

PERNYATAAN TADBIR URUS KORPORAT

STATEMENT ON CORPORATE GOVERNANCE

KWSP KOMITED DAN AKAN TERUS BERUSAHA UNTUK MENCAPAI PIAWAIAN TERTINGGI TADBIR URUS KORPORAT DALAM ORGANISASI SEBAGAI LANGKAH ASAS DALAM MELAKSANAKAN TUGAS DAN TANGGUNGJAWAB FIDUSIARINYA UNTUK MELINDUNGI SIMPANAN AHLI.

EPF IS COMMITTED TO CONTINUOUSLY STRIVE FOR THE HIGHEST STANDARD OF CORPORATE GOVERNANCE THROUGHOUT THE ORGANISATION AS A FUNDAMENTAL PART OF DISCHARGING ITS FIDUCIARY DUTY AND RESPONSIBILITY TO PROTECT MEMBERS SAVING.



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Lembaga KWSP terus komited untuk mempraktis amalan terbaik tadbir urus korporat untuk melindungi kepentingan semua ahli dan juga reputasi KWSP. KWSP melalui penglibatannya dalam pasaran ekuiti akan terus menggalakkan syarikat-syarikat pelaburannya untuk mempraktiskan amalan terbaik tadbir urus korporat di dalam organisasi. Selaras dengan aspirasi ini, pada tahun 2011, KWSP telah menghadiri dan menyertai pelbagai aktiviti-aktiviti berkaitan tadbir urus korporat. Antaranya dengan mengambil bahagian dalam persidangan dan forum tadbir urus korporat, mengadakan perjumpaan yang kerap dengan pihak syarikat untuk membincangkan isu-isu berkaitan dengan prestasi dan tadbir urus korporat, sesi dialog bersama pihak berkuasa serta interaksi bersama pengurus dana luar KWSP dan pelabur-pelabur institusi lain.

KWSP komited dan akan terus berusaha untuk mencapai piawaian tertinggi tadbir urus korporat dalam organisasi sebagai langkah asas KWSP dalam melaksanakan tugas dan tanggungjawab fidusiarinya untuk melindungi dan meningkatkan simpanan ahli serta memastikan pertumbuhan yang berterusan. KWSP telah mematuhi prinsip-prinsip yang dinyatakan dalam organisasi seperti nilai integriti, ketelusan dan akauntabiliti melalui pelaksanaan kawalan dalaman dan luaran dalam semua urus niaga. Dalam usaha untuk memperbaiki kawalan dalaman, KWSP telah melaksanakan Polisi *Chinese Wall* dan Prosedur pada Januari 2011 bertujuan untuk meningkatkan kawalan penggunaan dan perlindungan maklumat sensitif dalam KWSP.

EPF Board continues to be committed to inspire good corporate governance practices to protect the interest of all stakeholders and the reputation of the Fund. With our significant presence in equity market, we continuously encourage our investee companies to adopt sound corporate governance practices in the organisation. In line with this aspiration, EPF had in 2011 initiated and participated in various corporate governance activities, among others are participating in corporate governance conference and forum, conducting regular meetings with companies to address matters pertaining to performance and corporate governance, dialogue sessions with regulators and engagement with EPF's External Fund Managers and other Institutional Investors.

EPF is committed to continuously strive for the highest standard of corporate governance throughout the organisation as a fundamental part of discharging its fiduciary duty and responsibility to protect and enhance members saving and to ensure sustainable growth. The EPF adhered to the principles set out in organisation such as the value of integrity, transparency and accountability through the implementation of internal and external controls in all transactions. In an effort to improve internal controls, EPF has implemented Chinese Wall Policy and Procedures in January 2011 aimed at enhancing control to the use and protection of price sensitive information within EPF.

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Untuk menyediakan maklumat yang kukuh dan tepat pada masanya berkaitan aktiviti-aktiviti pelaburan, KWSP telah mengeluarkan laporan setiap suku tahun berhubung pelaburannya yang merangkumi maklumat tentang alokasi aset KWSP, pendapatan yang dijana hasil daripada aset-aset tersebut, jumlah saiz dana KWSP serta prospek bagi suku tahun berikutnya. Di samping itu, KWSP juga telah menyenaraikan 30 saham terbesar yang dilabur pada setiap suku tahun untuk memberi maklumat kepada pemegang berkepentingan mengenai pegangan KWSP dalam syarikat-syarikat awam di Malaysia.

To provide accurate and timely information on its investment activities, EPF disclosed a quarterly report which constitutes the information on asset allocation, revenue generated from each assets, total fund size and outlook for the following quarter. In addition, the list of top 30 equity investments of EPF is also being disclosed on quarterly basis to provide stakeholders with information on EPF holdings in public listed companies in Malaysia.

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KWSP juga akan sentiasa mempromosikan amalan terbaik tadbir urus korporat dengan pendekatan yang lebih luas melalui penyertaan dalam penetapan polisi awam, kerjasama dengan para pemegang saham lain, interaksi berterusan dengan syarikat-syarikat serta peningkatan kerjasama dengan badan-badan tempatan dan antarabangsa untuk menangani isu-isu berkenaan tadbir urus korporat. Pada 28 Februari 2011, KWSP telah menganjurkan "International Corporate Governance Network (ICGN) Mid-year Conference" di Kuala Lumpur. Persidangan yang memberi tumpuan kepada isu-isu tadbir urus korporat di Asia telah dihadiri lebih daripada 250 peserta dari pelbagai negara.

The EPF continues to promote best practices on a broader basis through actions in the area of public policy, collaboration with other shareholders, engagement with companies and enhanced cooperation with the local and international bodies to address issues on corporate governance. On 28 February 2011, EPF hosted an "International Corporate Governance Network (ICGN) Mid-year Conference" in Kuala Lumpur. The conference was focusing on issues of corporate governance in Asia and attended by more than 250 delegates from various countries.

