wan
Zahir**
Managing
Director

**Faridah
Bakar Ali**
Chief
Financial
Officer

**Datuk Amran Hafiz
Affifudin**
Executive Director
Head, Energy,
Iskandar, Leisure &
Tourism

Hisham Hamdan
Executive Director
Head, Public
Markets

**Tengku Dato' Sri
Azmil Zahrudin
Raja Abdul Aziz**
Chief Investment
Officer

**Dato' Mohamed
Nasri Sallehuiddin**
Executive Director
Head, Corporate &
Support Services,
Company Secretary
and Head, Legal

**Suhana Dewi
Selamat**
Executive Director
Head, Governance,
Risk & Compliance

Geoff Lee
Executive Director
Head, Private
Markets and Head,
Technology



Scan to read
their profiles

SENIOR MANAGEMENT TEAM

AN OVERVIEW



Wong Shu Hsien
*Head, Infrastructure
and Airlines*

**Selvendran
Katheerayson**
Head, Real Assets

**Effizal Faiz
Zulkifly**
Head, Consumer

**Dr Farid
Mohamed Sani**
*Director,
Investments*

**Nik Sharifidin Nik
Mohamed Din**
Head, Strategy

Ong King How
*Director,
Investments*

Nicholas Khaw
Head, Research

**Sherliza
Zaharudin**
*Head, Corporate
Communications*



Scan to read
their profiles

We would like to extend our gratitude and appreciation to the following former Senior Management Team members for their contribution:

SERENA TAN
*Executive Director
Head, Private Markets
and Head, Financial
Institutions Group (FIG)*
Serena Tan left Khazanah
in April 2022 after serving
for 17 years.

**MOHD RASLAN MD
SHARIF**
*Head, Corporate
Communications*
Mohd Raslan left
Khazanah in December
2021 after serving for 10
years.

**SHAHIN FAROUQUE
JAMMAL AHMAD**
Head, Special Situations
Shahin Farouque left
Khazanah in November
2021 after serving for 5
years.

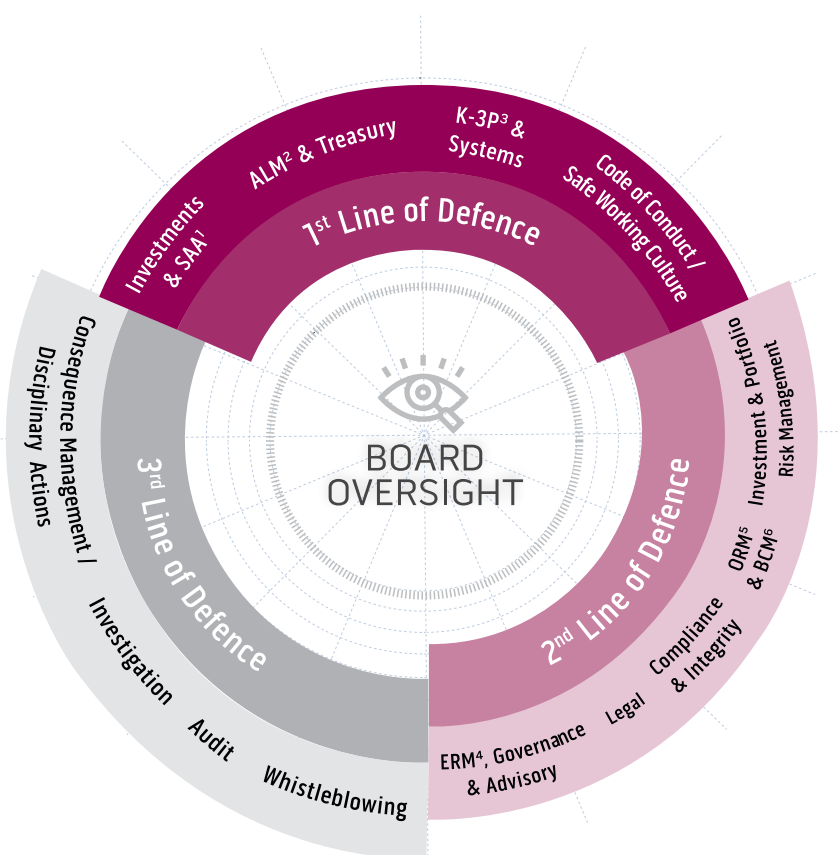
GOVERNANCE AND ACCOUNTABILITY FRAMEWORK

The Framework was adopted by the Board in 2004 and was updated in June 2021 to highlight the Board's oversight function and Khazanah's Core Values

Our Framework of Integrity, Governance and Risk Management (FIGR) serves as a guide for the effective management of risks, and to inculcate a culture of good corporate governance and risk management throughout the institution.

We operate within the framework of a clearly defined mandate that is aligned with the national development objectives of the government.

The Framework was adopted by the Board in 2004 and was updated in June 2021 to highlight the Board's oversight function and Khazanah's Core Values. The FIGR sets the parameters to guide our overall business operations according to our Core Values by which we hold ourselves accountable, respect different viewpoints and support one another, with accountability to the Board at its core.



¹ SAA - Strategic Asset Allocation

² ALM - Asset and Liability Management

³ K-3P - Khazanah Policies, Processes & Procedures

⁴ ERM - Enterprise Risk Management

⁵ ORM - Operational Risk Management

⁶ BCM - Business Continuity Management

Governance

The Board of Directors (Board) governs our operations and is ultimately accountable and responsible for Khazanah's overall governance – this includes both performance and conformance matters. The Prime Minister of Malaysia is the Chairman of our Board and is supported by a group of qualified individuals with diverse professional backgrounds and expertise as Board members. A Board Charter sets out the roles and responsibilities of the Board in overseeing the management of Khazanah, and the FIGR includes a Schedule of Matters for the Board, Limits of Authority for Management, a Risk Management Policy, a Code of Conduct, and other relevant matters.

The Board is assisted by three subcommittees – the Executive Committee (EXCO), the Audit and Risk Committee (ARC) and the Nomination and Remuneration Committee (NRC). The four-member EXCO comprises three non-Executive Directors and an Executive Director; and the three-member NRC comprises three non-Executive Directors. The ARC is to have not less than three members, with a majority (including its Chairman) comprising independent non-Executive Directors.

At the management-level, a Management Committee (MC), and Investments Committee (IC) are in place to oversee the operational & investment-related matters¹.

Public Accountability

We comply with statutory public disclosure requirements concerning our investments, divestments, and capital-raising exercises. We also make appropriate disclosures of our performance and operations, both to meet legal and regulatory requirements and on a voluntary basis to our stakeholders via various platforms.

Our accounts are audited by an independent external auditor, and the audited financial statements are submitted to the Companies Commission of Malaysia. Financial data is disclosed to our shareholder (Minister of Finance, Inc). We publish our audited financial statements on our website and through annual publications including *The Khazanah Report*.

Stakeholder engagement remains a priority for us. Various outreach programmes are organised for the media, asset managers and partners, government agencies, parliamentarians and civil society organisations, to inform them of our operations, activities and performance. This is intended to enhance their understanding of Khazanah.



DR. ESMA NIZAM ABDUL SAMAD
Senior Vice President,
Governance, Risk & Compliance

“

I am proud to be part of an organisation that places exceptional emphasis on governance, integrity and ethical standards, as well as continuously supporting human capital development and personal growth.”

¹ Asset and Liability Management Committee (ALCO) was set up in March 2022 to oversee the Asset and Liability management and strategy

CHAPTER TWO



PERFORMANCE REVIEW

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Other Organisational Achievements	33
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PERFORMANCE HIGHLIGHTS

SNAPSHOT
OF KEY
HIGHLIGHTS

Khazanah registered growth against the backdrop of a challenging pandemic environment, with its overall NAV posting a Compounded Annual Growth Rate (CAGR) of 5.8% since 2004

For the year under review, Khazanah's NAV grew from RM79b to RM86b, largely attributed to the strong performance of Commercial Fund (CF) which achieved NAV TWRR of 19.0%, with a rolling three-year return of 7.0%. This has positioned Khazanah to be on track to meet its long-term five-year rolling target of Consumer Price Index (CPI) +3.0%. The positive performance was mainly due to the recovery of our listed portfolios in Malaysia after three years of underperformance, successful monetisation of Private Equity (PE) investments in the US and Europe, and strong performance from our new Public Equities Developed Market (DM) programmes.



GOH KEAT SIANG
Director, Investments

“Khazanah’s journey towards creating greater prosperity for the nation is supported by rigorous portfolio monitoring, governance frameworks, and operational processes aimed at improving effectiveness and efficiency. While 2021 was a challenging year globally, we remained diligent about growing our NAV through value creation and risk mitigation at our portfolio companies.”



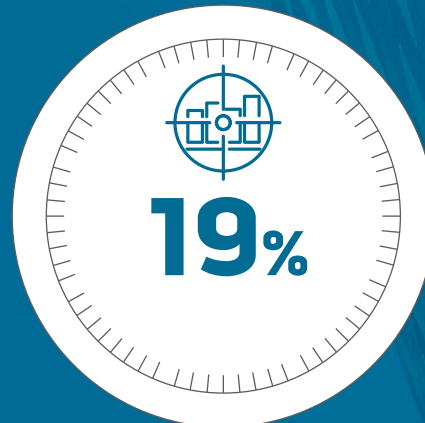
SNAPSHOT OF KEY HIGHLIGHTS

TOTAL NAV



NAV grew from **RM79b to RM86b** in 2021

CF NAV TWRR



CF 2021 NAV Time-Weighted Rate of Return (TWRR) of **19%** - **exceeding target of Consumer Price Index +3.0%**

PROFIT

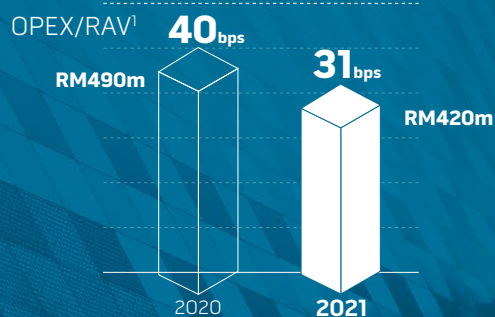


Recorded profit of **RM670m** with a dividend payment of **RM2b** for 2021

DIVIDENDS



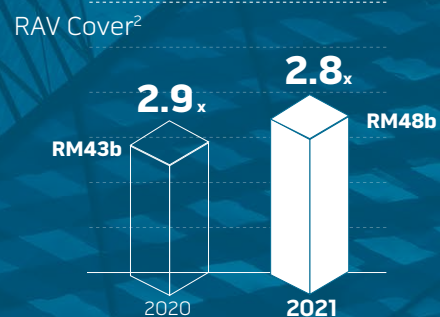
OPERATING EXPENDITURE



Long-term target level of 30-35bps.

