

PERNYATAAN TADBIR URUS KORPORAT

STATEMENT ON CORPORATE GOVERNANCE

"Tadbir urus korporat merujuk kepada pemeliharaan keseimbangan antara matlamat ekonomi dan sosial serta antara matlamat individu dan komuniti. Rangka kerja tadbir urus menggalakkan penggunaan sumber-sumber yang cekap dan saksama untuk mendapatkan akauntabiliti dalam pengurusan sumber-sumber tersebut. Tujuannya adalah untuk menyelaraskan sebaik mungkin bagi menjaga kepentingan individu, syarikat dan masyarakat " - (Sir Adrian Cadbury, United Kingdom, Laporan Suruhanjaya: Tadbir Urus Korporat 1992).

Selaras dengan kepentingan tadbir urus yang semakin berkembang dalam dunia korporat, KWSP terus komited dalam menambahbaik piawaian tadbir urus korporatnya. Lembaga dan Pengurusan KWSP mengiktiraf tadbir urus korporat yang jelas adalah penting dalam meningkatkan akauntabiliti, ketelusan dan kemampanan. KWSP terus komited memberikan inspirasi terhadap amalan tadbir urus korporat yang baik untuk melindungi kepentingan semua pemegang berkepentingan dan reputasi KWSP.

Sebagai pemegang amanah dengan nilai aset hampir RM600 bilion, tadbir urus dan kemampanan sebenarnya dapat memastikan keseimbangan berhubung dengan kepentingan di antara KWSP sebagai pelabur jangka masa panjang dengan tugas fidusiarinya, peranan Kerajaan dalam penyeliaan dan pembangunan, dan ahli-ahli KWSP sebagai pihak yang mendapat manfaat. Selama ini, KWSP telah terlibat dalam beberapa inisiatif untuk menjayakan tadbir urus korporat yang teguh. Antaranya, pada tahun 2010 KWSP telah menerbitkan buku Prinsip Tadbir Urus Korporat dan Garis Panduan Pengundian selaras dengan kepercayaan bahawa tadbir urus adalah penting untuk menjaga kekayaan dan pembangunan negara secara berterusan. Melalui interaksi proaktif dan penglibatan yang berterusan dengan pihak Pengurusan serta dalam mesyuarat pemegang saham syarikat, KWSP berhasrat untuk menggalakkan amalan terbaik dalam tadbir urus korporat di kalangan syarikat yang menerima pelaburannya. Inisiatif-inisiatif ini adalah berdasarkan premis bahawa syarikat-syarikat dengan maklumat dan pemegang saham yang aktif lebih cenderung untuk mencapai prestasi yang mantap daripada mereka yang tidak mempunyainya.

"Corporate governance is concerned with holding the balance between economic and social goals and between individual and communal goals. The governance framework is there to encourage the efficient use of resources and equally to require accountability for the stewardship of those resources. The aim is to align as nearly as possible the interests of individuals, corporations and society." (Sir Adrian Cadbury, UK, Commission Report: Corporate Governance 1992)

In tandem with growing importance of governance in the corporate world, the EPF is committed to enhancing its high standards of corporate governance. The EPF Board and management recognise that well-defined corporate governance processes are essential in enhancing accountability, transparency and sustainability. The EPF continues to be committed to inspiring good corporate governance practices to protect the interest of all stakeholders and the reputation of the Fund.

As a trustee with assets of close to RM600 billion, governance and sustainability are critical to ensuring the alignment of interests between the EPF as a long-term investor with its fiduciary duties, the Government in its supervisory and developmental role, and its contributing members as beneficiaries. Throughout the years, the EPF has been involved in a number of initiatives in championing sound corporate governance. Among others, in 2010, the EPF issued its first Corporate Governance Principles and Voting Guidelines, in line with the belief that sound governance is imperative for sustainable wealth creation and development of the nation. Through proactive interaction and engagement with the management, as well as ongoing participation in the companies' shareholder meetings, the EPF aims to promote best practices in corporate governance among its investee companies. These initiatives are based on the premise that companies with informed and active shareholders are more likely to achieve superior performance than those without.

Sepanjang tahun 2013, KWSP juga terlibat dalam usaha untuk meningkatkan kesedaran tadbir urus korporat dan amalan tadbir urus korporat yang baik. Antara aktiviti yang dijalankan ialah :