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KWSP juga akan terus terlibat dengan pengawal selia untuk menangani isu-isu mengenai tadbir urus korporat. Selaras dengan ini, KWSP telah terlibat secara aktif dalam menyediakan maklum balas mengenai Rangka Tindakan Tadbir Urus Korporat SC 2011 kepada Suruhanjaya Sekuriti Malaysia. Suruhanjaya Sekuriti semasa pelancaran Rangka Tindakan Tadbir Urus Korporat 2011 pada 8 Julai 2011 telah mengiktiraf kepentingan peranan pelabur institusi dalam mempromosikan amalan tadbir urus korporat dengan memanfaatkan sumber-sumber dan berfungsi sebagai satu pertubuhan yang menggalakkan amalan tadbir urus korporat syarikat-syarikat pelaburan mereka. KWSP percaya bahawa pelan tindakan tersebut akan dapat meningkatkan keyakinan pasaran dan merangsang pertumbuhan pasaran modal Malaysia pada umumnya.

Sebagai sebahagian daripada inisiatif untuk meningkatkan piawaian tadbir urus korporat dan untuk menanamkan profesionalisme dalam organisasi, KWSP bersama-sama dengan Pusat Kepimpinan Kewangan Antarabangsa (ICLIF) telah menganjurkan Program Tadbir Urus Korporat pada 29 November 2011. Program ini, yang dikendalikan oleh penceramah dan pakar yang terkenal daripada Harvard Business School, diadakan terutamanya untuk Lembaga Pengarah, Ahli Panel Pelaburan, Pengurusan Atasan dan Pengarah-pengarah Nominee KWSP. Program ini telah menekankan tanggungjawab fidusiari Lembaga dan peranan Pengarah Bebas dan Bukan Bebas di dalam sesebuah organisasi.

Sebagai pemegang amanah dana persaraan, KWSP secara berterusan akan melaksanakan pelaburan dalam pasaran modal dan bergantung pada pulangan pasaran untuk menjana dividen kepada ahli-ahlinya. KWSP percaya bahawa amalan tadbir urus korporat yang baik adalah penting untuk menarik dan mengekalkan pelaburan modal dan memastikan kesinambungan dan keuntungan sesebuah perniagaan. Oleh itu, KWSP telah mengambil kira kriteria tadbir urus korporat (sebagai contoh pendedahan dan ketelusan) dalam proses pemilihan saham yang bertindak sebagai panduan untuk membuat keputusan pelaburan. KWSP juga telah menyaksikan peningkatan yang ketara dan peningkatan kesedaran mengenai amalan tadbir urus korporat dalam syarikat-syarikat pelaburannya, sejak pengenalan Prinsip Tadbir Urus Korporat dan Garis Panduan Pengundian KWSP pada Mei 2010. Dengan itu, KWSP akan terus mengundi berdasarkan garis panduan pengundian bagi menggalakkan amalan tadbir urus korporat terbaik di kalangan syarikat pelaburannya. Telah diakui bahawa tadbir urus korporat yang baik dapat mengurangkan pendedahan syarikat terhadap krisis kewangan dan meningkatkan ketelusan yang seterusnya akan membawa kepada pembangunan pasaran modal yang mampan.

The EPF also continue to engage regulators to address issues on corporate governance. In line with this, EPF has been actively involved in providing feedback on the formulation of SC Corporate Governance Blueprint 2011 to the Securities Commission of Malaysia. The Securities Commission during the launch of its Corporate Governance Blueprint 2011 on 8 July 2011 has recognised the important role of institutional investors in the enrichment of corporate governance practices by harnessing the resources to network as a group to promote governance practices of their investee companies. EPF strongly believes that the said blueprint would be able to enhance market confidence and spur growth to Malaysia's capital market at large.

As part of the initiatives to enhance the standard of corporate governance and to instill professionalism in the organisation, EPF together with International Center For Leadership in Finance (ICLIF) have jointly organised a Corporate Governance Programme on 29 November 2011. The programme was facilitated by a renowned and expert speaker from Harvard Business School mainly for the EPF's Board of Directors, Investment Panel Members, Top Management and Nominee Directors. This programme has emphasised on the fiduciary responsibilities of Board and the role of Independent and Non Independent Directors in the organisation.

As a provident fund, EPF will continue to invest in capital markets and relies on market returns to generate dividends to its members. EPF believes that a good corporate governance practice is important in attracting and retaining capital investment and reinsuring sustainability and profitability of business performance. As such, EPF has incorporated the corporate governance criteria (i.e. disclosure and transparency) in its stock selection process that serve as guidance to make investment decision. EPF has also witnessed significant improvement and raising awareness of corporate governance practices within its investee companies, since the introduction of EPF's Corporate Governance Principles and Voting Guidelines in May 2010. With that, EPF will continue to vote in accordance to its voting guidelines to promote best corporate governance practice among its investee companies. It is acknowledged that good governance reduces companies' vulnerability to financial crisis and improves transparency which will lead to sustainable capital market development.

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LEMBAGA DAN PANEL PELABURAN

Tugas dan Tanggungjawab Utama Lembaga dan Panel Pelaburan

Lembaga KWSP memikul beberapa tanggungjawab utama seperti mengawal selia pelaksanaan dasar berkaitan dengan operasi KWSP, mengenal pasti bidang risiko penting dan mengambil langkah-langkah yang sewajarnya untuk mengurus risiko-risiko itu dan dalam masa yang sama mengkaji kecukupan dan integriti sistem kawalan dalaman. Selain daripada Lembaga, Akta KWSP 1991 juga memperuntukkan penubuhan Panel Pelaburan yang bertanggungjawab terhadap hala tuju strategik dan isu-isu berkaitan dengan pelaburan KWSP. Panel Pelaburan menentukan dan meluluskan aktiviti-aktiviti pelaburan KWSP selaras dengan garis panduan pelaburan serta dasar mengenai kawalan risiko dan alokasi aset.