¹RAV = Realisable Asset Value

DEBT



Long-term target level of 3.0x - 4.0x.

² RAV Cover = RAV / Debt

PERFORMANCE HIGHLIGHTS

Khazanah continued to support many of its assets in the Strategic Fund (SF) to weather the impact of the COVID-19 pandemic and protect shareholder value. Despite the challenging conditions, Khazanah achieved several significant milestones including the timely completion of Malaysia Aviation Group's (MAGB) restructuring exercise which reduced liabilities by RM15b. This major corporate restructuring exercise will make MAGB more financially resilient and readies the airline operations for the anticipated recovery in air travel in 2022.

“
Khazanah continued to support assets in the Strategic Fund to buffer them from the impact of the pandemic and protect shareholder value”

Khazanah delivered a profit from operations of RM670m, compared to RM2.9b in 2020. The reduced profit was mainly due to the financial assistance extended to the airlines and tourism investee companies as these sectors continue to be impacted by the COVID-19 pandemic. It was also due to lower fair value gains as well as lower dividend income received from our investee companies on the back of subdued 2020 earnings.



**MOHAMAD RAFIQ
MUBARAK ALI**
*Senior Vice President,
Finance*

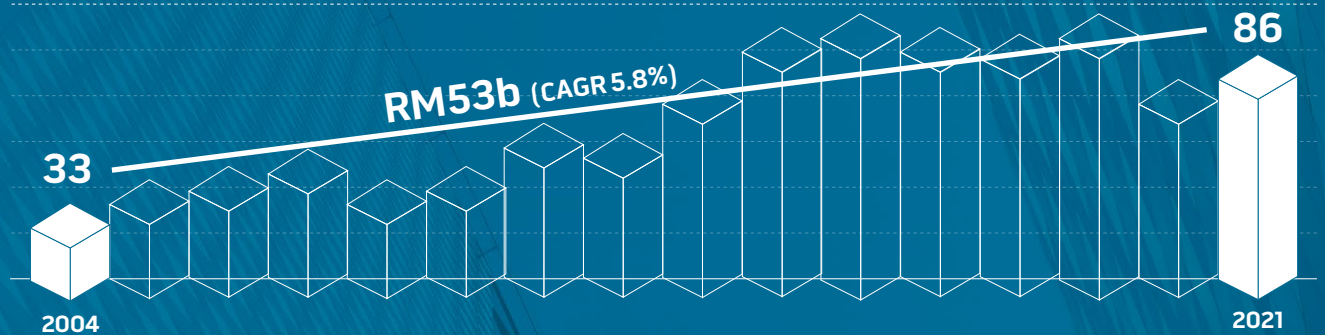
“Despite a challenging environment, Khazanah's performance remain steady registering NAV growth since 2020. Our RAV level is healthy while we remain efficient in our operations. It gives a good lead to our objective to further grow our fund.”

In addition, Khazanah continued to maintain its financial discipline with OPEX reduced to RM420m from RM490m in 2020. Debt increased to RM48b from RM43b in the previous year, while its Realisable Asset Value (RAV) over debt ratio remained healthy at 2.8 times.

Khazanah declared a dividend of RM2b to the government in 2021.

2021
PORTFOLIO

NAV Growth (RM b)



Compounded Annual Growth Rate (CAGR)

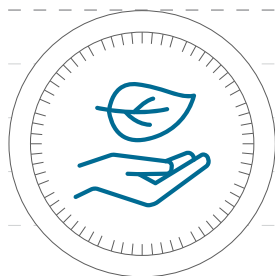
Cumulative
Dividends paid
to Government
of Malaysia

RM17b

Cumulative
Shareholders
Return

RM70b

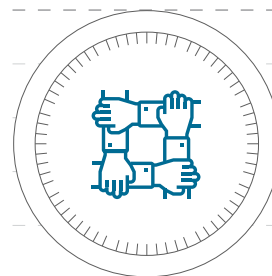
OTHER ORGANISATIONAL ACHIEVEMENTS



Developed holistic
Sustainability Strategy,
Guiding Principles and
identified material **ESG**
issues for Khazanah



Further implementation
of **digitalisation**
initiatives and adoption
of new technology
platforms



Embedded **refreshed**
Core Values across the
organisation

In 2021, Khazanah made significant strides in building and enhancing our organisational capabilities. We developed a more holistic sustainability strategy and established a set of Guiding Principles¹ to ensure our decisions and actions facilitate an equitable and responsible transition to sustainable practices.

The digital transformation journey continued to pick up pace, with stronger adoption and implementation of digital technology to improve workflow efficiency².

We also focused our attention on cultivating an organisational culture that encourages high performance and collaboration within Khazanah, as well as embedding refreshed Core Values across the organisation².

¹ For more information, please go to Chapter 4 - Sustainability ►

² For more information, please go to Chapter 5 - Winning Team ►

KEY FINANCIAL INDICATORS

INCOME STATEMENT (RM million)

For the years ended 31 December

	2021	2020	2019	2018	2017
Revenue	5,353	8,364	14,290	4,471	6,112
Profit / (loss) from operations	670	2,897	7,360	(6,271)	2,896
Taxation	(226)	(88)	(82)	(249)	(88)
Net profit / (loss) for the year	444	2,809	7,278	(6,520)	2,808
Dividends declared					
- Normal dividend	(2,000)	(1,000)	(1,000)	(1,000)	(700)
- Special dividend	—	(1,000)	—	(500)	(300)
Net (loss) / profit for the year after dividends	(1,556)	809	6,278	(8,020)	1,808

BALANCE SHEET (RM million)

As at 31 December

	2021	2020	2019	2018	2017
Current assets	7,231	7,847	8,289	3,852	6,141
Non-current assets	77,591	74,041	74,777	82,967	86,426
Total assets	84,822	81,888	83,066	86,819	92,567
Current liabilities	8,292	10,345	12,063	17,109	12,064
Non-current liabilities	41,212	35,129	34,521	38,793	39,136
Total liabilities (see Note A)	49,504	45,474	46,584	55,902	51,200
Share capital	12,284	12,284	12,284	12,284	12,284
Share premium	-	-	-	-	-
Retained profits	15,119	16,675	15,866	9,587	17,607
Other reserves	7,915	7,455	8,332	9,046	11,476
Shareholders' fund	35,318	36,414	36,482	30,917	41,367
Total equity and liabilities	84,822	81,888	83,066	86,819	92,567

Note A - Included in total liabilities are borrowings as follows:

BORROWINGS (RM million)

As at 31 December

	2021	2020	2019	2018	2017
Khazanah's Government-guaranteed bonds	7,943	9,878	10,639	12,626	14,013
Other bonds and notes	29,826	26,245	24,997	23,015	19,449
Term loans	5,802	3,352	2,500	5,067	5,022
Exchangeable bond/sukuk	3,283	3,135	3,133	2,899	4,622
Revolving credit facilities	1,624	456	4,500	11,628	6,766
	48,478	43,066	45,769	55,235	49,872

- The above income statements and balance sheets are derived from Khazanah's Extended Company Financial Statements, which refers to the consolidation of the financial statements of Khazanah (Company) and its Special Purpose Vehicles (SPVs). These SPVs are wholly-owned subsidiaries of Khazanah, which have been set up to actively hold investments or as funding vehicles of the Company.
- Revenue includes realised divestment gains from investments classified as fair value through other comprehensive income that was recycled to retained earnings upon divestment.
- Profit/(loss) from operations consist of profit/(loss) before tax, realised divestment gains and permanent reduction value of assets classified as fair value through other comprehensive income that was recycled to retained earnings.

INDEPENDENT AUDITORS' REPORT

Report on the Summary Financial Information

Opinion

The summary financial information, which comprises the summary balance sheets as at 31 December 2021, 2020, 2019, 2018 and 2017, the summary income statements for the years then ended, and related notes, are derived from the audited financial statements of Khazanah Nasional Berhad and the management accounts for the years ended 31 December 2021, 2020, 2019, 2018 and 2017.

In our opinion, the accompanying summary financial information, are consistent, in all material respects, with those audited financial statements and the management accounts, in accordance with the basis described on Selected Financial Indicators.

Summary Financial Information

The summary financial information does not contain all the disclosures required by the Financial reporting Standards and the requirements of the Companies Act 2016 in Malaysia. Reading the summary financial information and the auditors' report thereon, therefore, is not a substitute for reading the audited financial statements of Khazanah Nasional Berhad and the auditors' report thereon. The summary financial information and those audited financial statements do not reflect the effects of events that occurred subsequent to the date of our report on those audited financial statements.

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 years.

Directors' Responsibility for the Summary Financial Information

Directors are responsible for the preparation of the summary financial information in accordance with the basis described on Selected Financial Indicators.

Auditors' Responsibility

Our responsibility is to express an opinion on whether the summary financial information are consistent, in all material respects, with those audited financial statements based on our procedures, which were conducted in accordance with Malaysian Approved Standard on Auditing (ISA) 810 (Revised), 'Engagements to Report on Summary Financial Statements'.



Ernst & Young PLT

28 April 2022
Kuala Lumpur

CHAPTER THREE



OUR INVESTMENTS

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Selected Portfolio Companies	43

OUR INVESTMENT APPROACH

As the sovereign wealth fund, Khazanah's mandate is well established amongst our key stakeholders

Our purpose is first and foremost, to deliver sustainable economic and societal value and outcomes for all Malaysians. We strive to undertake investments which balances generating robust financial returns with our developmental mandate, to benefit Malaysians now as well as for future generations.

In accordance with our purpose, we apply a long-term investment horizon to deliver sustainable risk-adjusted returns guided by our Long-Term Strategic Asset Allocation (SAA).

The SAA enables us to diversify our asset class, sector and geographical exposures whilst minimising concentration risks. Ultimately, the SAA is key in ensuring overall solvency and consistency in long-term returns, which in addition to being reinvested, funds our various strategic initiatives.

Khazanah continues to rebalance its portfolio through a mix of active and direct investment strategies, external fund managers, as well as opportunistically monetising our investments at the appropriate valuations.