- **Program Tadbir Urus Korporat**
KWSP dengan kerjasama Citigroup telah menganjurkan Seminar Pelaburan KWSP tahunan pada 26 Oktober 2013. Seminar tersebut memberi tumpuan terhadap strategi pelaburan dana pencen dengan memberi penekanan terhadap tadbir urus korporat dan alam sekitar, sosial dan tadbir urus (ESG). Di samping itu, KWSP juga kerap mengambil bahagian dalam forum-forum antarabangsa mengenai tadbir urus korporat yang bertujuan untuk memastikan amalan tadbir urus Korporat KWSP sentiasa terkini dengan amalan semasa tadbir urus korporat.
- **Indeks Tadbir Urus Korporat (CGI)**
Indeks Tadbir Urus Korporat KWSP, yang diguna pakai sejak 2007, bertujuan untuk memupuk kesedaran dan memantau penggunaan tadbir urus korporat yang baik dalam KWSP dan syarikat-syarikat pelaburannya. Indeks Tadbir Urus Korporat terdiri daripada Rangka Kerja Tadbir Urus Korporat yang efektif, Pendedahan dan Ketelusan, Pengurusan Risiko dan Kawalan Dalaman, Komunikasi dengan Pemegang Berkepentingan dan Amalan Luar Tadbir Urus Korporat. Indeks ini berfungsi sebagai petunjuk dan ukuran KWSP untuk meningkatkan pematuhan terhadap amalan terbaik tadbir urus korporat, meningkatkan ketelusan dan pengurusan risiko bagi tujuan memastikan amalan tadbir urus korporat KWSP adalah setanding dengan piawaian semasa.
- **Merangka Kod Pelabur-Pelabur Institusi Malaysia 2014**
KWSP juga memainkan peranan aktif dalam perbincangan untuk menubuhkan Kod Pelabur-pelabur Institusi (Kod II) melalui kerjasama dengan Badan Pengawas Pemegang Saham Minoriti (MSWG) dan pelabur-pelabur institusi lain di Malaysia seperti Lembaga Tabung Angkatan Tentera (LTAT), Kumpulan Wang Persaraan (KWAP) dan Permodalan Nasional Berhad (PNB). Inisiatif ini bertujuan untuk menggariskan prinsip-prinsip umum pengawasan yang berkesan oleh pelabur-pelabur institusi disertakan dengan panduan yang komprehensif untuk melaksanakan prinsip-prinsip tersebut. Kod tersebut akan mendorong pelabur-pelabur institusi memastikan pelaburan mereka mematuhi prinsip-prinsip tadbir urus korporat yang telah ditetapkan dan turut membuat pertimbangan sewajarnya yang merangkumi aspek ESG, sejajar dengan prinsip-prinsip KWSP.

During the year, the EPF has also been involved in efforts to enhance corporate governance awareness and the adoption of good corporate governance practices. Its initiatives include:-

- **Corporate Governance Programmes**
The EPF, in collaboration with Citigroup, organised the annual EPF Investment Seminar on 26 October 2013. The seminar focused on pension fund investment strategies with particular emphasis on corporate governance and environmental, social and governance (ESG) investment. In addition, the EPF regularly participates in international forums on corporate governance in order to keep up-to-date with current practices.
- **Corporate Governance Index (CGI)**
The EPF Corporate Governance Index, adopted since 2007, aims to instil awareness and monitor the adoption of good CG practices within the EPF and its investee companies. The components of the CGI are Effective Corporate Governance Framework, Disclosure and Transparency, Risk Management and Internal Control, Communication with Stakeholders and External Corporate Governance Practices. The index serves as a guideline for the EPF to measure and improve its adherence to best CG practices, increases transparency and enhances risk management to ensure that EPF's CG practices are at par with established standards.
- **Developing the Malaysian Code for Institutional Investors 2014**
The EPF is playing an active role in ongoing discussions to establish the Institutional Investor Code (II Code) in collaboration with the Minority Shareholder Watchdog Group (MSWG) and other institutional investors in Malaysia such as Lembaga Tabung Angkatan Tentera (LTAT), Kumpulan Wang Persaraan (KWAP) dan Permodalan Nasional Berhad (PNB). This initiative aims to outline broad principles of effective stewardship by institutional investors, accompanied with comprehensive guidelines to implement the principles. The Code encourages institutional investors to ensure that their investments conform to standard corporate governance principles as well as sustainability considerations, which include the ESG, in line with the EPF's principles.

PERNYATAAN TADBIR URUS KORPORAT STATEMENT ON CORPORATE GOVERNANCE

KWSP komited untuk terus berusaha mendapatkan standard tertinggi dalam tadbir urus korporat di seluruh organisasi sebagai asas utama dalam menjalankan tugas dan bertanggungjawab untuk melindungi serta meningkatkan simpanan ahli dan juga memastikan prestasi yang mampan. KWSP mematuhi prinsip-prinsip yang dinyatakan dalam organisasi seperti nilai integriti, ketelusan dan akauntabiliti melalui pelaksanaan pelbagai kawalan dalaman dan dasar-dasarnya. Selain daripada dasar-dasar sedia ada yang bertujuan untuk menegakkan integriti dalam organisasi, dasar-dasar baru yang dilaksanakan adalah seperti berikut: -

- Polisi Tiada Hadiah**
 Bermula Julai 2013, KWSP merupakan agensi kerajaan yang pertama melaksanakan 'Polisi Tiada Hadiah' yang melarang sama ada pemberian atau penerimaan hadiah di antara kakitangannya di seluruh negara dan pihak luar berhubung dengan tugas rasmi. Polisi ini dikuatkuasakan bagi memelihara dan menegakkan tadbir urus korporat yang baik dan amalan perniagaan yang paling mantap. Dasar ini juga memastikan kesaksamaan pada masa yang sama bertujuan mengelakkan konflik kepentingan.
- Pengisytiharan Kepentingan/ Hubungan dengan Broker Panel Ekuiti**
 Pengurus Dana dalaman KWSP dikehendaki mengisytiharkan sebarang kepentingan /hubungan mereka dengan pihak dalaman syarikat-syarikat broker saham untuk mengelakkan konflik kepentingan. Pelaksanaan dasar ini bertujuan untuk menghapuskan kejadian dagangan dalaman dan memastikan semua urusan dibuat oleh Jabatan Pelaburan dilakukan demi kepentingan KWSP dan pihak berkepentingannya.