Pelantikan Lembaga dan Panel Pelaburan

Ahli-ahli Lembaga dan Panel Pelaburan serta Ketua Pegawai Eksekutif (KPE) dilantik oleh Menteri Kewangan. Menteri Kewangan hanya melantik individu-individu yang mempunyai rekod prestasi yang terbukti dalam integriti, kebolehan dan kebolehpercayaan untuk memastikan mereka melaksanakan tanggungjawab dengan berkesan. Pelantikan adalah untuk setiap terma bagi tempoh dua tahun dan Menteri Kewangan akan mengkaji prestasi dan keberkesanan setiap Ahli Lembaga dan Panel Pelaburan secara individu.

Komposisi Lembaga dan Panel Pelaburan

Akta KWSP 1991 memperuntukkan bahawa keahlian Lembaga hendaklah tidak melebihi 20 orang termasuk Pengerusi dan KPE. Dalam tahun 2011, Lembaga KWSP mempunyai 18 orang Ahli Lembaga termasuk Pengerusi dan KPE. Kesemuanya tidak mempunyai kuasa eksekutif kecuali KPE sebagai Ahli Ex-Officio. Selain daripada Pengerusi dan KPE, komposisi Lembaga adalah terdiri daripada wakil di kalangan pemegang berkepentingan KWSP, iaitu lima Ahli Lembaga mewakili Kerajaan, empat Ahli Lembaga mewakili Majikan, empat Ahli Lembaga mewakili Pekerja dan tiga Ahli Lembaga profesional dari pelbagai latar belakang.

Panel Pelaburan, yang diterajui oleh Pengerusi Lembaga KWSP, terdiri daripada tujuh Ahli Panel dan mempunyai wakil daripada Bank Negara, Kementerian Kewangan, serta tiga pakar kewangan bebas dan KPE adalah Ahli Ex-Officio.

Ahli-ahli Lembaga KWSP serta Panel Pelaburan mempunyai pengalaman luas dalam pelbagai bidang, memberikan keupayaan yang kukuh dalam melaksanakan tanggungjawab mereka dengan berkesan.

THE BOARD AND INVESTMENT PANEL

Main Duties and Responsibilities of the Board and Investment Panel

The Board assumes a number of specific responsibilities such as overseeing the implementation of policies related to the operations of the EPF, identifying key risks areas and taking appropriate steps to manage these risks, as well as reviewing the adequacy and integrity of the internal control systems. Apart from the Board, the EPF Act 1991 also provides for the establishment of an Investment Panel to provide strategic directions on investment related issues. The Investment Panel determines and approves the investment activities in line with the guidelines, policies on risk control and asset allocation.

Appointment to the Board and Investment Panel and CEO

Members of the Board and the Investment Panel as well as the Chief Executive Officer (CEO) are appointed by the Minister of Finance. The Minister of Finance appoints only those who have proven track records of integrity, ability and reliability to undertake their obligations effectively. The appointments are for each term of two years and the Minister of Finance will then review the performance and effectiveness of individuals of Board and Investment Panel Members.

Composition of the Board and Investment Panel

The EPF Act 1991 dictates that the Board's membership should not be more than 20 persons, inclusive of the Chairman and CEO. In 2011, there are 18 Board members which includes the Chairman and the CEO, all with non-executive powers except the CEO as the ex-officio member. Apart from the Chairman and the CEO, the Board's composition includes representatives from various stakeholders, which consists of five members representing the Government, four members representing Employers, four members representing the Employees and three Professional members from various backgrounds.

The Investment Panel, headed by the Chairman of the EPF Board, consists of seven members and has representatives from Bank Negara, the Ministry of Finance, and three professional members. The CEO is the ex-officio member.

The members of the EPF Board together with the Investment Panel are from a wide spectrum of experience in providing competence and strength in discharging their duties effectively.

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Jawatankuasa Lembaga/Panel Pelaburan

Untuk memastikan pelaksanaan tugas dengan berkesan, Lembaga dan Panel Pelaburan telah menubuhkan Jawatankuasa Lembaga/Panel Pelaburan untuk mengawal selia perkara-perkara spesifik berkaitan dengan operasi organisasi. Setiap jawatankuasa melaksanakan tanggungjawab mengikut terma rujukan yang telah ditetapkan. Antara bidang tugas utama Jawatankuasa utama Lembaga/Panel Pelaburan adalah seperti berikut:

- **Jawatankuasa Audit Lembaga**

Jawatankuasa Audit Lembaga bertanggungjawab membantu Lembaga dalam penilaian keberkesanan kawalan dalaman, pengurusan risiko (kecuali aktiviti pengurusan risiko dalam membuat keputusan pelaburan) dan proses tadbir urus KWSP. Selain itu, Jawatankuasa ini turut mengawasi proses pelaporan kewangan serta kualiti laporan kewangan tahunan dan suku tahunan KWSP. Ia juga mempertimbangkan kesesuaian polisi perakaunan KWSP dan perubahan-perubahan kepada polisi ini.

Jawatankuasa ini terdiri daripada enam orang ahli termasuk Pengerusi dan sebanyak tujuh mesyuarat telah diadakan dalam tahun 2011 bagi membincangkan laporan juruaudit dalam dan juruaudit luar, serta mengawasi perkara-perkara berkaitan fungsi audit dalam dan pelan audit untuk tahun semasa. Jawatankuasa ini mempunyai akses sepenuhnya ke atas kedua-dua pihak iaitu juruaudit dalam dan juruaudit luar. Kedua-dua pihak juruaudit dalam dan juruaudit luar juga mempunyai akses secara langsung kepada Pengerusi Jawatankuasa pada setiap masa. Jawatankuasa Audit Lembaga mempunyai hubungan profesional dan rasmi dengan juruaudit luar dan telah mengadakan dua mesyuarat bersama juruaudit luar pada tahun 2011 tanpa kehadiran pihak Pengurusan.