A long-term investment approach enables Khazanah to weather short-term market volatilities and optimise returns while taking on measured risk over a long horizon. We are also disciplined in continually assessing our portfolio with an investor mindset.

This includes actively engaging with our investee companies to ensure focus on delivering value to shareholders.

“
Khazanah continues to rebalance the portfolio through a mix of active and direct investment strategies”

In addition, we advocate and demonstrate responsible and sustainable actions through our investments. We are committed to the UN Principles for Responsible Investment (UNPRI) and the Malaysian Code for Institutional Investors which promote the active integration of ESG considerations into investment analysis with decision-making, and asset ownership.

Khazanah's primary source of funding is in the form of shareholder equity, debt financing, as well as proceeds from the monetisation of our investments to finance our wide-ranging investment activities.

In the year under review, a dual-fund investment structure, established in 2019, drove Khazanah's portfolio; a Commercial Fund and a Strategic Fund, each with its own distinct objectives, policies, and strategies.

COMMERCIAL AND STRATEGIC FUNDS

The primary objective of the Commercial Fund (CF) is to generate maximum risk-adjusted returns on a long-term basis to grow its financial assets

In 2021, the CF portfolio RAV was RM106b, and the fund achieved a one-year NAV TWRR of 19.0%, with a rolling three-year return of 7.0%, which is on track to meet our long-term five-year rolling target of Consumer Price Index (CPI) +3.0%.

Despite the challenging and disruptive market environment, Khazanah was able to grow the portfolio value, whilst making progress in the Strategic Asset Allocation (SAA) and portfolio diversification via deployment into Public Markets – Developed Markets, Real Assets and Private Equity, whilst monetising our US and European Private Equity investments at attractive valuations.

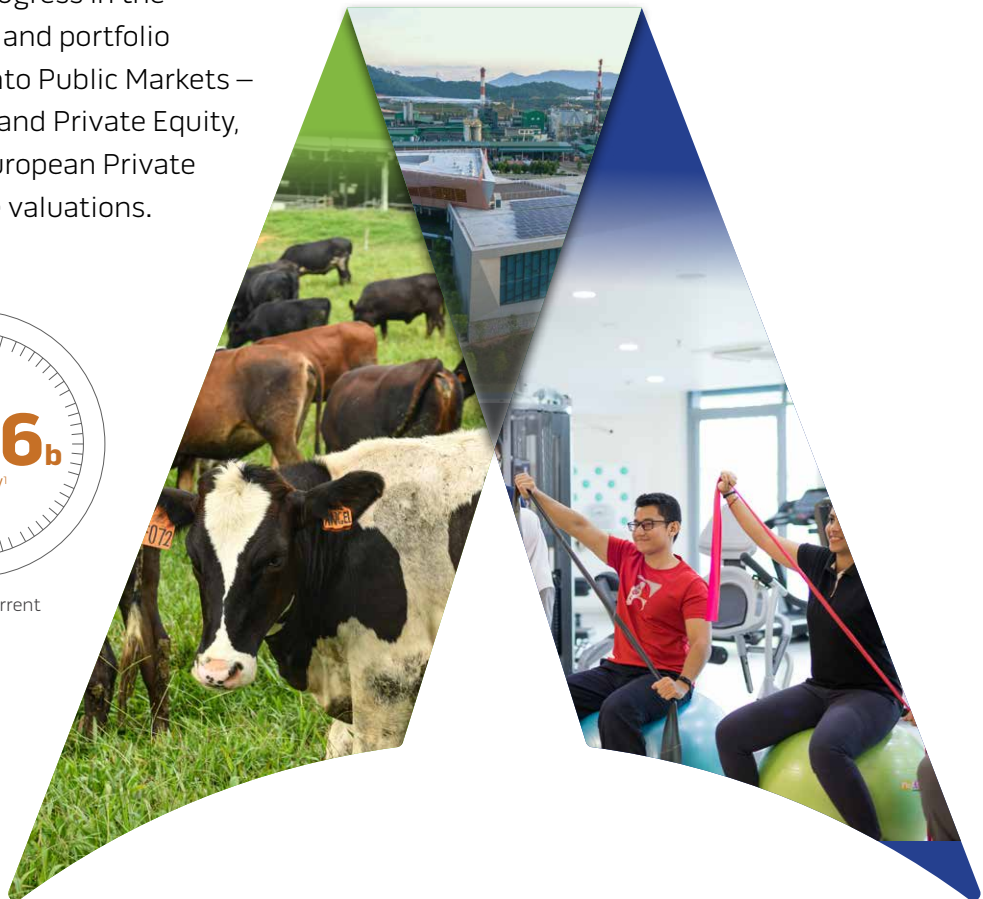
19.0%

2021 NAV TWRR for
Commercial Fund

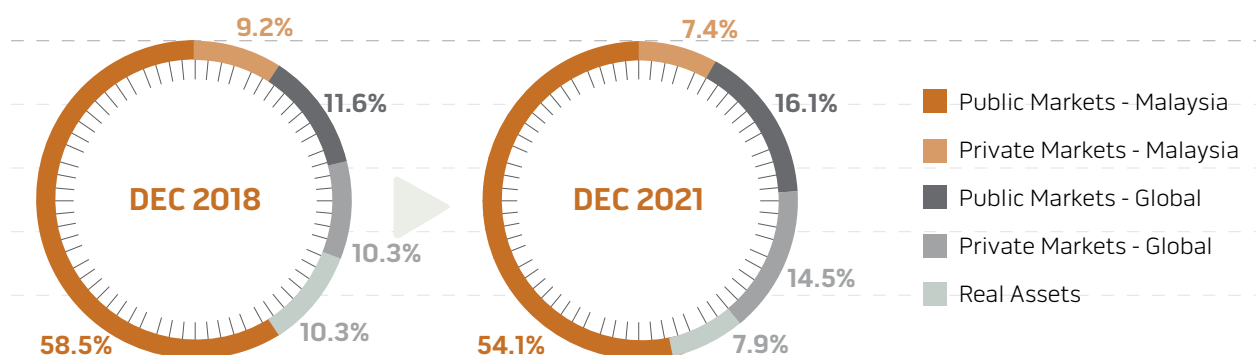
RM106b

2021 RAV¹

¹ Includes cash and cash equivalents, and other current assets



As a result, we saw improvements in our portfolio weightages, with increasing allocation into global investments as part of our CF Assets Under Management (AUM) since the portfolio rebalancing journey began in 2019.



However, our Public Markets - Global portfolio performance was adversely affected by our China and Japan portfolios which were mitigated by the robust performance of our nascent Developed Market deployment programme in the US and Europe.

Khazanah deployed a total of RM8.7b with a significant portion in Malaysia (41.7% / RM3.6b). We continued to find a strong pipeline of investments in the Private Equity space globally whilst fund-raising of top tier Private Equity and Real Assets funds remained strong, giving us the opportunity to invest with well-known funds.

CF Portfolio Annual Return by Asset Class



	2021	2020	2019	3-yr Rolling
Public Markets - Malaysia	19.5%	-7.8%	2.5%	4.1%
Public Markets - Global	1.6%	26.2%	27.5%	17.8%
Private Markets - Malaysia	13.9%	-6.4%	7.9%	4.8%
Private Markets - Global	19.1%	-1.3%	6.1%	7.6%
Real Assets	11.2%	0.1%	10.5%	7.1%

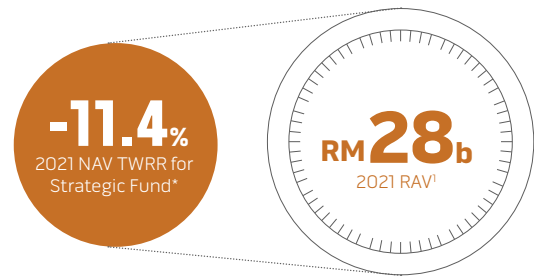
CF Portfolio Split by Geography

	2021	2020	2019	2018
Malaysia	63.5%	63.4%	69.2%	69.7%
China	14.8%	17.0%	13.9%	11.3%
Asia (Ex-China)	12.0%	12.1%	12.9%	14.6%
EMEA*	2.8%	2.8%	2.4%	3.2%
North America	7.0%	4.8%	1.6%	1.2%

*Europe, Middle East and Africa

The Strategic Fund (SF) invests to deliver economic and societal returns for the nation

The SF recorded a -11.4% TWRR in 2021 with an RAV of RM28b, benchmarked against the targeted rate of return of the 10-year Malaysian Government Securities (MGS).



*Benchmarked against the targeted rate of return of the 10-year Malaysian Government Securities (MGS)

Our holdings in aviation and leisure & tourism assets were adversely affected by the continued effects of the COVID-19 pandemic and travel restrictions.

Khazanah continued to play a strategic role in support of these affected assets, by providing capital injections and value creation plans. At the same time, Khazanah supported the completion of Malaysian Aviation Group's (MAGB) restructuring process.



WAI SENG WONG
Director,
Investments

“Our mission to advance Malaysia involves diligent stewardship of resources for the long-term benefit of Malaysians. The challenge is to balance the long-term outcome and portfolio growth with the ever-evolving and fluid global political economy and market environment.”



Dana Impak

In 2021, Khazanah also committed RM6b for Dana Impak investments over the next five years, which aims to increase Malaysia's economic competitiveness and build national resilience. Dana Impak seeks to deliver socio-economic benefits and impact to Malaysians across six themes:



Digital Society and Technology Hub

Harness digitalisation and technological developments to boost efficiency and economic growth.



Quality Health and Education for all

Ensure equal access to health and education amid global demographic shifts.



Decent Work and Social Mobility

Narrow the income and wealth gap to ensure future social stability.



Food and Energy Security

Ensure the availability and security of critical resources like food, water and energy.



Building Climate Resilience

Preserve and protect the only habitat we know.



Competing in Global Markets

Remain competitive in a multipolar world.

As part of Dana Impak, and in partnership with MRANTI (formerly MaGIC) and Endeavor, the Khazanah Impact Innovation Challenge (KIIC) with the theme 'Enhancing Ageing Services for Malaysians' was launched in 2021 to seek local innovative and unique solutions to provide affordable, accessible and sustainable senior care services for Malaysians.

Six companies, out of 130 applications, were awarded a seed grant of RM300k each, with the opportunity to undergo a structured scaling up programme. There will be many other impactful ventures under Dana Impak and in line with good governance and transparency we will provide progress updates on Dana Impak periodically.