Inisiatif tadbir urus korporat KWSP ini adalah selaras dengan langkah-langkah oleh Kerajaan dan pengawal selia baru-baru ini untuk meningkatkan tahap amalan tadbir urus korporat di kalangan syarikat tersenarai termasuklah pengemaskinian Kod Tadbir Urus Korporat Malaysia 2012, arahan peningkatan bilangan ahli lembaga pengarah wanita dan pembangunan ESG dalam pelaburan. KWSP sebagai sebuah badan berkanun sebenarnya tidak diwajibkan untuk membuat kenyataan mengenai pematuhan kepada mana-mana kod tadbir urus korporat yang tertentu di dalam Laporan Tahunannya. Namun, ia merupakan inisiatif KWSP untuk mengeluarkan kenyataan ini bagi menerangkan proses dan aktiviti dalam melaksanakan amalan terbaik tadbir urus korporat.

The EPF is committed to achieving 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' savings, as well as to ensure sustainable performance. It adheres to the principles embraced by the organisation, such as the value of integrity, transparency and accountability, through the implementation of various internal controls and policies. In addition to the existing policies designed to uphold integrity in the organisation, new policies that were recently implemented are as follows:-

- No Gift Policy**
In July 2013, the EPF became one of the first government agencies to implement the 'No gift policy', prohibiting either giving or accepting of gifts between its employees nationwide and external parties in relation to official duties. This was enforced to preserve and uphold good corporate governance and best business practices. This policy also ensures equality while avoiding conflicts of interest.
- Declaration of Interest / Relationship with Panel Brokers for Equities**
The EPF's internal Fund Managers are required to declare their interests /relationship with counterparties in stock broking companies to ensure the absence of any possible conflict of interest. This policy aims to eliminate insider trading and ensures that all dealings made by the Investment Department are done in the best interest of the EPF and its stakeholders.

The EPF's corporate governance initiatives are in line with recent moves by the Government and regulators to raise standards of corporate governance practice among listed companies, which include the revised Malaysian Code on Corporate Governance in 2012, the directive for more women directors and the development of ESG Investing. The EPF, as a statutory body, is not required to make a statement on compliance with any specific corporate governance code in the Annual Report. However, it has taken the initiative to set out this statement to describe the manner in which it applies best practices of corporate governance.

PERNYATAAN TADBIR URUS KORPORAT STATEMENT ON CORPORATE GOVERNANCE

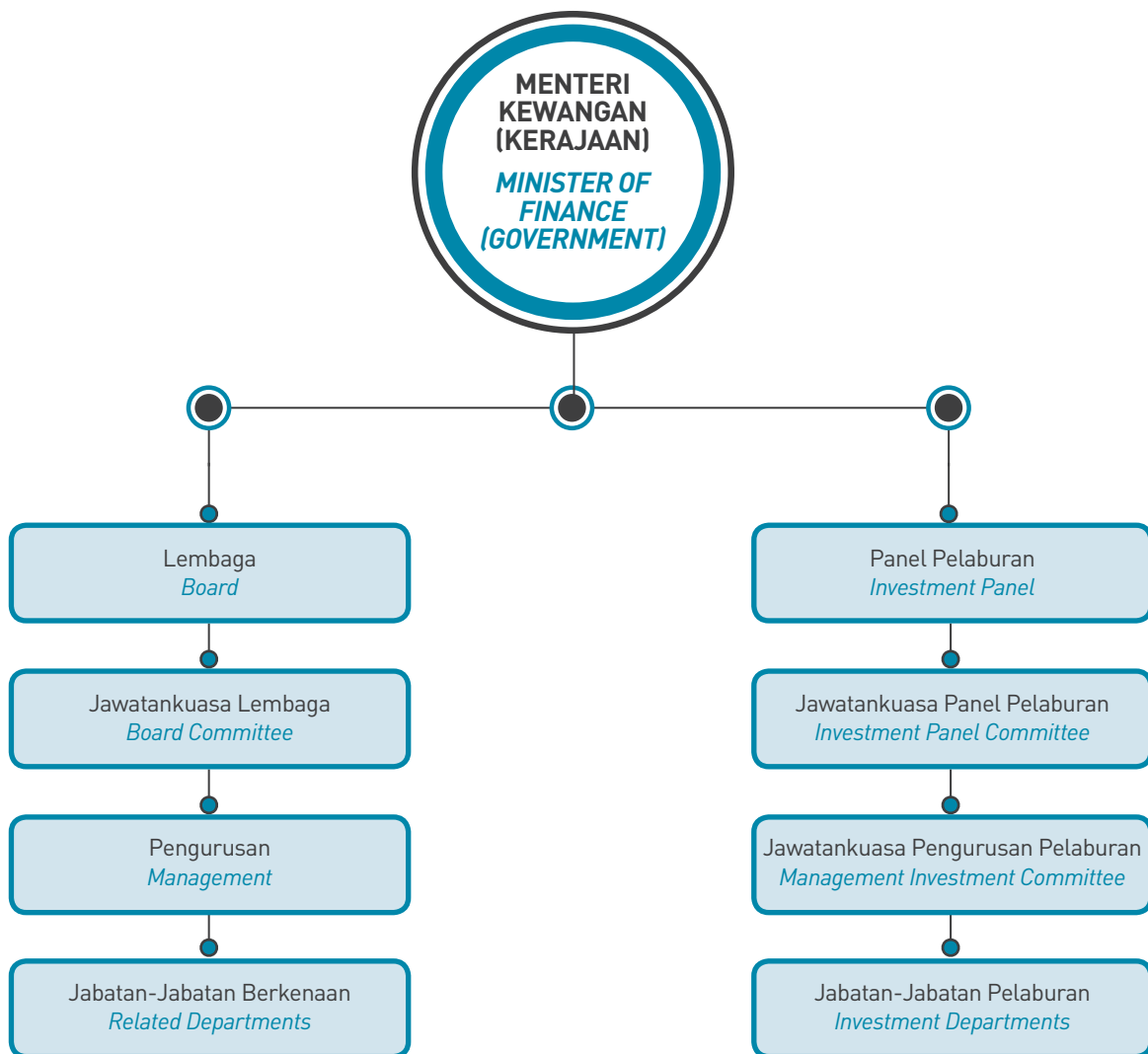
Standard tadbir urus korporat KWSP telah disediakan berdasarkan kepada pelbagai amalan terbaik tadbir urus korporat, terutamanya daripada rujukan berikut:

- i) Kod Tadbir Urus Korporat Malaysia
- ii) Panduan Tadbir Urus Korporat oleh Bursa Malaysia

The EPF's corporate governance standards are drawn from various best practices, particularly from the following references:

- i) Malaysian Code on Corporate Governance*
- ii) Corporate Governance Guide by Bursa Malaysia*

Lembaga Dan Panel Pelaburan/ *Board and Investment Panel*



PERNYATAAN TADBIR URUS KORPORAT STATEMENT ON CORPORATE GOVERNANCE

Proses Perlantikan Lembaga dan Panel Pelaburan

Ahli-ahli Lembaga dan Panel Pelaburan serta Ketua Pegawai Eksekutif (KPE) dilantik oleh Menteri Kewangan. Menteri Kewangan hanya melantik mereka yang telah terbukti mempunyai rekod integriti, kebolehan dan kebolehpercayaan untuk menjalankan tanggungjawab mereka dengan berkesan. Setiap lantikan adalah untuk penggal dua tahun dan Menteri Kewangan juga akan mengkaji prestasi dan keberkesanan individu Ahli Lembaga dan Panel Pelaburan.

Komposisi Lembaga dan Panel Pelaburan

Komposisi jawatankuasa Lembaga distrukturkan untuk memastikan pengagihan tanggungjawab sama rata di kalangan ahli Lembaga selain daripada memaksimumkan keberkesanan Lembaga dan menggalakkan penyertaan yang aktif dan sumbangan mereka. Kepelbagaian pengalaman dan kemahiran yang bersesuaian turut diambil kira bagi mengekalkan kesesuaian dan keseimbangan di antara jawatankuasa yang berbeza.

Akta KWSP 1991 menetapkan bahawa keahlian Lembaga adalah tidak melebihi daripada 20 orang ahli, termasuk Pengerusi dan KPE. Pada tahun 2013, terdapat 18 ahli Lembaga yang mewakili pelbagai pihak berkepentingan iaitu:-

- (i) Pengerusi;
- (ii) Lima ahli mewakili Kerajaan termasuk wakil dari Kementerian Kewangan yang juga dilantik sebagai Timbalan Pengerusi;
- (iii) Empat ahli mewakili Majikan;
- (iv) Empat ahli mewakili Pekerja;
- (v) Tiga ahli profesional dari pelbagai latar belakang; dan
- (vi) Ketua Pegawai Eksekutif sebagai ahli ex-officio.

Panel Pelaburan yang diketuai oleh Pengerusi Lembaga terdiri daripada tujuh anggota:-

- (i) Pengerusi;
- (ii) Seorang ahli mewakili Bank Negara;
- (iii) Seorang ahli mewakili Kementerian Kewangan yang juga turut dilantik sebagai Timbalan Pengerusi;
- (iv) Tiga ahli Profesional; dan
- (v) Ketua Pegawai Eksekutif sebagai ahli ex-officio.

Ahli-ahli Lembaga KWSP bersama-sama dengan Panel Pelaburan merupakan mereka yang berpengalaman luas, berwibawa dan mampu menjalankan tanggungjawab dengan efektif.

Board and Investment Panel Appointment Process

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 appoints only those who have proven track records of integrity, competency and reliability to undertake their obligations effectively. Appointments are for a two-year term in recognition of the importance of bringing in fresh perspective onto the Board. The Minister of Finance also reviews the performance and effectiveness of members of the Board and Investment Panel.

Composition of the Board and Investment Panel

The composition of the Board committees is structured to ensure equitable distribution of responsibilities among Board members, to maximise the effectiveness of the Board and foster active participation and discussion. Diversity of experience and skills are considered along with the need to maintain appropriate checks and balances between the different committees.