- **Jawatankuasa Pengurusan Risiko Lembaga**

Jawatankuasa Pengurusan Risiko Lembaga bertanggungjawab membantu Lembaga mengawasi semua aktiviti pengurusan risiko operasi, mengkaji semula risiko utama yang wujud dalam organisasi dan sistem kawalan dalaman untuk menguruskannya, dan melaporkan hasil penemuan risiko kepada Lembaga. Jawatankuasa ini terdiri daripada enam orang ahli termasuk Pengerusi dan sebanyak empat mesyuarat telah diadakan dalam tahun 2011.

Board/Investment Panel Committees

To ensure the effective discharge of its duties, the Board and Investment Panel have established various Board/Investment Panel Committees to oversee specific matters pertaining to the operation of the organisation. Each committee operates within clearly defined terms of reference. The terms of reference of the main committees are set out as follows:

- **Board Audit Committee**

The Board Audit Committee assists the Board in evaluating the effectiveness of the internal controls, risk management (except risk management activities in making investment decisions) and governance processes of EPF. The Committee oversees the financial reporting process and the quality of the financial reporting of EPF's annual and interim financial statements. It also reviews the appropriateness of the EPF's accounting policies and the changes to these policies.

The Committee consists of six members (including the Chairman) held seven meetings in 2011 to deliberate the reports of the internal and external auditors, review matters including the internal audit function as well as the audit plan for the year. The Committee has full access to both the internal and external auditors who, in turn, have access at all times to the Chairman of the Committee. The Board Audit Committee maintains a formal and professional relationship with the external auditors and had convened two meetings with the external auditors in year 2011 without the presence of Management.

- **Board Risk Management Committee**

The Board Risk Management Committee is responsible for assisting the Board to oversee all operational risk management activities, reviewing the key risks inherent in the organisation and the system of internal control to manage them; and reporting its findings to the Board. The Committee consists of six members including the Chairman and there were four meetings held in 2011.

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• Jawatankuasa Kewangan dan Pembangunan

Jawatankuasa Kewangan dan Pembangunan bertanggungjawab meneliti dan mengawal perbelanjaan KWSP. Jawatankuasa ini juga memperakukan belanjawan tahunan kepada Lembaga selain perkara-perkara seperti pelupusan harta tak alih KWSP serta perkara berkaitan kewangan seperti pembukaan akaun bank utama dan kawalan perbelanjaan. Jawatankuasa ini terdiri daripada enam orang ahli termasuk Pengerusi dan sebanyak lima mesyuarat telah diadakan dalam tahun 2011.

• Jawatankuasa Risiko Panel Pelaburan

Jawatankuasa Risiko Panel Pelaburan bertanggungjawab mengawasi risiko pelaburan, termasuk memperakukan cadangan tahap risiko agregat untuk kelulusan Panel Pelaburan, meluluskan polisi pengurusan dan had risiko, mengkaji semula pendedahan risiko dan memberikan panduan berkaitan amalan pengurusan risiko dalam lingkungan fungsi pelaburan. Jawatankuasa ini terdiri daripada empat ahli termasuk Pengerusi dan sebanyak empat mesyuarat telah diadakan dalam tahun 2011.

Mesyuarat Lembaga dan Panel Pelaburan

Sejumlah lapan mesyuarat Lembaga (satu daripadanya adalah Mesyuarat Khas) dan 17 mesyuarat Panel Pelaburan (dua daripadanya adalah Mesyuarat Khas) telah diadakan pada 2011. Butir-butir kehadiran ahli adalah seperti berikut:

MESYUARAT LEMBAGA/BOARD MEETINGS

NAMA/NAME	KEHADIRAN/ ATTENDANCE
1. Tan Sri Samsudin Osman (Pengerusi/Chairman)	8/8

WAKIL KERAJAAN/GOVERNMENT REPRESENTATIVES

2. Dato' Dr. Mohd Irwan Serigar Abdullah Encik Maliami Hamad (Ahli Silih Ganti/Alternate Member)	5/8
3. Tan Sri Abu Bakar Bin Hj Abdullah Datuk Farida Mohd Ali (Ahli Silih Ganti/Alternate Member)	3/8
4. Dato' Seri Zainal Rahim Seman (Mulai 1 Jun 2011/Appointed with effect from June 1, 2011) Dato' Mohd Shariff Hussain (Ahli Silih Ganti/Alternate Member)	4/5
5. Datuk Seri Panglima Hj Sukarti Wakiman Datuk Hj Nordin Siman (Ahli Silih Ganti/Alternate Member)	7/8
6. Datuk Hj Mohamad Morshidi Abdul Ghani	6/8
i) Datu Abdul Ghafur Shariff (Meletak jawatan berkuatkuasa dari 30 Nov 2011/ Resigned with effect from Nov 30, 2011) (Ahli Silih Ganti/Alternate Member)	
ii) Datu Haji Misnu Haji Taha (Dilantik berkuatkuasa dari 1 Dis 2011/ Appointed with effect from Dec 1, 2011) (Ahli Silih Ganti/Alternate Member)	

• Finance and Development Committee

The Finance and Development Committee is responsible to review and control EPF's expenditure. The Committee also recommends yearly budget to the Board besides disposal of EPF's immovable assets as well as other financial matters such as opening of the main bank account and budget control. The Committee consists of six members including the Chairman and there were five meetings held in 2011.

• Investment Panel Risk Committee

The Investment Panel Risk Committee is responsible for overseeing investment risk, which includes recommending the aggregate risk appetite for the Investment Panel's approvals, approving risk management policies and limits, reviewing risk exposure and providing direction in relation to risk management practices within the investment function. There are four members including the Chairman and four meetings were held in 2011.