Scan to watch
the KIIC video

For more information on KIIC,
visit www.khazanah.com.my/kiic/ ►

In 2022, Khazanah's investment portfolio reporting is moving away from the Commercial Fund and Strategic Fund nomenclatures into four distinct areas:

- a. **Investments Portfolio** - Intergenerational portfolio that seeks to generate risk-adjusted returns on a long-term basis, to preserve and grow the long-term value of our assets
- b. **Dana Impak Portfolio** - Investments intended to increase Malaysia's economic competitiveness and build national resilience whilst delivering socio-economic impact for Malaysians
- c. **Developmental Assets** - Assets that deliver socio-economic impact through long-term developmental investments
- d. **Special Situation Assets** - Assets that require turnaround in terms of profitability and sustainable operating cash flows



ANAND PANCHALINGAM
Head, Digital & Technology
Managing Director's Office

It is my dream to see how collectively, we can offer a better quality of life for future generations. This measure of 'happiness', to me, is defined by economic security –higher job satisfaction, better family life, physical & mental care, education standards, lesser congestions & pollution, united by our common values rather than divided by our differences."

SELECTED PORTFOLIO COMPANIES

As at 31 December 2021. List is not exhaustive.

OUR INVESTMENTS

COMMUNICATION SERVICES


Astro Malaysia Holdings Berhad
www.astro.com.my


Axiata Group Berhad
www.axiata.com


Telekom Malaysia Berhad
www.tm.com.my


TIME dotCom Berhad
www.time.com.my

CONSUMER STAPLES


Farm Fresh Berhad
www.farmfresh.com.my

CONSUMER DISCRETIONARY


Themed Attractions Resorts &
Hotels Sdn Bhd
www.tarh.com.my

FINANCIALS


Bank Muamalat Malaysia Berhad
www.muamalat.com.my


CIMB Group Holdings Berhad
www.cimb.com


Sun Life Malaysia
Assurance Berhad
www.sunlifemalaysia.com

HEALTHCARE


IHH Healthcare Berhad
IHH Healthcare
www.ihhhealthcare.com


ReGen Rehabilitation
International Sdn Bhd
www.regen.rehab



SELECTED PORTFOLIO COMPANIES

As at 31 December 2021. List is not exhaustive.

OUR INVESTMENTS

INDUSTRIAL SERVICES



Cenviro Sdn Bhd
www.cenviro.com



A member of UEM
Cement Industries of
Malaysia Berhad
www.cima.com.my



A member of UEM Group
UEM Edgenta Berhad
www.uemedgenta.com.my

TRANSPORTATION & LOGISTICS



Malaysia Aviation Group Berhad
www.malaysiaairlines.com



Malaysia Airports
Holdings Berhad
www.malaysiaairports.com.my



PLUS Malaysia Berhad
www.plus.com.my

REAL ESTATE



M+S Pte Ltd



A member of UEM Group
UEM Sunrise Berhad
www.uemsunrise.com



Iskandar Investment Berhad
www.iskandarinvestment.com



Southern Marina Development
Sdn Bhd
www.southernmarina.com.my



SUNWAY ISKANDAR
NATURE'S CAPITAL CITY

Sunway Iskandar Sdn Bhd
www.sunwayiskandar.com



Medini Iskandar Malaysia Sdn Bhd
www.medini.com.my

RENEWABLE ENERGY



Cenergi SEA Sdn Bhd
www.cenergi-sea.com



Tenaga Nasional Berhad
www.tnb.com.my

UTILITIES



CHAPTER FOUR



SUSTAINABILITY

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Khazanah's ESG-Related Affiliations	56
Community Engagement	59

SUSTAINABILITY AT KHAZANAH

Khazanah's foray into Environmental, Social & Governance (ESG) began in 2005 with the launch of the GLC Transformation (GLCT) Programme, an acknowledgement that the key to the long-term sustainability of Malaysian corporates, is by having good governance and social practices

Throughout the 10-year GLCT Programme, guidelines that emphasised the importance of performance orientation, best corporate practices and good governance practices were implemented across the participating companies, with favourable outcomes achieved in 2015.

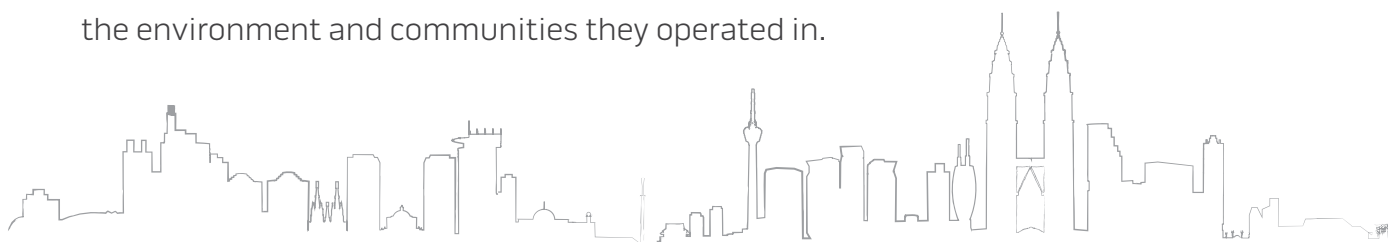
As early as 2009, Khazanah has initiated studies to better understand the implications of ESG issues on our investment portfolio and companies. We began investing in sustainability themed opportunities, both locally and abroad, that looked to provide returns beyond financial value and would positively impact the environment and communities they operated in.



**FIZULIN
MOHAMED ZIN**
*Vice President,
Investments*



I am happy to be part of the sustainability journey at Khazanah through my work in Investments, overseeing the Leisure & Tourism sector. This commitment in embedding ESG in everything that we do as a sovereign wealth fund will train us to be more responsible, accountable and be more aware of our actions and decisions."



These thematic investments include our ventures into Cenviro, Cenergi and LeapEd – investments that focus on improving our environment and the state of education in Malaysia. Khazanah's venture into this space was not only limited to local investments but globally as well.



Malaysia's **first integrated waste management centre**, holds >80% share of addressable market in treatment & disposal of scheduled waste and growing recycling & recovery business

Kualiti Alam Waste Management Centre has an annual capacity to store, treat and dispose of more than **100,000 tonnes of scheduled waste daily**

Proven operational and financial track record, with industry leading margins

Leading circular waste management solutions provider with strong ESG agenda

100,000 tonnes of scheduled waste treated



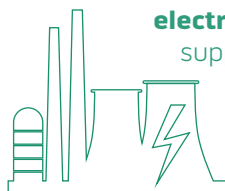
A **fast-growing pure-play Renewable Energy (RE)** company in Malaysia. To-date:

- **231 GWh renewable electricity supplied to the national grid**
- **1.2 million tonnes in carbon savings**
- **99 GWh total energy savings from Energy Efficiency projects**

Largest grid-connected biogas player, with total awarded capacity of 54MW (including solar)

Award-winning RE company: National Energy Award 2020 recipient – for an energy efficiency project

231 GWh renewable electricity supplied



Malaysia's **first homegrown Education Service Provider** focusing on school transformation, especially for public schools in Malaysia

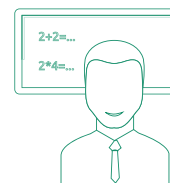
Their programmes for Malaysian public schools have made an impact on **~160 schools, ~188,000 students and ~8,000 teachers**

Work with sponsors and partners such as Yayasan AMIR, Yayasan Hasanah, Tenaga Nasional Berhad, TIME dotCom, UEM Group, Teach for Malaysia, Pintar Foundation and others

*Investment in LeapEd has been divested

The programme impacted

160 schools, ~188,000 students and ~8,000 teachers



KHAZANAH'S APPROACH TO SUSTAINABILITY

Our mandate guides in all that we do, which is primarily to create a better Malaysia for future generations. It is therefore vital to embed sustainability principles into our daily operations as part of the long-term objective to deliver impactful outcomes. As the sovereign wealth fund of Malaysia, we are responsible for creating value beyond monetary terms. At Khazanah, we remain conscious of the impact of our investments on the broader society as well as the natural environment.

SUSTAINABILITY

To ensure that our decisions and actions facilitate an **equitable and responsible transition** in adopting ESG practices, we anchor ourselves on the following principles:

Do Good



We aspire for positive outcomes and ensure our actions today produce results towards a positive economic, social, and environmental change, for current and future generations

Do Better



We aim to build on the status quo, by identifying opportunities to create positive value through managing risks and preparing for the future

Do No Harm



We manage and mitigate risks to ensure that our actions do not expose stakeholders to negative effects on the social fabric, the economy, or the environment



Scan to watch the Khazanah
Sustainability Framework
and Targets video



“Playing a leading role at shaping an equitable and responsible transition towards a better future for Malaysia”

We will take a firm wide approach to Sustainability - covering how we behave as an organisation as well as an investor. Our approach to Sustainability is designed to be holistic and derived from a thorough understanding of the material issues affecting our portfolio. We recognise the complex and diverse nature of the companies in our portfolio, and as such, there is no one-size-fits-all approach that can be responsibly applied across the board. Finding this balance will take time, but we strongly believe that actions taken today will yield a positive impact on future generations.



BAHARIAH BAHADOM
Senior Vice President,
Strategy

“Advancing Malaysia reaffirms our commitment to do good through a journey that requires both technical know-how and empathy to empower and inspire. I hope the impactful societal contributions by Khazanah and its entities will grow our nation further.”



As a Responsible Investor

Khazanah looks to ensure an equitable transition of our portfolio, creating sustainable impact through managing ESG risk and identifying value creation opportunities



As a Sustainable Organisation

Khazanah looks to empower its employees to advocate for responsible behaviours as professionals



As a Good Corporate Citizen

Khazanah continues to catalyse positive change in the environment and surrounding communities, for value distribution towards a better future for the nation

Principles that guide Khazanah as an Organisation

In ensuring that we hold true to our Sustainability aspirations, we developed a set of Guiding Principles to help ensure that our decisions and actions facilitate an equitable and responsible transition. These Guiding Principles allow for the flexibility to navigate our approach based on the different asset classes and sectors that we invest in.

Guiding Principles for Sustainability



Sustainable Investing

Since the development of the Responsible Investment Policy in 2019, Khazanah has embarked on initiatives to deepen our understanding of ESG issues and its impact on our portfolio companies. We are committed to ensuring optimal outcomes for our companies through an equitable and responsible transition, supported and driven by continuous active shareholder engagement.