The EPF Act 1991 dictates that its Board membership should not be more than 20 persons, inclusive of the Chairman and CEO. In 2013, there were 18 members on the EPF Board representing various stakeholders which include:-

- (i) The Chairman*
- (ii) Five members representing the Government, including a representative of the Ministry of Finance as Deputy Chairman*
- (iii) Four members representing Employers*
- (iv) Four members representing Employees*
- (v) Three professional members from various backgrounds*
- (vi) The Chief Executive Officer as an ex-officio member*

The Investment Panel, headed by the Chairman of the EPF Board, comprises seven members:-

- (i) The Chairman*
- (ii) One representative from Bank Negara*
- (iii) One representative from the Ministry of Finance as Deputy Chairman*
- (iv) Three professional members*
- (v) The Chief Executive Officer as an ex-officio member*

The EPF Board committee members consist of individuals with distinguished achievements, diverse skills, competencies and experience.

PERNYATAAN TADBIR URUS KORPORAT STATEMENT ON CORPORATE GOVERNANCE

Tugas dan Tanggungjawab Lembaga dan Panel Pelaburan

Lembaga memikul beberapa tanggungjawab tertentu seperti menyelia pelaksanaan dasar-dasar berkaitan dengan operasi KWSP, mengenal pasti bidang berisiko dan mengambil langkah-langkah yang bersesuaian untuk mengurus risiko ini, serta mengkaji kecukupan dan integriti sistem kawalan dalaman.

Selain daripada Lembaga, Akta KWSP 1991 juga memperuntukkan penubuhan Panel Pelaburan untuk menyediakan hala tuju strategik mengenai isu-isu berkaitan pelaburan. Panel Pelaburan menentukan dan meluluskan aktiviti pelaburan sejajar dengan garis panduan, polisi risiko dan alokasi aset.

Tanggungjawab asas ahli-ahli Lembaga adalah untuk melaksanakan pertimbangan bebas mereka serta bertindak dengan jujur dalam apa yang mereka percaya terbaik untuk KWSP serta mewujudkan nilai jangka panjang untuk ahli-ahlinya. Lembaga juga bergantung kepada nilai integriti dan ketekunan wajar pengurusan kanan, juruaudit luar dan penasihat untuk menyelia objektif prestasi keseluruhan, inisiatif utama operasi, pelan kewangan dan belanjawan tahunan, pelaburan utama, penjualan dan cadangan pembiayaan, ulasan prestasi kewangan, pengurusan risiko dan amalan tadbir urus korporat.

Pengerusi dan Ketua Pegawai Eksekutif

Peranan dan tanggungjawab Pengerusi dan Ketua Pegawai Eksekutif diasingkan agar ia selaras dengan amalan terbaik dan untuk memastikan keseimbangan kuasa dan penyeliaan pengurusan serta peningkatan akauntabiliti kepada ahli Lembaga untuk membuat keputusan yang bebas.

Pengerusi mengetuai dan memastikan perbincangan yang efektif dan komprehensif mengenai perkara-perkara yang dibawa ke Lembaga termasuk isu-isu strategik serta perancangan perniagaan. Pengerusi berperanan memantau bahawa keputusan Lembaga itu diterjemahkan ke dalam tindakan eksekutif.

Peranan utama Ketua Pegawai Eksekutif ialah untuk menguruskan operasi KWSP selaras dengan strategi dan polisi dan menyediakan pengawasan, bimbingan, nasihat dan kepimpinan kepada pengurusan kanan.

Roles 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 risk 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 provides for the establishment of an Investment Panel to impart strategic direction on investment related issues. The Investment Panel determines and approves investment activities in line with existing guidelines, policies on risk control and asset allocation.

The fundamental responsibility of the Board members is to exercise independent judgment to act in good faith in what they reasonably believe to be the best interest of the EPF and its members. The Board also relies on the integrity and due diligence of senior management, external auditors and advisers to oversee the EPF's overall performance and attainment of its objectives, key operational initiatives, financial plans and annual budget, major investments, divestment and funding proposals, financial performance reviews, risk management and corporate governance practices.

Chairman and Chief Executive Officer

The roles and responsibilities of the Chairman and CEO are kept separate in accordance with best practices and to ensure an appropriate balance of power and supervision of the management, increased accountability and greater independence.

The Chairman leads and ensures effective and comprehensive discussion on matters brought to the Board, including strategic issues as well as business planning. The Chairman ensures that the Board's decisions are translated into executive action.

The CEO's primary role is to effectively manage the EPF's operations in accordance with its strategies and policies, and provide close oversight, guidance, advice and leadership to senior management.

PERNYATAAN TADBIR URUS KORPORAT STATEMENT ON CORPORATE GOVERNANCE

Penilaian Keberkesanan Lembaga dan Panel Pelaburan (BEE)

KWSP melaksanakan Penilaian Keberkesanan Lembaga dan Panel Pelaburan (BEE) untuk menilai prestasi Lembaga dan Panel Pelaburan, termasuk Pengerusi dan KPE, Panel Pelaburan, Jawatankuasa Audit dan Jawatankuasa Pengurusan Risiko. Penilaian ini adalah tambahan kepada penilaian ahli Lembaga secara individu dan penilaian oleh rakan kumpulan. BEE mengandungi penilaian keseluruhan keberkesanan Lembaga dan Panel Pelaburan. Di samping itu, penilaian ini juga memainkan peranan untuk mengekalkan struktur dan organisasi Lembaga kerana kepelbagaian. Aktiviti penilaian ini dibuat sekali setiap dua tahun oleh badan profesional bebas.