The Board and Investment Panel Meetings

A total eight Board (including one Special Board) and 17 Investment Panel (including two Special Investment Panel) meeting were held in 2011. The details of members' attendance at meetings are as follows:


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NAMA/NAME	KEHADIRAN/ ATTENDANCE
WAKIL MAJIKAN/EMPLOYERS REPRESENTATIVES	
7. Dato' Azman Shah Haron	5/8
8. Tan Sri Datuk (Dr) Mustafa Mansur	7/8
9. Datuk Mohd Hasnol Ayub	6/8
10. Datuk Abdul Hamed Haji Sepawi	2/5
WAKIL PEKERJA/EMPLOYEEES REPRESENTATIVES	
11. Tuan Syed Shahir Syed Mohamud (Meletak jawatan berkuatkuasa dari 31 Mei 2011/ <i>Resigned with effect from May 31, 2011</i>)	3/3
12. Encik Andrew Lo Kian Nyan (Meletak jawatan berkuatkuasa dari 31 Mei 2011/ <i>Resigned with effect from May 31, 2011</i>)	3/3
13. Encik Ahmad Shah Mohd Zin (Meletak jawatan berkuatkuasa dari 31 Mei 2011/ <i>Resigned with effect from May 31, 2011</i>)	3/3
14. Cik Chin Yung Chiew @ Rebecca	7/8
15. Encik Mohd Khalid Atan (Dilantik berkuatkuasa dari 1 Jun 2011/ <i>Appointed with effect from June 1, 2011</i>)	3/5
16. Puan Lok Yim Pheng (Dilantik berkuatkuasa dari 1 Jun 2011/ <i>Appointed with effect from June 1, 2011</i>)	5/5
PROFESIONAL/PROFESSIONALS	
17. Tan Sri Lee Lam Thye	5/8
18. Datuk Dr Hussein Awang (Meletak jawatan berkuatkuasa dari 31 Mei 2011/ <i>Resigned with effect from May 31, 2011</i>)	3/3
19. Encik Halim Hj Din	7/8
20. Encik Heng Hock Cheng @ Heng Heyok Chiang (Dilantik berkuatkuasa dari 1 Jun 2011/ <i>Appointed with effect from June 1, 2011</i>)	5/5
EX-OFFICIO/EX-OFFICIO	
21. Tan Sri Azlan Zainol	8/8

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MESYUARAT PANEL PELABURAN/INVESTMENT PANEL MEETING

 NAMA/NAME	KEHADIRAN/ ATTENDANCE
1. Tan Sri Samsudin Osman (Pengerusi/Chairman)	17/17
2. Dato' Dr. Mohd Irwan Serigar Abdullah	7/16
3. Datuk Nor Shamsiah Mohd Yunus	8/17
4. Dato' Sri Mohamed Nazir Abdul Razak	8/17
5. Dato' Mohammad Azlan Hashim	11/17
6. Encik David Lau Nai Pek	11/17
7. Tan Sri Azlan Zainol (Ex-Officio)	17/17

HONORARIUM DAN ELAUN KEHADIRAN AHLI LEMBAGA DAN PANEL PELABURAN/ HONORARIUM AND ATTENDANCE ALLOWANCE OF BOARD AND INVESTMENT PANEL MEMBERS

JENIS ELAUN/TYPES OF ALLOWANCES

 ELAUN/ ALLOWANCE (RM)	LEMBAGA/ BOARD	PANEL PELABURAN/ INVESTMENT PANEL	LEMBAGA/PANEL PELABURAN/ JAWATANKUASA AUDIT LEMBAGA/ JAWATANKUASA PENGURUSAN RISIKO LEMBAGA/JAWATANKUASA RISIKO PANEL PELABURAN/ BOARD/INVESTMENT PANEL/BOARD AUDIT COMMITTEE/BOARD RISK MANAGEMENT COMMITTEE/ INVESTMENT PANEL RISK COMMITTEE	JAWATANKUASA LEMBAGA LAIN/ OTHER BOARD'S COMMITTEES
Honorarium (sebulan)/ Honorarium (per month) (Kadar sebelum 31 Mei 2011) (Prior to May 31, 2011)	2,000	2,000		
(Kadar mulai 1 Jun 2011) (From June 1, 2011)	3,000	3,000		
Pengerusi Mesyuarat/ Chairman of Meeting (Kadar sebelum 31 Mei 2011)/ (Prior to May 31, 2011)			1,000	1,000
(Kadar mulai 1 Jun 2011)/ (From June 1, 2011)			2,000	1,500
Kehadiran Mesyuarat- termasuk Ahli Silih Ganti/ Meeting Attendance - Including Alternate Members (Kadar sebelum 31 Mei 2011)/ (Prior to May 31, 2011)			1,000	800
(Kadar mulai 1 Jun 2011) (From June 1, 2011)			1,500	1,300

Pada tahun 2011, jumlah bayaran honorarium dan elaun Ahli Lembaga dan Ahli Panel Pelaburan adalah masing-masing sebanyak RM869,000 dan RM232,000.

For the year 2011, the total honorarium and allowances paid to the Board and Investment Panel members was RM869,000 and RM232,000 respectively.

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EMOLUMEN PENGURUSAN KANAN/EMOLUMENT OF TOP MANAGEMENT



JAWATAN/POSITION

EMOLUMEN/ EMOLUMENT (RM)

Ketua Pegawai Eksekutif/Timbalan-Timbalan Ketua Pegawai Eksekutif/
Chief Executive Officer/Deputy Chief Executive Officers

3,646,179

KOMUNIKASI DENGAN PEMEGANG BERKEPENTINGAN

Lembaga mengakui ia perlu bersikap telus kepada pemegang berkepentingannya, khususnya ahli KWSP. Semua perubahan utama dan maklumat penting seperti tanggungan untuk mencarum, pengeluaran dan manfaat, prosedur, saluran penyampaian perkhidmatan baru dan perkara-perkara lain berkaitan sentiasa dimaklumkan kepada ahli dari semasa ke semasa. Dalam tahun semasa, KWSP telah mengadakan 9 mesyuarat/seminar dengan pelbagai pemegang berkepentingan. Ini termasuk, antara lain, Kongres Kesatuan Sekerja Malaysia (MTUC), Gabungan Persatuan-Persatuan Pengguna-Pengguna Malaysia (FOMCA), Persatuan Pengguna Pulau Pinang (CAP), Jabatan Perkhidmatan Awam dan Aduan, MCA dan Persatuan Pengguna-Pengguna Islam Malaysia.