At the operational level, Khazanah has commenced integration of ESG considerations into its investment decision-making process.

Below are examples of how we have incorporated ESG elements into our investment decisions:



Assessment

ESG risk assessments are included in all papers for new investments tabled to the Investment Committee.

Our Private Funds Group (PFG) and Real Assets teams undertake a comprehensive ESG screening in the selection process for all our prospective external fund managers (EFM), and this includes reviewing the policies and practices of these EFMs to determine if ESG is embedded into their investment decision-making and portfolio monitoring.



Monitoring

We monitor ESG performance and ratings of our Public Markets portfolio that span multiple geographies and sectors, and provide quarterly updates to the Investment Committee – utilising several datasets subscribed from global ESG data providers. Flagged ESG issues are immediately escalated to the relevant departments for further deliberation on next steps.

We have started to conduct a Taskforce for Climate-related Financial Disclosures (TCFD) analysis of our portfolio to determine the materiality of climate risks and opportunities to Khazanah, and outline actions for us to take as investors to help responsibly transition our portfolio companies towards our Net Zero aspiration, as well as improve our own climate-related disclosures.



Value Creation

Khazanah has committed RM6b to Dana Impak, to undertake thematic impact investments which is consistent with Sustainability objectives. This allocation that spreads across five years, is to be invested into new strategic investments with the goal of delivering economic and societal benefits to the nation. These investments include key sustainability themes such as 'Building Climate Resilience' and 'Quality Health and Education for all'.

Enterprise Sustainability

In 2021, Khazanah established the Sustainability Working Group (SWG), a company-wide initiative that looked to transform how we behave as an organisation, incorporating Sustainability into everything we do as an organisation, beyond just our investment processes.

The SWG was formed to assess our daily business activities and introduce new initiatives to make Khazanah a more sustainable and responsible organisation. The SWG, made up of 36 employees, representing all Divisions across all levels – is focused on reducing emissions, reducing waste from our operations, and ensuring better practices among our staff (e.g. through volunteer and social responsibility initiatives).

Steps taken by staff, however small, can lead to positive behaviour. SWG initiatives include (list is not exhaustive):

- Raising sustainability awareness among staff via monthly e-bulletins
- Developing a dashboard that monitors our electricity consumption and waste output, and making it accessible by staff
- Eliminating the use of paper cups in office pantries
- Introducing sustainability elements into Khazanah's procurement processes
- Promotion of volunteering activities among Khazanah staff
- Introduction of various fundraising initiatives to support several social and national programmes such as the CERDIK initiative, COVID-19 relief, and flood relief – alongside internal partners



NOR ADAM ADRI JUHANN
Associate, Corporate
& Support Services

“While we aim to advance Malaysia, no effort goes unnoticed in creating meaning and happiness beyond material achievements in our long-term investments and daily activities at work.”



Muzammir Mohd Mydin, Assistant Vice President, Corporate Support and Services, recycled his corporate shirt to keep fabric out of landfills, supporting the sustainability initiative. This initiative was a collaboration with KlothCares, and we have collected a total 33.75kg of recycled fabric as of December 2021.

Integrity at Khazanah

Khazanah supports the National Anti-Corruption Plan 2019-2023 (NACP) and various national directives on integrity and anti-corruption measures. Khazanah has successfully completed its Integrity & Anti-Corruption Plan (IACP) 2019-2020 and is currently executing the IACP 2021-2022. Under the IACP, various processes and procedures were enhanced, and a series of programmes and communications was rolled out to staff and our investee companies.

A notable event was the Khazanah Integrity Event 2021 (KIE) which featured talks by industry experts, and was well attended by integrity officers from Khazanah and its investee companies.



Deputy Chief Commissioner (Prevention) of Malaysian Anti-Corruption Commission (MACC), Datuk Seri Norazlan Mohd Razali, delivering his keynote address at the KIE.



Senior management of MACC, Khazanah and Integrity Officers from Khazanah investee companies at the KIE.

SUSTAINABILITY TARGETS

Issues Material to Khazanah

In 2021, Khazanah conducted an ESG materiality assessment on our portfolio and identified areas that are most material to the organisation and our various stakeholders. This exercise was crucial in enabling us to chart a responsible path forward in resolving the challenges affecting our portfolio.



Environmental

Reduce environmental impact of operations and be proactive in the transition to a lower-carbon economy



Carbon Emissions

Climate Change Vulnerability



Social

Develop a productive and inclusive workforce & drive societal impact



Workforce Management

Workplace Health & Safety

Diversity & Inclusion

Fair & Equitable Access



Governance

Promote good governance and effective engagements with stakeholders and portfolio companies



Regulatory Exposure

Board Composition

Political Influence

Shareholder Rights

Board & Exec Remuneration

Privacy & Data Security

Sustainability Targets

Khazanah has identified eight Sustainability Targets to tackle the various challenges affecting Khazanah's portfolio. These immediate targets are in line with other institutions, and we believe that it will act as a benchmark for Khazanah as we pursue our Sustainability objectives in the coming years.



Environmental

Aimed at reducing environmental impact of operations and to support the transition to a lower-carbon economy

1

Net Zero emissions
by 2050

2

Carbon neutral operations*
by 2023



Social

Aimed at developing a productive and inclusive workforce and drive societal impact

3

30% women in Board and senior leadership
by 2025

4

Enhance diversity, equity and inclusion policies & programmes
by 2023

5

Measurable socio-economic impact targets
by 2023



Governance

Aimed at promoting good governance and effective engagements with stakeholder and portfolio companies

6

Enhance Board competencies (including sustainability) for portfolio companies
by 2024

7

Disclose general voting principles
by 2022

8

ESG-linked KPIs for key leadership positions for portfolio companies
by 2023

*Covers Scope 1, 2 and partial Scope 3 Greenhouse Gas (GHG) emissions pertaining to Khazanah's operations (e.g. business air travel)

As we further develop the framework and approach, we may add internal targets and milestones

Note: Khazanah is aware of the fluidity of this ever-evolving space and will adapt our targets and actions accordingly, to ensure they remain relevant for the long-term.

KHAZANAH'S ESG-RELATED AFFILIATIONS

In our ongoing efforts to improve our organisational practices and that of our portfolio companies, it is imperative that we continuously build knowledge about Sustainability via engagements with other organisations and partners. As part of this endeavour, Khazanah is a member or signatory of:



United Nation's Principles for Responsible Investment (UNPRI)

Khazanah is a signatory of the UNPRI since 2017, providing the organisation with a platform in which to discuss and adopt best practices related to Responsible Investments. As a signatory, we subscribe to the six principles for incorporating ESG elements into our investment practices, and which better aligns investors, including ourselves, with the broader objectives of society

- 1. We will incorporate ESG issues into investment analysis and decision-making processes.** Khazanah is actively reassessing our investment processes and how ESG considerations can be further enhanced.
- 2. We will be active owners and incorporate ESG issues into our ownership policies and practices.** We actively exercise our ownership rights and apply various methods of engagement with our key investee companies to drive responsible business practices and deliver sustainable returns.
- 3. We will seek appropriate disclosure on ESG issues by the entities in which we invest.** As part of our active engagement initiatives, we continuously advocate for better disclosure and transparency.
- 4. We will promote acceptance and implementation of the Principles within the investment industry.** We promote inclusive development and the sustainability agenda with the investment sector in Malaysia through sharing of insights and experience at industry events and knowledge sharing platforms.
- 5. We will work together to enhance our effectiveness in implementing the Principles.** We take a collaborative stance in partnering, sharing, and learning best practices as we believe in harnessing our collective knowledge to improve the investment ecosystem.
- 6. We will each report on our activities and progress towards implementing the Principles.** We will continue to enhance relevant reporting in the coming years. This includes relevant disclosures on our ESG activities and progress.



Institutional Investor Council Malaysia (IIC)

Khazanah is a signatory of the Malaysian Code for Institutional Investors (MCII) and a member of the IIC where we support and comply with the six principles as follows:

1. **Institutional investors should disclose the policies on their stewardship responsibilities.** Our Framework of Integrity, Governance and Risk Management (FIGR) provides a clear responsibility, authority and governance structure for Khazanah; and guides all our investments activities and business conduct.
2. **Institutional investors should monitor their investee companies.** Khazanah's investment portfolios are actively monitored and managed by investment teams in accordance with our Management and Monitoring Manual. This includes the development of Value Creation Strategy, where appropriate, and monitoring performance against identified targets.
3. **Institutional investors should engage with investee companies as appropriate.** We are guided by a Five-Point Engagement Framework in our collaborative investment approach with our investee companies. The framework helps us to monitor the progress of the companies while empowering them to become high-performing entities.
4. **Institutional investors should adopt a robust policy on managing conflicts of interest which should be publicly disclosed.** Khazanah has robust policies and processes to manage conflicts, which include our Staff Code of Conduct Handbook and the Supplier Code of Business Ethics. Both documents are publicly available through our website.
5. **Institutional investors should incorporate corporate governance and sustainability considerations into the investment decision making process.** Khazanah has been active in monitoring the governance aspect of our investee companies through a diligent management and monitoring process. In 2019, the environment and social aspects of corporate behaviours were included via the Responsible Investment (RI) Policy which outlines Khazanah's principles and commitments as a responsible investor, taking into account ESG factors to aid the management of risks and generate long-term, sustainable returns.
6. **Institutional investors should publish a voting policy.** Khazanah is proactive in making sure that its voting policy is updated and consistent with the latest provision in Malaysia Code of Corporate Governance. This Policy was approved in 2019 and is available on Khazanah's website.



Khazanah is a member of the IFSWF where we endorse the Santiago Principles, promoting transparency, good governance, accountability, and prudent investment practices while encouraging a more open dialogue and deeper understanding of SWF activities.



Khazanah is a member of CAN, a coalition of large Malaysian corporates focused on sustainability advocacy, capacity building, action and performance.

For more information on CAN, visit www.ceoactionnetwork.com ►

Click or scan to view our full policies.



Investment Policy outlines our investment mandate, objectives and principles



Responsible Investment Policy provides a framework of our principles and commitments towards responsible investment, taking into account ESG factors to aid management of risk, and generate long-term, sustainable returns



Voting Policy outlines the voting principles and guidelines of Khazanah, drawn from international and local codes and best practices for corporate governance, and our purpose

Note: For future publications, Khazanah will assess how best to publish our sustainability-related disclosures against the Taskforce for Climate-related Financial Disclosures (TCFD) recommendations.