Diversiti Lembaga

Selaras dengan amalan tadbir urus yang baik, KWSP komited memastikan diversiti dalam Lembaga untuk berfungsi dengan efektif. Lembaga berusaha untuk mempelbagaikan ahlinya dari segi pengalaman, kemahiran, pengetahuan, latar belakang industri, bangsa dan jantina untuk mencapai objektif pelaburan, strategi dan prestasi tadbir urus yang optimum.

Kehadiran Lembaga dan Panel Pelaburan

Lembaga dan Panel Pelaburan komited dalam menjalankan tugas dan tanggungjawab mereka seperti yang ditunjukkan oleh kehadiran mereka di mesyuarat Lembaga dan Panel Pelaburan. Sebanyak lapan mesyuarat Lembaga dan 20 mesyuarat Panel Pelaburan telah diadakan pada tahun 2013. Butiran kehadiran ahli di mesyuarat Lembaga dan Panel Pelaburan adalah seperti berikut:-

Board and Investment Panel Effectiveness Evaluation (BEE)

The EPF carries out a Board and Investment Panel Effectiveness Evaluation (BEE) to assess the performance of the Board and Investment Panel, including the Chairman and CEO, the Investment Panel, Audit Committee and Risk Management Committee. This is in addition to the self and peer evaluation of the directors. BEE comprises an overall evaluation of the effectiveness of the Board and Investment Panel. It is also designed to draw attention to key areas that need to be addressed in order to maintain the structure and organisation of the Board, despite its diversity. The review is carried out once in every two years by an independent professional body.

Board Diversity

In line with good governance practice, the EPF is committed to ensuring diversity for the efficient functioning of the Board. The Board endeavours to bring together a diverse range of experience, skills, knowledge, industry backgrounds, ethnicity and gender to optimally achieve its investment objectives strategy and governance performance.

Board and Investment Panel Attendance

The attendance of members of the Board and Investment Panel reflects their commitment in carrying out their duties and responsibilities in the EPF. A total of eight Board and 20 Investment Panel meetings were held in 2013. Details of members' attendance at these meetings are as follows.

PERNYATAAN TADBIR URUS KORPORAT STATEMENT ON CORPORATE GOVERNANCE

KEHADIRAN MESYUARAT LEMBAGA KWSP 2013 /EPF BOARD 2013 MEETING ATTENDANCE

| | Lembaga/Board | Jawatankuasa Audit Lembaga/ Board Audit Committee | Jawatankuasa Pengurusan Risiko Lembaga/Board Risk Management Committee | Jawatankuasa Kewangan dan Pembangunan/Finance and Development Committee | Jawatankuasa Penambahbaikan Lembaga/Board Improvement Committee | Jawatankuasa Perjawatan, Pelantikan & Perkhidmatan/Personnel, Appointment & Services Committee | Jawatankuasa Tata tertib Lembaga/ Disciplinary Committee | Jawatankuasa Rayuan Tata tertib/ Disciplinary Appeal Committee | Jawatankuasa Prestasi KWSP/ Performance Management Committee | Jawatankuasa Strategik/ Strategic Committee |
|---|---------------|--|--|---|---|--|---|---|---|--|
| PENGERUSI/CHAIRMAN | | | | | | | | | | |
| Tan Sri Samsudin Osman | 8/8 | | | 4/4 | | | | 2/2 | | |
| WAKIL KERAJAAN/GOVERNMENT REPRESENTATIVES | | | | | | | | | | |
| Dato' Mat Noor Nawi Puan Siti Zauyah Mohd Desa (Ahli Silih Ganti)/(Alternate Member) | 7/8 | 7/8 | 4/4 | | 4/4 | | | 1/1 | | |
| Tan Sri Mohamad Zabidi Zainal Dato' Mohtar Mohd Abd Rahman (Ahli Silih Ganti)/(Alternate Member) | 1/4 | | | | | 3/3 | | | | |
| Dato' Seri Zainal Rahim Seman Dato' Mohd Shariff Hussain (Ahli Silih Ganti)/(Alternate Member) | 5/8 | | | | 2/2 | | 5/5 | | | 1/2 |
| Tan Sri Haji Sukarti Wakiman Datuk Hj Nordin Siman (Ahli Silih Ganti)/(Alternate Member) | 8/8 | | | | | 2/4 | | | 1/1 | |
| Tan Sri Datuk Amar Hj Mohamad Morshidi Abdul Ghani Datu Haji Misnu Haji Taha (Ahli Silih Ganti)/(Alternate Member) | 4/8 | | 3/4 | | | | 4/5 | | | |
| WAKIL MAJIKAN/EMPLOYER REPRESENTATIVES | | | | | | | | | | |
| Tan Sri Azman Shah Haron | 7/8 | | | 3/4 | - | 2/3 | 2/3 | | | 2/2 |
| Tan Sri Mustafa Mansur (Tamat perkhidmatan berkuatkuasa dari 31 Mei 2013)/ (Service completed with effect from 31 May 2013) | 3/4 | 4/5 | | | 2/2 | | | 1/1 | 1/1 | |
| Tan Sri Datuk Yong Poh Kon (Dilantik berkuatkuasa dari 1 Jun 2013)/ (Appointed with effect from 1 June 2013) | 3/4 | | | | | | | | | |
| Datuk Mohd Hasnol Ayub | 5/8 | | 3/4 | | | 1/1 | | 1/2 | | |
| Datuk Abdul Hamed Haji Sepawi (Tamat perkhidmatan berkuatkuasa dari 31 Mei 2013)/ (Service completed with effect from 31 May 2013) | 4/5 | 5/5 | | 1/2 | | | | | | |
| Datuk Abang Hj Abdul Karim Bin Tun Abang Hj Openg (Dilantik berkuatkuasa dari 13 Julai 2013)/ (Appointed with effect from 13 July 2013) | 2/2 | 2/2 | | | | | | 1/1 | | |