Selain daripada itu, KWSP secara berterusan mengadakan sesi dialog dengan syarikat-syarikat yang mana KWSP melabur. Dalam tahun 2011, KWSP telah mengadakan sesi lawatan ke 30 buah syarikat (Tempatan: 20, Luar Negara: 10). KWSP juga telah menghadiri serta mengundi secara aktif dalam 106 Mesyuarat Agung Tahunan dan 44 Mesyuarat Agung Luar Biasa syarikat di mana KWSP melabur. Memandangkan KWSP bergiat aktif dalam mengawal selia pelaburannya, KWSP telah melantik wakilnya dalam Lembaga Pengarah syarikat tersenarai dan tidak tersenarai. Setakat 31 Disember 2011, KWSP mempunyai wakil Lembaga Pengarah di dalam 10 syarikat tersenarai dan 20 syarikat tidak tersenarai.

COMMUNICATION WITH STAKEHOLDERS

The Board acknowledges the need to be transparent to its stakeholders, particularly the EPF's members. All major changes and material information such as changes in liability to contribute, withdrawals and benefits, procedures, new service delivery channels and other related matters are communicated to its members on a regular basis. During the year under review, the EPF conducted nine meetings/dialogues with various stakeholders, which include, among others, the Malaysian Trade Unions Congress (MTUC), Federation of Malaysian Consumers Associations (FOMCA), Consumers Association of Penang (CAP), Public Services and Complaints Department, Malaysian Chinese Association (MCA) and Persatuan Pengguna Islam Malaysia.

Apart from that, EPF continues to hold dialogues with its investee companies. In 2011, the EPF visited 30 companies (Local: 20, Overseas: 10). The EPF also attended and voted actively in 106 AGMs and 44 EGMs of its investee companies. As EPF becomes more active in overseeing its investments, the organisation has appointed its nominees on Board of listed and unlisted companies. As at 31 December 2011, EPF has nominees in 10 listed companies and 20 unlisted companies.

PERNYATAAN KAWALAN DALAMAN

STATEMENT ON INTERNAL CONTROL



Sistem kawalan dalaman tersebut dirangka untuk mengurus risiko dan bukan untuk menghapus semua risiko tidak mencapai dasar, matlamat dan objektif organisasi.

The system of internal controls is designed to manage rather than to eliminate all risk of failure in achieving the organisation's policies, aims and objectives.



TANGGUNGJAWAB

Lembaga mengakui bahawa ia bertanggungjawab ke atas sistem kawalan dalaman dan rangka kerja pengurusan risiko operasi KWSP. Sistem kawalan dalaman tersebut dirangka untuk mengurus risiko dan bukan untuk menghapus semua risiko tidak mencapai dasar, matlamat dan objektif organisasi. Justeru, sistem kawalan dalaman hanya dapat memberikan jaminan keberkesanan yang munasabah dan bukan secara mutlak.

CIRI-CIRI UTAMA KAWALAN DALAMAN

Ciri-ciri utama kawalan dalaman yang sedia ada di KWSP adalah:

- Terma rujukan yang ditakrif dengan jelas, menggariskan peranan dan tanggungjawab semua jawatankuasa Lembaga dan Panel Pelaburan;
- Sebuah struktur organisasi yang mempunyai panduan yang jelas mengenai kebertanggungjawaban, penurunan kuasa dan tanggungjawab di semua peringkat urusan bisnes organisasi. Pengurusan juga tertakluk kepada garis panduan polisi dan had penurunan kuasa dalam melaksanakan operasi harian termasuk aktiviti pelaburan.;

RESPONSIBILITY

The Board acknowledges that it is responsible for the EPF's system of internal controls and operational risk management framework. The system of internal controls is designed to manage rather than to eliminate all risk of failure in achieving the organisation's policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness.

KEY ELEMENTS OF INTERNAL CONTROL

The key elements of internal control in place within the EPF are as follows:

- *Terms of reference that define the roles and responsibilities of all committees of the Board and the Investment Panel;*
- *An organisational structure with clearly defined lines of accountability, delegation of responsibility and levels of authorisation for all aspects of the business. There are policy guidelines and delegated authority limits imposed on the Management with regard to day-to-day operations including investment activities;*