COMMUNITY ENGAGEMENT

Khazanah's mandate goes beyond financial value creation, with a strong national development agenda embedded in the ethos of the organisation. Our purpose to deliver societal returns to local communities is well established. In supporting the government's national development agenda, we hope to generate better outcomes and quality of life for all Malaysians.



VIVIEN LOOI LAI FUN
Senior Vice President,
Strategic Human
Capital Management

To me, *Advancing Malaysia* is not just about forming a progressive society, cultivating a mature economy, or fostering a stable political environment but also to develop and grow talents to benefit the nation in the long run."



Khazanah continues to deliver sustainable societal returns through corporate responsibility initiatives, primarily led by Yayasan Hasanah (YH), a foundation of Khazanah, through specific focus areas such as Education; Community Development; Environment; Arts, Heritage and Culture; and Knowledge. YH aims to create impact that complements Khazanah's effort of developing a globally competitive Malaysia.

Despite the challenges faced by YH due to the Movement Control Order (MCO) as well as the sudden flood disaster in late December 2021, YH successfully distributed funds totalling RM554m involving 222 projects and 169 partners by December 2021.



Overall for 2021, our intervention has helped and reached 1.5m people.

Hasanah Special Grant (HSG) 2021

In the year under review, HSG managed RM25m and deployed funding to 40 projects, across a range of initiatives supporting education, livelihoods, food aid, health and well-being, animal welfare, and arts and culture.



YH's Chairman, Tan Sri Mohd Nor Yusof and Managing Director, Dato' Shahira Ahmed Bazari at the launch of The Hasanah Report 2021.

To read The Hasanah Report 2021, visit www.thr2021.online ►



Scan to read The
Hasanah Report
2021



For more information on Yayasan Hasanah, visit www.yayasanhasanah.org ►

Notable projects undertaken by YH in 2021:



Through GLCs & Government-Linked Investment Companies (GLICs) Disaster Response Network (GDRN), RM207.2m in funding were channeled to help communities affected by the pandemic and the floods in December 2021.

For pandemic-related response, aid was in the form of medical equipment such as oximeters, oxygen concentrators and ventilators, personal protective equipment (PPE), hand sanitisers and food.

Meanwhile, flood-related assistance included shelters, cleaning kits, food, telecommunication and electricity services, logistics and transportation (such as 4WDs, lorries, boats, helicopters, RoRos and backhoes), generators, psychological first aid, cash and medical assistance for animals.



All these were made possible by 39 GLCs/ GLICs coming together with 417 implementing partners and 4,156 volunteers to assist 310,698 people whose lives were affected by the ongoing pandemic and 79,389 flood survivors.

Partners included government agencies, uniform bodies, district offices and departments, cleaning agencies and NGOs.

The people we assisted are made up of B40 communities, persons with disabilities, refugees, the elderly, medical staff, vulnerable women and children, orang asal, COVID-19 patients; as well as animals that were also affected by the floods.

GDRN was later reintroduced as 'GLC Demi Rakyat & Negara' in March 2022, along with a new strategy to expand its role in social impact coordination among GLCs and GLICs.





Established in 2006, Yayasan Khazanah (YK) supports the growth of local talents which will increase national competitiveness on the global arena.

YK plays an important catalytic role to identify, support and nurture top young talents in the country, by facilitating full scholarships under various scholarship programmes to study at premier universities in the United States, United Kingdom, Australia, and Malaysia. YK also provides these brilliant young minds a chance to develop further via job opportunities at GLCs, GLICs or government agencies, for the benefit of the nation.



Yayasan Khazanah Interactive Engagement Series with graduating scholars, Grand Season Hotel.

In 2021, YK sponsored a total of 304 individuals, where 104 individuals were awarded scholarships across all YK programmes while 200 individuals received Khazanah Study Grants.

For more information on Yayasan Khazanah, visit www.yayasankhazanah.com.my ►



Taman Tugu is one of Khazanah's largest non-profit corporate social responsibility initiatives, developed through a collaboration with various public and private sector entities including many Ministries and civil society groups. Since its inception, Taman Tugu has been hailed as a great green lung in the middle of Kuala Lumpur, offering city inhabitants as well as tourists an opportunity to appreciate nation's rich natural beauty and offerings. The project comprises a 66-acre park in the city, established under a national public trust called Amanah Warisan Negara or 'AWAN', to own, manage and protect Taman Tugu as well as other assets of heritage value.

As of 31 March 2022, the free-to-access green lung in the city has registered close to 500,000 visitors from all over Malaysia.

In February 2021, the new and upgraded Madrasah Bustanul Ulum Taman Tugu was opened. The operators of the makeshift stalls from around the Taman Tugu area moved into the new built-for-purpose mini food court space just next to Madrasah Bustanul Ulum.

In conjunction with Earth Day 2021, Taman Tugu opened an additional one km of forest trail which includes an approximately 200m stretch of bamboo trail to the public. Currently, Malaysians as well as tourists can enjoy a total of five km of serene paths inside the large green tract.



Scan to watch the
Taman Tugu video

Taman Tugu aims to be financially sustainable for the long term. With this objective in mind, the 'Adopt Taman Tugu Park Elements' was introduced in 2021. This is an opportunity for corporations as well as individuals to sponsor and/or adopt park elements such as trees, swings, benches, trails and gazebos.

Although Taman Tugu was impacted by the lockdowns in 2021, the year still saw some encouraging moments for the new initiative. Taman Tugu successfully secured sponsorship with corporates such as CIMB, The Edge, ACER, Mah Sing and Thinkat Advisory. Apart from corporations, Taman Tugu also secured donations from many individuals.

With the relaxation of Standard Operating Procedures (SOPs) in the fourth quarter and in accordance with Majlis Keselamatan Negara (MKN) guidelines, WWF-Malaysia unveiled their 'Securing Our Future: Net Zero Pathways for Malaysia' report in November 2021 at Taman Tugu.

For more information, visit www.tamantugu.my ►

thinkcity

Making Cities Liveable, Together.

Think City, a wholly-owned subsidiary of Khazanah, was established in 2009 to create more sustainable and equitable places for the benefit of all. Its knowledge, skills and strategies focus on urban solutions, the environment, social communities, and the cultural economy.

Among the key activities conducted by Think City in 2021 include the launch of the Downtown Kuala Lumpur Grants Programme to enable communities to participate in the recovery and transformation of the historic centre of Kuala Lumpur towards a creative and cultural district. Think City together with its partners, continue to assist selected low-income housing communities in Kuala Lumpur and Selangor through activities in the Kita Untuk Kita (K2K) Programme. The Programme emphasises a holistic approach by working with the community to develop skills to improve quality of life on their own, generate solutions to meet the social, economic, health and physical infrastructure challenges of public housing renewals, further heightened by the COVID-19 pandemic.



SUSTAINABILITY

As part of the organisation's work on conservation, Think City continues its partnership with the Aga Khan Trust for Culture to complete the North Seafront conservation works as well as the storage rooms at Fort Cornwallis in George Town, Penang.

In bolstering discourse surrounding heritage, placemaking and more, Think City's knowledge arm, Think City Institute, offers resources from Think City's knowledge repository and courses, built-in house with international partners like UNESCO and the Getty Institute for Conservation. Other key webinars and activities

include annual week-long talks in-line with Earth Week.

Think City also collaborated with UN-HABITAT to develop and manage the Cities Investment Facility digital platform, a multi-stakeholder initiative centred around unlocking capital flows to inclusive sustainable urbanisation projects around the world, and the Cities Investment Portal, an online subscription-based platform that hosts and tracks the progress of these projects.

For more information visit www.thinkcity.com.my ►

KHAZANAH RESEARCH INSTITUTE

Khazanah Research Institute (KRI) was established in February 2014 to undertake analyses and research on the pressing issues of the nation, and based on the research, provide actionable policy recommendations to improve the well-being of Malaysians.

In 2021, KRI published 32 articles, discussion papers and reports which include among others - *Psychological Vulnerabilities and its Relationship to Food During the Pandemic*, *Data Transparency for Prison Reform*, *Building Resilience: Towards Inclusive Social Protection in Malaysia*, *Back to School: Reopening Schools Safely*, *Electronic Health Records: Planning the Foundation for Digital Healthcare in Malaysia* and *Phase II: System Dynamics Model of Industrial Crops*.

For more information on KRI, visit www.krinstitute.org ►



NICK KHAW
Director,
Head of Research

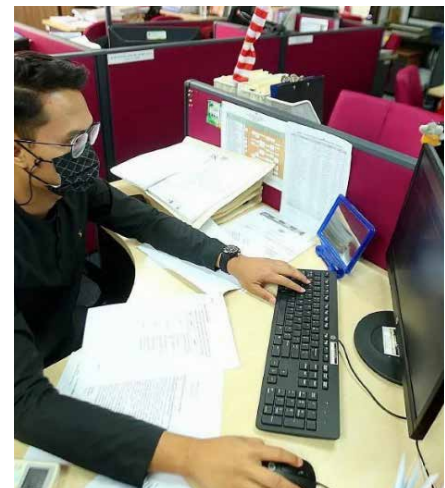
“Advancing Malaysia means putting Malaysia on a more sustainable path of development, and ensuring that our current and future stakeholders benefit from the seeds we plant today. We hope to build greater trust across communities to confront the challenge of catalysing higher incomes per capita for the longer term.”

MYSTEP

Malaysia Short Term Employment Programme (MySTEP) is part of the government's Penjana Kerjaya 2.0 & 3.0 initiatives which is supported by Khazanah. MySTEP offers training and on-the-job placement through various industry partners, and is open to Malaysians aged 18 years and above, including school leavers and the special needs community. The programme aims to equip unemployed graduates with the right knowledge, skills and mindset which are in demand by the job market.

In 2021, Khazanah and its related companies trained participants across Malaysia with most securing jobs in sectors such as manufacturing, hospitality, banking, and e-commerce. This project benefits from The Social Security Organisation (PERKESO) incentives under the Penjana Kerjaya scheme.