PERNYATAAN TADBIR URUS KORPORAT

STATEMENT ON CORPORATE GOVERNANCE

KEHADIRAN MESYUARAT LEMBAGA KWSP 2013 /EPF BOARD 2013 MEETING ATTENDANCE

| | Lembaga/Board | Jawatankuasa Audit Lembaga/ Board Audit Committee | Jawatankuasa Pengurusan Risiko Lembaga/Board Risk Management Committee | Jawatankuasa Kewangan dan Pembangunan/Finance and Development Committee | Jawatankuasa Penambahbaikan Lembaga/Board Improvement Committee | Jawatankuasa Perjawatan, Pelantikan & Perkhidmatan/Personnel, Appointment & Services Committee | Jawatankuasa Tata tertib Lembaga/ Disciplinary Committee | Jawatankuasa Rayuan Tata tertib/ Disciplinary Appeal Committee | Jawatankuasa Prestasi KWSP/ Performance Management Committee | Jawatankuasa Strategik/ Strategic Committee |
|---|---------------|--|--|---|---|--|---|---|---|--|
| WAKIL PEKERJA/EMPLOYEE REPRESENTATIVES | | | | | | | | | | |
| Encik Mohd Khalid Atan | 7/8 | | 1/1 | 2/2 | 1/2 | | | 1/1 | | 1/2 |
| Puan Lok Yim Pheng | 6/8 | 5/9 | | | 1/2 | | 3/3 | | | 2/2 |
| Encik Azlin Awang Chee (Tamat perkhidmatan berkuatkuasa dari 31 Mei 2013)/ <i>(Service completed with effect from 31 May 2013)</i> | 4/4 | 5/5 | | | | | | 1/1 | 1/1 | |
| Puan Catherine Jikunan (Dilantik berkuatkuasa dari 1 Jun 2013)/ <i>(Appointed with effect from 1 June 2013)</i> | 4/4 | | | 2/2 | | 3/3 | | | | |
| Puan Hadiah Leen | 8/8 | | 3/3 | 3/3 | | 1/1 | | 1/1 | | |
| PROFESIONAL/PROFESSIONAL | | | | | | | | | | |
| Tan Sri Datuk Seri Lee Lam Thye | 7/8 | | | | 2/2 | | | 2/2 | 1/1 | 2/2 |
| Encik Halim Hj Din (Tamat perkhidmatan berkuatkuasa dari 31 Mei 2013)/ <i>(Service completed with effect from 31 May 2013)</i> | 3/4 | 5/5 | - | | | 1/1 | 1/3 | | | |
| Tuan Hj. Md Jafar Abdul Carrim (Dilantik berkuatkuasa dari 1 Jun 2013)/ <i>(Appointed with effect from 1 June 2013)</i> | 3/4 | 4/4 | 1/3 | | | | | | | 2/2 |
| Encik Heng Hock Cheng @ Heng Heyok Chiang (Tamat perkhidmatan berkuatkuasa dari 31 Mei 2013)/ <i>(Service completed with effect from 31 May 2013)</i> | 4/4 | 5/5 | | 1/2 | | | | | | |
| Datuk Thomas George (Dilantik berkuatkuasa dari 1 Jun 2013)/ <i>(Appointed with effect from 1 June 2013)</i> | 4/4 | 2/2 | | 2/2 | | 2/2 | | | | |
| EX-OFFICIO/EX-OFFICIO | | | | | | | | | | |
| Tan Sri Azlan Zainol (Tamat perkhidmatan berkuatkuasa dari 15 April 2013)/ <i>(Service completed with effect from 15 April 2013)</i> | 3/3 | 3/3 | 1/1 | 2/2 | 2/2 | 1/1 | 2/2 | 1/1 | | |
| Datuk Shahril Ridza Ridzuan (Dilantik berkuatkuasa dari 16 April 2013)/ <i>(Appointed with effect from 16 April 2013)</i> | 5/5 | 4/4 | 3/3 | 2/2 | | 3/3 | 3/3 | 1/1 | 1/1 | 2/2 |