PERNYATAAN KAWALAN DALAMAN STATEMENT ON INTERNAL CONTROL

- Mesyuarat jawatankuasa pengurusan diadakan dari semasa ke semasa untuk mengenal pasti, membincang dan menyelesaikan isu-isu utama pengurusan, operasi, kewangan dan pelaburan. Lembaga dan Panel Pelaburan menerima dan mengkaji laporan daripada pengurusan dari semasa ke semasa. Terma rujukan Lembaga dan Panel Pelaburan, serta jawatankuasa masing-masing bagi tahun ini dinyatakan dalam Penyata Tadbir Urus Korporat;
- Pelan bisnes dan belanjawan tahunan disediakan oleh unit-unit operasi, dikaji semula oleh jawatankuasa pengurusan yang berkaitan dan diluluskan oleh Lembaga. KWSP mempunyai proses perancangan pelan bisnes dan belanjawan tahunan terperinci dan rasmi yang mengambil kira objektif jangka pendek dan jangka sederhana organisasi;
- KWSP mempunyai garis panduan yang teratur mengenai pengambilan dan pemecatan kakitangan, program latihan kakitangan, penilaian prestasi tahunan dan prosedur-prosedur lain yang berkaitan bagi memastikan kakitangan berdaya saing dan dilatih secukupnya untuk menjalankan tanggungjawab mereka;
- Dasar dan prosedur bagi memastikan pematuhan terhadap kawalan dalaman (seperti pengasingan tugas, proses penyemakan dan pengesahan secara bebas serta kawalan capaian sistem) yang dinyatakan dalam manual operasi, garis panduan dan pekeliling yang dikeluarkan oleh KWSP, yang dikemaskini dari semasa ke semasa;
- Sebuah fungsi audit dalam yang menyediakan penilaian bebas terhadap kecukupan dan kewibawaan sistem kawalan dalaman. Ini dicapai melalui kajian semula aktiviti bisnes utama KWSP berdasarkan pelan audit tahunan yang diluluskan oleh Jawatankuasa Audit Lembaga;
- Pelan pengurusan kawalan fraud bersepadu untuk mencegah dan mengesan fraud telah diwujudkan termasuk polisi Anti-Fraud dan Pendedahan Maklumat;
- Dasar Keselamatan ICT yang didokumen, menggariskan dasar dan prosedur yang perlu untuk memastikan kerahsiaan, kewibawaan dan ketersediaan maklumat, data dan aplikasi sistem di dalam organisasi;
- Fungsi pengurusan risiko operasi ('ORM') yang membantu pengurusan dan pemilik risiko mengenal pasti, menilai dan mengkaji semula risiko-risiko penting serta menilai kecukupan kawalan dalaman untuk mengatasi risiko tersebut. Fungsi ORM turut membantu Jawatankuasa Pengurusan Risiko Lembaga mengawasi aktiviti pengurusan risiko KWSP. Pemilik risiko dan kawalan turut memberikan pengesahan digital berhubung dengan keberkesanan risiko dan kawalan milik mereka;
- Rancangan Kesenambungan Perniagaan ('BCP') diwujudkan bagi memastikan kesinambungan bisnes jika berlaku gangguan yang ketara atau bencana;
- Semua proses teras KWSP adalah berlandaskan kepada piawaian MS ISO 9001:2008.
- *Management committees meet on a regular basis to identify, discuss and resolve operational, financial, investment and key management issues. The Board and the Investment Panel receive and review reports from the management on a regular basis. The terms of reference of the Board and the Investment Panel and their respective committees for the year are noted in the Statement on Corporate Governance;*
- *Annual business plans and annual budgets are prepared by the operating units, reviewed by the relevant management committees and approved by the Board. There is a detailed and formalised annual business and budget planning process in place that looks at both the immediate and medium-term objectives of the organisation;*
- *Proper guidelines within the organisation for hiring and termination of staff, staff training programmes, annual performance appraisals and other relevant procedures to ensure that staff are competent and adequately trained to carry out their responsibilities;*
- *Policies and procedures to ensure compliance with internal controls (such as segregation of duties, independent checks and verification processes and system access controls) are set out in operation manuals, guidelines and directives issued by EPF, which are updated from time to time;*
- *An internal audit function that provides an independent assessment on the adequacy and integrity of the system of internal controls. This is achieved through the review of key activities of the EPF's businesses based on the annual internal audit plan as approved by the Board Audit Committee;*
- *An integrated fraud control management plan to prevent and detect fraud including Anti-Fraud and Whistleblowing policies;*
- *A documented ICT Security Policy, which outlines the necessary policies and procedures to ensure the confidentiality, integrity and availability of information, and system applications within the organisation;*
- *An operational risk management ('ORM') function that facilitates management and risk owners to identify and review significant risks as well as assess the adequacy of internal controls to mitigate those risks. The ORM function also supports the Board Risk Management Committee in overseeing risk management activities of the EPF. Risks and controls owners also provide digital assurance on the effective management of risks and controls under their ownership;*
- *Business Continuity Plans ('BCP') which ensures business continuity in case of significant upheavals or disaster;*
- *All EPF core processes are in compliance with MS ISO 9001:2008.*

PERNYATAAN KAWALAN DALAMAN

STATEMENT ON INTERNAL CONTROL

PEMBANGUNAN MASA DEPAN

KWSP terus mempertingkatkan kecekapan dan keberkesanan perkhidmatan dalam talian (*online*) di samping memastikan kawalan dalaman yang sesuai telah diwujudkan. Penambahbaikan kepada perkhidmatan dalam talian (*online*) KWSP ini dijangka dilaksanakan pada akhir tahun 2013.

KESIMPULAN

Lembaga berpandangan bahawa sistem kawalan dalaman KWSP adalah mantap dan mencukupi untuk melindungi kepentingan ahli. Kajian semula oleh Lembaga terhadap keberkesanan sistem kawalan dalaman disokong oleh:

- Jawatankuasa Pengurusan Risiko Lembaga yang bermesyuarat sekurang-kurangnya empat kali setahun untuk mengawasi aktiviti pengurusan risiko;
- Jawatankuasa Audit Lembaga yang bermesyuarat sekurang-kurangnya empat kali setahun dan mengkaji semula penemuan dan cadangan yang dikemukakan oleh juruaudit dalam dan Ketua Audit Negara; dan
- Ketua Audit Negara yang memberi sijil audit tahunan kepada Penyata Kewangan.

Pernyataan ini disediakan selaras dengan resolusi ahli Lembaga bertarikh 27 Februari 2012.

FUTURE DEVELOPMENT

The EPF continues to enhance the efficiency and effectiveness of its online services whilst ensuring the appropriate internal controls are in place. The enhancement to the EPF's online services are expected to be implemented by end 2013.

CONCLUSION

The Board is of the opinion that the system of internal controls in place within the EPF is sound and sufficient to safeguard the interests of members. The Board's review of the effectiveness of the system of internal controls is supported by:

- *The Board Risk Management Committee which meets a minimum of four times a year to oversee the risk management activities;*
- *The Board Audit Committee which meets a minimum of four times a year and reviews the findings and recommendations of the internal auditor and the Auditor General; and*
- *The Auditor General's issuance of the annual audit certificate on the financial statements.*

This statement is made in accordance with the resolution of the members of the Board dated 27 February 2012.

PERNYATAAN PENGURUSAN RISIKO PELABURAN

STATEMENT ON INVESTMENT RISK MANAGEMENT



Pernyataan Tahap Risiko yang diluluskan Panel Pelaburan menggariskan secara umum tahap risiko yang boleh diterima KWSP dan menjadi asas kepada alokasi dana untuk pelaburan.

The Risk Appetite Statements, as approved by the Investment Panel, broadly outline the level of risks that the EPF is willing to tolerate and form the basis of funds allocation for investment.