For more information on MySTEP, visit www.mystep.mof.gov.my ►



Scan to watch
the the KNB-
MySTEP video

CHAPTER FIVE



WINNING TEAM

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LIVING OUR CORE VALUES

Our Core Values are derived from the mandate given to us; to deliver financial and societal returns to the *rakyat*, while we as a sovereign wealth fund enhance the nation's global competitiveness

At Khazanah, we strive to create a culture of high performance and collaboration, while anchoring everything we do on our three Core Values. Our Core Values guide us in our conduct, shape our culture, and define us as an organisation – both as individuals and as a collective team.

A WINNING TEAM



Khazanah staff at the first physical staff dialogue with the Managing Director in 2022.



We hold ourselves accountable

Delivering results in an
ethical manner



We respect different viewpoints

Deriving value from diverse ideas
and opinions



We support one another

Being mindful of priorities
and circumstances of others

Culture is not stagnant; as we welcome new joiners, new ideas and knowledge will continue to flow, in order to remain relevant and dynamic. We will continue with our culture programmes towards 'Living Our Core Values' to inculcate these elements into our daily work life.

“
Khazanah, being a living and dynamic organisation, will most certainly witness fluid behavioural changes in the future”



Suhana Dewi Selamat, Executive Director, Head, Governance, Risk & Compliance sharing her insights during a fireside chat with Serena Tan, former Executive Director, Head, Private Markets and Head, Financial Institutions Group (FIG).



The Senior Management Team and staff at the year-end townhall 2021.

Culture is not stagnant; new ideas and knowledge must continue to flow into the organisation”

The journey continues. Khazanah, being a living and dynamic organisation, will most certainly witness fluid behavioural changes in the future. As such, we are committed to help the organisation remain fresh and relevant, living our Core Values well into the future.



DR. RASLAN HANIFF ABDUL RASHID

Senior Vice President, Strategic Human Capital Management

Harnessing and unleashing the nation's true potential through people, professional network and industry experts would be key in pushing the nation forward. In this regard, the Khazanah-MySTEP programme serves as a platform to upskill talents needed to provide sustainable flow of human capital to drive Malaysia's growth.”

Khazanah Careline

Khazanah Careline was initiated during the pandemic to assist employees and their families who were affected by COVID-19 and other matters on personal well-being. KITAsihat, an online app is also introduced to further support

employee well-being, fully accessible to employees and immediate family members. We continue to support our employees and keep them engaged to build that 'Winning Team'.



KITAsihat to provide additional support for employee well-being

Khazanah Careline, a 24/7 hotline for employees



Our Investments Graduate Trainees with the Human Resource Business Partner (HRBP) team at a breakfast meeting.



Noorazwani Md Yasin, Executive Secretary, Governance, Risk & Compliance volunteered at the COVID-19 assessment centre in Titiwangsa, Kuala Lumpur in early July 2021.



Khazanah team at the World Environment Day 2022 at Taman Tugu, where we hosted approximately 3,500 people comprising public, underprivileged communities and stakeholders.



Khazanah Managing Director and staff at an 'iftar' gathering at Madrasah Bustanul Ulum Taman Tugu.

Berbudi Bersama is an internal initiative for Khazanah staff to own and embrace 'doing good' activities; and demonstrate how people can come together in times of need to do good, in the hope that others will do the same. It is our hope to see everyone joining hands to spread positivity, reflecting our sense of unity.

Follow us on our social media platforms to find out more about *Berbudi Bersama* initiatives.



Our volunteers alongside children from Asrama Anak-Anak Yatim Darul Taqwa had a fun-filled, educational trip at Farm Fresh, Serdang.



The Khazanah Volunteer Network (KVN) is a channel that was set up to encourage the spirit of volunteerism amongst staff in giving back to the community. The network, which supports the *Berbudi Bersama* effort also facilitates the coalescence of employees, families, related companies as well as NGOs to support a social or environmental cause.

A major KVN initiative that was carried out last year was *Hasanah Bantu*, a programme led by Yayasan Hasanah. This initiative involved staff collaborating with related entities to pack 3,200 snack bags for distribution to 16 COVID-19 designated hospitals nationwide.



The KVN also reached out to two of our colleagues whose houses in Hulu Langat were badly affected by floods in December 2021. Volunteers comprising staff and family members helped with the cleaning of the two affected sites. Other staff also contributed in kind, providing basic necessities such as food, clothes, appliances and personal care items to the affected neighbourhoods.

KHAZANAH AS A LEARNING ORGANISATION



Khazanah Megatrends Forum

The Khazanah Megatrends Forum (KMF) has been a Khazanah institution since 2007. The KMF invites reputable thinkers from business, government, academia and society to gather in Kuala Lumpur to discuss global issues impacting markets, companies, society and people. As a learning organisation, we strive to provide ample opportunities for active networking to spur innovation and encourage a tangible exchange of ideas in order to help the country advance directly and indirectly. The KMF was back in 2021 (paused in 2020 due to the pandemic), with a fully virtual forum held between October 4 to 6, themed 'The Invention of Tomorrow: Crafting A New Collective Narrative'. KMF2021 explored the constraints, structures and systems which have influenced and shaped our world by many different facets and what influence humanity may have upon them. The three-day Forum was attended by over 1,500 guests, all dialing in remotely.

A cohort of world-class speakers, thought leaders, and practitioners from diverse backgrounds contributed richly to the Forum's discussions, including Indonesian minister and technopreneur Nadiem Makarim; historians Tamim Ansary and Peter Frankopan; economists Branko Milanović, Mariana Mazzucato and Intan Nadia Jalil; senior corporate executives Manny Maceda, Tengku Muhammad Taufik and Rohaya Yusof; investors Robert F. Smith and Fred Hu; health professionals Jemilah Mahmood and Adeeba Kamarulzaman; palaeontologist Neil Shubin; and scientist Amani Salim.



**DATO' AMIRUL
FEISAL WAN ZAHIR**
Managing Director

"It is a critical imperative to address issues such as inequality, imbalance, economic injustice, environmental abuse, in a globally coherent and unified fashion."



KMF2021 Fireside chat with Indonesian Minister Nadiem Makarim chaired by Tengku Azmil Zaharuddin, Chief Investment Officer, Khazanah Nasional.



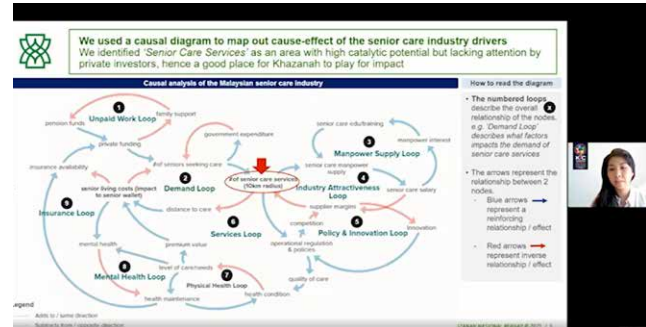
KMF2021 Pandemic on Public Health panel discussion by Dato' Prof Dr Adeeba Kamarulzaman, Prof Jayathi Ghosh, Tan Sri Dr Jemilah Mahmood moderated by Nazihah Muhamad Noor, Research Associate, KRI.

Khazanah Knowledge Exchange & Tea Talk Series

Since 2005, Khazanah has held knowledge-sharing sessions for employees through its Khazanah Knowledge Exchange (KKE) and Tea Talk Series platforms. Speakers range from a wide background which gives the discussion series a softer touch but no less impactful in terms of messaging. The pandemic has moved these sessions onto a virtual platform. A total of 38 KKE and Tea Talk sessions were organised in 2021, in which some of the topics discussed include ESG, macroeconomic outlook, geopolitics, social entrepreneurship and leadership.



The Impact Series on INKAA : What if you could know who made your products? By Muizz Aziz.



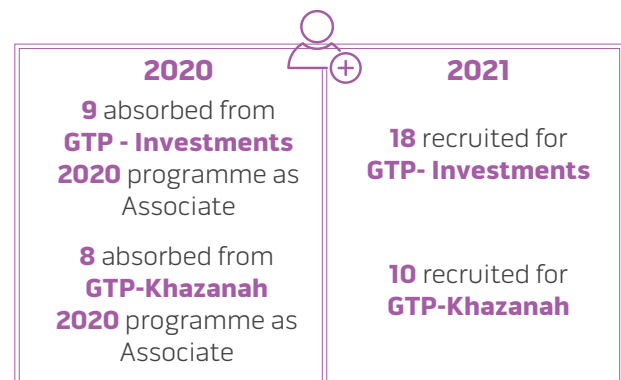
KKE on Behind The Scenes: Khazanah Impact Innovation Challenge by the KIC team.

Khazanah Graduate Trainee Programmes (KGTP)

KGTP aims to develop the nation's next generation of leaders. Throughout a tailored 12-month programme, trainees are challenged in a dynamic, competitive, and fast-paced environment and exposed to various sectors and areas, promising a career that is as challenging as it is rewarding.



To find out more about KGTP, visit www.khazanah.com.my/careers/overview/ ▶





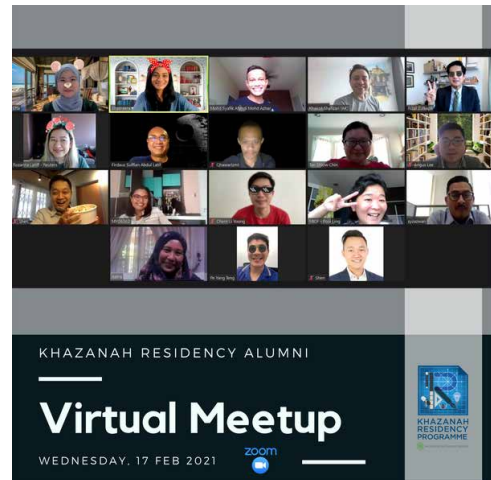
The Khazanah Residency Programme

The Khazanah Residency Programme (KRP) is meant to develop young Malaysian talents in the arts, media, design and public service disciplines by equipping them with the latest knowledge, skills and network in their respective fields. Programmes are chosen from established short-term residencies, fellowships or courses run by world renowned institutions. As of January 2022, Khazanah has sponsored a total of 38 Malaysian talents.

During the pandemic, numerous initiatives including K-Residency Series Tea Talks, Persona Profile-interviews with alumni and hosts of the programmes, a recycling initiative and a virtual charity hunt were organised.



During a Khazanah Tea Talk session titled High Performance Teams, Malaysia Aviation Group chairman and former Petronas President & CEO, Tan Sri Wan Zulkiflee Wan Ariffin, spoke about agile leadership as well as talent and cultural transformation together with Ismail Johari from Razak School of Government and Mohd Raslan Md Sharif, former Head of Corporate Communications, Khazanah.