TANGGUNGJAWAB

Berdasarkan Akta Kumpulan Wang Simpanan Pekerja 1991, Panel Pelaburan bertanggungjawab terhadap perkara-perkara berkaitan pelaburan KWSP dan menggalas tanggungjawab terhadap rangka kerja pengurusan risiko pelaburan. Rangka kerja ini diwujudkan untuk mengurus dan bukannya menghapuskan risiko salah nyata atau kerugian dalam melaksanakan dasar, matlamat dan objektif pelaburan organisasi. Justeru itu, ia hanya boleh memberi jaminan keberkesanan yang munasabah dan bukan secara mutlak.

RANGKA KERJA PENGURUSAN RISIKO PELABURAN

KWSP telah menyediakan rangka kerja pengurusan risiko pelaburan yang meliputi struktur tadbir urus, pelbagai polisi dan proses, alokasi modal dan pengukuran-pengukuran risiko. Rangka kerja ini sentiasa dikaji semula sebagai sebahagian daripada usaha berterusan untuk meningkatkan lagi pengurusan risiko di KWSP.

RESPONSIBILITY

In accordance with the Employees Provident Fund Act 1991, the Investment Panel is responsible for matters pertaining to the investments of the Fund and it acknowledges responsibility for the investment risk management framework. The framework is designed to mitigate rather than to eliminate the risk of misstatement or loss in carrying out the organisation's investment policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness.

INVESTMENT RISK MANAGEMENT FRAMEWORK

The EPF has in place an investment risk management framework covering governance structure, policies and processes, capital allocation and risk measurement. The framework is regularly reviewed as part of the continuous effort to enhance risk management in EPF.

PERNYATAAN PENGURUSAN RISIKO PELABURAN

STATEMENT ON INVESTMENT RISK MANAGEMENT

STRUKTUR PENGURUSAN RISIKO

- Panel Pelaburan, melalui Jawatankuasa Risiko Panel Pelaburan, bertanggungjawab untuk mengawasi pengurusan risiko berkaitan dengan keputusan pelaburan yang dibuat oleh KWSP;
- Jawatankuasa Risiko Pengurusan, yang dipengerusikan oleh Ketua Pegawai Eksekutif, bertanggungjawab untuk memantau dan mengkaji semula aktiviti-aktiviti pengurusan risiko dan membantu Jawatankuasa Risiko Panel Pelaburan; dan
- Jabatan Pengurusan Risiko membantu Pengurusan dan Jawatankuasa Risiko Panel Pelaburan dengan menyediakan ukuran, pemantauan dan pelaporan secara bebas bagi pendedahan risiko pelaburan KWSP.

KAWALAN RISIKO

Pernyataan Tahap Risiko yang diluluskan oleh Panel Pelaburan menggariskan secara umum tahap risiko yang boleh diterima oleh KWSP dan menjadi asas kepada alokasi dana untuk pelaburan. Kajian semula terhadap alokasi aset sentiasa dilaksanakan untuk memastikan bahawa dana yang dilaburkan adalah selaras dengan tahap risiko KWSP.

Jawatankuasa Risiko Panel Pelaburan telah menyediakan pelbagai dasar dan had untuk memastikan risiko-risiko dikawal bagi setiap kelas aset. Tambahan kepada dasar dan had tersebut, Sistem Risiko dan Atributasi Prestasi, Model Portfolio Kredit dan Penarafan Korporat, telah dilaksanakan dan dipertingkatkan secara berterusan untuk memastikan risiko diukur secara sistematik.

Panel Pelaburan, melalui Jawatankuasa Risiko Panel Pelaburan sentiasa mengkaji semula pengukuran risiko, alokasi modal, pelbagai polisi, proses dan had untuk memastikan keberkesanan yang berterusan.

KESIMPULAN

Panel Pelaburan yakin bahawa amalan pengurusan risiko pelaburan di KWSP adalah kukuh dan memadai untuk melindungi pelaburan KWSP. Kajian semula Panel Pelaburan terhadap keberkesanan rangka kerja pengurusan risiko pelaburan ini dibantu oleh Jawatankuasa Risiko Panel Pelaburan yang bermesyuarat sekurang-kurangnya empat kali setahun dan mengkaji semula laporan risiko dan pematuhan daripada pihak pengurusan.

Pernyataan ini disediakan berdasarkan resolusi ahli Panel Pelaburan bertarikh 21 Februari 2012.

RISK MANAGEMENT STRUCTURE

- *The Investment Panel through the Investment Panel Risk Committee is responsible for overseeing risk management pertaining to EPF's investment decisions making;*
- *The Management Risk Committee, chaired by the Chief Executive Officer, is responsible for monitoring and reviewing risk management activities and supporting the Investment Panel Risk Committee; and*
- *The Risk Management Department supports the Management and the Investment Panel Risk Committee by providing independent measurement, monitoring and reporting of EPF's investment risk exposures.*

RISK CONTROLS

The Risk Appetite Statements, as approved by the Investment Panel, broadly outline the level of risks that the EPF is willing to tolerate and form the basis of funds allocation for investment. A review on asset allocation is regularly conducted to ensure funds are invested within EPF's risk appetite.

The Investment Panel Risk Committee has put in place various policies and limits to ensure risks are mitigated for each asset class. To complement the policies and limits, Risk and Performance Attribution Systems, Credit Portfolio Model and Corporate Rating are installed and continuously enhanced to ensure the risks are systematically measured.

The Investment Panel through the Investment Panel Risk Committee regularly reviews the risk measurement, capital allocation, policies, processes and limits to ensure their continued effectiveness.

CONCLUSION

The Investment Panel is confident that the investment risk management practices in place within the EPF are sound and sufficient to safeguard the investments of the EPF. The Investment Panel's review of the effectiveness of the investment risk management framework is supported by the Investment Panel Risk Committee, which meets a minimum of four times a year and reviews risk and compliance reports from the management.

The statement is made in accordance with the resolution of the members of the Investment Panel dated 21 February 2012.