Khazanah Residency alumni first virtual meet-up over lunch, sharing tips, career and life updates with members of the group during the lock-down period.



LO MAY YIN
Assistant Vice
President, Research

It is crucial to have a platform that enables talents of all ages to unleash their full potential by contributing their creativity, uniqueness, strength and productivity to the nation in the areas that align with their "True North."

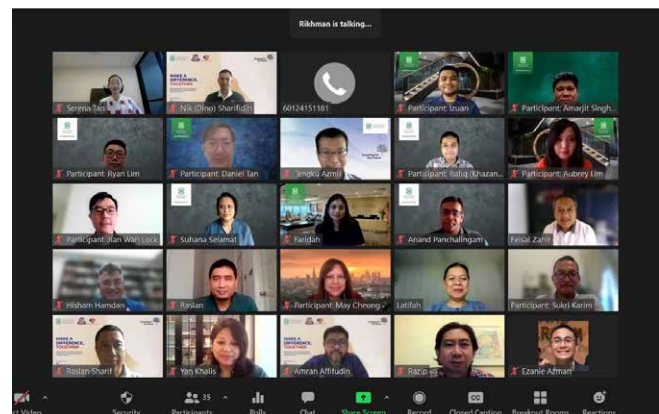


Khazanah Resource Centre

The Khazanah Resource Centre is a deep reservoir of knowledge including an up-to-date business library as well as online information services which include access to leading-edge databases and information sources, and as well as news updates that serve Khazanah's core and non-core business functions.

Khazanah Leadership Development Programme (KLDP)

KLDP is a structured and intensive leadership programme to develop talented mid-level leaders with the potential to go even higher. KLDP cohorts are trained through a customised programme, which includes lectures, coaching, simulation and action-learning components. The programme aims to nurture and grow effective, influential and visible leaders.



Virtual graduation of KLDP Cohort 2.

Khazanah Scholarship Programme

The Khazanah Scholarship Programme (previously known as YK4U) is a developmental platform available for high potential employees to pursue full-time postgraduate study in premier universities, both in Malaysia and abroad. The main purpose is to develop a pipeline of high calibre leaders to meet Khazanah's future business needs. Since 2014, a total of 54 scholarships were awarded and many have returned to assume critical roles within Khazanah, Khazanah-Linked Companies or other reputable organisations.

There are two distinct tracks:

Track 1 (Emerging Talent) - for exceptional junior staff to study up to two years

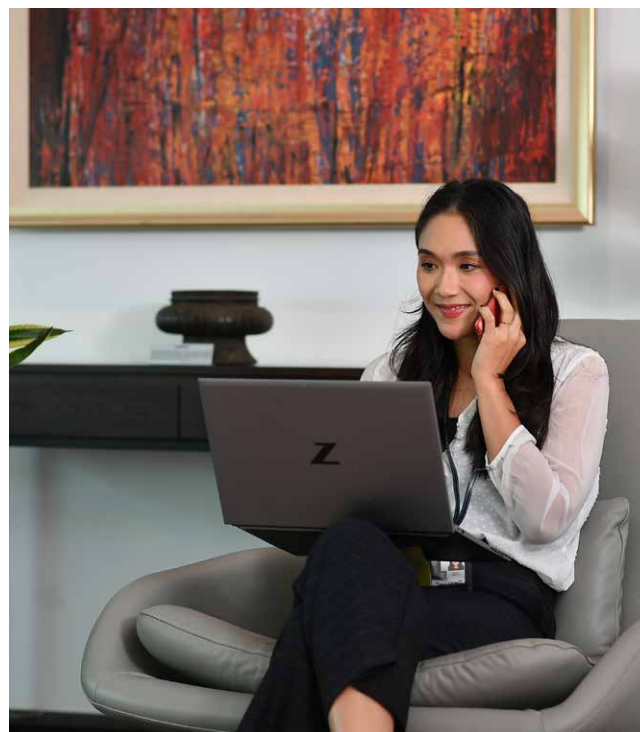
Track 2 (Mid-Career) - for identified mid-level to senior level staff with leadership potential to study up to one year

For 2020/21, five staff benefited from the programme and completed their Masters degree at Harvard Business School (US), The University of Chicago Booth School of Business (Hong Kong), London Business School (UK), Cornell University (US) and Edinburgh University (UK).



Harvard Business School.

Staff Development Benefit



The objective of the Staff Development Benefit (SDB) is to support staff's self-development initiatives in enhancing knowledge, skills and competency, particularly in job-related fields (which are not within the formal training opportunities provided by Khazanah). SDB provides financial assistance to staff who wish to undertake part-time study (undergraduate or post-graduate programmes), or professional certification i.e. Chartered Financial Analyst (CFA), Institute of Chartered Accountants in England and Wales (ICAEW), Association of Chartered Certified Accountants (ACCA) which is of professional relevance to the staffs' current and future roles in Khazanah. To date, there have been 120 such beneficiaries under the SDB programme.



Khazanah, via Yayasan Hasanah (YH) committed RM15m to Tabung Cerdik, which aims to provide digital access comprising laptops and data connectivity to students from selected schools nationwide. In 2021, Khazanah contributed 400 devices which were distributed by YH to identified schools in Kedah and Kelantan.

In addition, Khazanah also provided 56 staff at Non-Executive and Executive Secretary levels with school-going children with one laptop each. The Tabung Cerdik Fundraising Challenge was also initiated by Strategic Human Capital Management (SHCM) in collaboration with Kelab Sukan & Rekreasi Khazanah to enable Khazanah staff to participate directly in helping the less fortunate students within the community. Staff contribution has also enabled a total of 173 underprivileged students in Kuala Lumpur and Kedah to receive a laptop each.

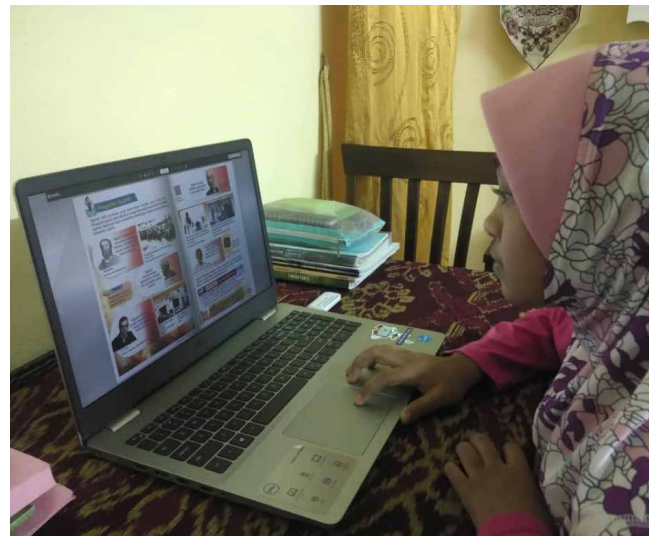


**MOHAMAD MURSYIDEE
MOHD NOOR**
Associate,
Managing Director's Office

Our community-based initiatives are an important part of our role in creating value towards *Advancing Malaysia* beyond economic targets. Taman Tugu, which I've had the privilege of being involved in, is one of many societal value initiatives undertaken by Khazanah and provides a space for the public to foster greater inclusivity while preserving the environment and creating better appreciation for the green agenda."



Latifah Daud, Head, SHCM, presented laptops to students of Sekolah Kebangsaan Brickfields 1, Kuala Lumpur.



A student from SK Sik, Kedah utilising a donated laptop for her education needs.

KHAZANAH'S DIGITAL TRANSFORMATION

As part of *Advancing Malaysia* and Developing a Winning Team, Khazanah is currently upgrading our technology capabilities to be better prepared to serve our nation

We developed a digital transformation strategy called NexGen which comprises three core pillars and six focus areas which will involve 14 programmes in the next five years. The objective is to prioritise areas where we can optimise technology to improve agility and collaboration. Our three core pillars and six focus areas are as follows:

A WINNING TEAM

Architecture

Data: To ensure capabilities to continuously improve the quality of our decisions towards better business outcomes.

Applications: To ensure Khazanah maximises digital tools.

Culture

Digital Culture: Accelerate adoption of digital tools.

Agile Ways of Working: Improve teamwork through collaboration.

Enablement

Technology Capabilities & Service Model: The shift to humanise digital technology.

Governance: Right set of policies to achieve our objectives.

NexGen is about strategic digitisation of certain functions and activities in Khazanah. Some of our achievements in the year under review are as follows:



Implemented cloud-based private markets platform to ensure better governance for our investment and divestment decisions



Implemented a cloud-based HR system that fully digitised our Human Resource function



Implemented initiatives to provide robust data analytics solutions for commercial and operations activities



Deployed an artificial intelligence-enabled solution called Kh-AI Chatbot to generate answers to frequently asked questions by our Legal Team



Deployed office automation systems to enable more efficient work processes for example an internal dispatch application with its own GPS feature and a self-service portal for software installation



Implemented data visualisation solutions to help with decision making

MOVING FORWARD, WE REMAIN TRUE TO OUR PURPOSE IN INVESTING TO DELIVER SUSTAINABLE VALUE FOR MALAYSIANS

We will continue to focus on our *Advancing Malaysia* strategy through four key areas:

1. Invest in catalytic sectors that strengthen the country's resilience and opens new growth opportunities
2. Spur economic growth by being an active participant in Malaysia's capital markets
3. Invest globally to grow our portfolio, while finding opportunity to facilitate flows of capital, technology and knowledge into Malaysia
4. Focus on building capacity and vibrant communities for the benefit of Malaysians

Building on our Financial Strength is core for Khazanah in *Advancing Malaysia*, and we do this through a well-diversified portfolio and maintaining financial discipline. In addition, we need to develop solutions to resolve challenges arising from assets in special situations.

Creating a Sustainable Future will see Khazanah institutionalise ESG principles in everything we do, from how we invest as well as how we operate as an enterprise; our aspiration is to play a leading role in shaping an equitable and responsible ESG transition for Corporate Malaysia.

For Khazanah to deliver its purpose and goals, it is critical to ensure a Winning Team is in place. We will strive to create a culture of high performance and collaboration, while embracing our three Core Values. We aim to continue to develop and support our talent to be equipped to be leaders for the country, as well as ensuring we have efficient, effective, fit-for-purpose processes and technology.



KHAZANAH NASIONAL BERHAD

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