PERNYATAAN TADBIR URUS KORPORAT STATEMENT ON CORPORATE GOVERNANCE

KEHADIRAN MESYUARAT PANEL PELABURAN KWSP 2013/ EPF INVESTMENT PANEL 2013 MEETING ATTENDANCE

| | PANEL PELABURAN/ INVESTMENT PANEL | JAWATANKUASA RISIKO PANEL PELABURAN/ INVESTMENT PANEL RISK COMMITTEE |
|--|--------------------------------------|---|
| PENGERUSI/CHAIRMAN | | |
| Tan Sri Samsudin Osman | 20/20 | |
| WAKIL KEMENTERIAN KEWANGAN/ MINISTRY OF FINANCE REPRESENTATIVE | | |
| Dato' Mat Noor Nawati (Tamat perkhidmatan berkuatkuasa dari 28 April 2013)/ (Service completed with effect from 28 April 2013) | - | |
| Puan Siti Zaayah Mohd Desa (Dilantik berkuatkuasa dari 29 April 2013)/ (Appointed with effect from 29 April 2013) | 7/13 | |
| GABENOR BANK NEGARA ATAU WAKIL/ CENTRAL BANK GOVERNOR OR REPRESENTATIVE | | |
| Datuk Nor Shamsiah Mohd Yunus | 10/20 | |
| PROFESIONAL/PROFESSIONAL | | |
| Dato' Sri Mohamed Nazir Abdul Razak | 11/20 | 4/4 |
| Dato' Mohammad Azlan Hashim | 16/20 | 3/4 |
| Encik David Lau Nai Pek | 16/20 | 2/4 |
| EX-OFFICIO/EX-OFFICIO | | |
| Tan Sri Azlan ZainoL (Tamat perkhidmatan berkuatkuasa dari 15 April 2013)/ (Service completed with effect from 15 April 2013) | 6/6 | 1/1 |
| Datuk Shahril Ridza Ridzuan (Dilantik berkuatkuasa dari 16 April 2013)/ (Appointed with effect from 16 April 2013) | 14/14 | 3/3 |

PERNYATAAN TADBIR URUS KORPORAT STATEMENT ON CORPORATE GOVERNANCE

Imbuan Ahli Lembaga dan Panel Pelaburan

Ahli Lembaga dan Panel Pelaburan dibayar honorarium dan elaun kehadiran bagi setiap mesyuarat yang dihadiri. Butiran imbuan bagi Lembaga dan Panel Pelaburan bagi tahun 2013 adalah seperti berikut:-

Remuneration of Board and Investment Panel Members

Board members are paid a monthly honorarium and attendance allowance for each meeting they attend. Details of remuneration of each Board Investment Panel member during the financial year are as follows:-

HONORARIUM DAN ELAUN KEHADIRAN AHLI LEMBAGA DAN PANEL PELABURAN

HONORARIUM AND ATTENDANCE ALLOWANCE OF BOARD AND INVESTMENT PANEL MEMBERS

Jenis Elaun/Types of Allowance

| 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 COMMITTEES |
|---|---------------|----------------------------------|--|--|
| Honorarium (sebulan)/ <i>Honorarium (per month)</i> | 3,000 | 3,000 | | |
| Pengerusi Mesyuarat/ <i>Chairman of Meeting</i> | | | 2,000 | 1,500 |
| Kehadiran Mesyuarat termasuk Ahli Silih Ganti/ <i>Meeting Attendance - Including Alternate Members</i> | | | 1,500 | 1,300 |

Pada tahun 2013, jumlah bayaran honorarium dan elaun Ahli Lembaga dan Panel Pelaburan adalah sebanyak RM1,317,600.00

For the year 2013, the total honorarium and allowances paid to the Board and Investment Panel members was RM1,317,600.00

Emolumen Pengurusan Kanan/Emolument of Top Management

| JAWATAN/POSITION | EMOLUMEN/EMOLUMENT (RM) |
|--|-------------------------|
| Ketua Pegawai Eksekutif/ Timbalan-Timbalan Ketua Pegawai Eksekutif/ <i>Chief Executive Officer/ Deputy Chief Executive Officers</i> | 2,781,105 |

Kualiti Maklumat kepada Lembaga dan Panel Pelaburan

Untuk membantu ahli Lembaga dan Panel Pelaburan dalam menjalankan tugasnya dan memperoleh maklumat terkini berkaitan perkembangan prestasi operasi dan kewangan, isu-isu utama, cabaran dan peluang, Pengurusan KWSP membentangkan laporan pengurusan dan operasi serta penyata kewangan secara berterusan kepada Lembaga dan Panel Pelaburan.

Quality and Supply of Information to the Board and Investment Panel

To assist the Board in discharging its duties and to keep members abreast of the EPF's operational and financial performance, key issues, challenges and opportunities, the management releases adequate operations and investment reports as well as financial statements to the Board Investment Panel on a regular and timely basis.

PERNYATAAN TADBIR URUS KORPORAT STATEMENT ON CORPORATE GOVERNANCE

JAWATANKUASA LEMBAGA DAN 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 :-

- **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. Jawatankuasa ini turut mengawal selia proses pelaporan kewangan dan kualiti pelaporan penyata kewangan tahunan dan suku tahunan KWSP. Ia juga mempertimbangkan kesesuaian polisi perakaunan KWSP dan perubahan-perubahan kepada polisi ini.

Jawatankuasa ini terdiri daripada lima orang ahli (termasuk Pengerusi) dan sebanyak sembilan mesyuarat telah diadakan pada tahun 2013 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 luar manakala kedua-dua juruaudit dalam dan luar ini 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 2013 tanpa kehadiran pihak Pengurusan.

- **Jawatankuasa Pengurusan Risiko Lembaga**

Jawatankuasa Pengurusan Risiko Lembaga bertanggungjawab membantu Lembaga dalam mengawasi semua aktiviti pengurusan risiko operasi (iaitu semua aktiviti kecuali untuk membuat keputusan pelaburan).

Jawatankuasa ini terdiri daripada enam orang ahli termasuk Pengerusi dan sebanyak empat mesyuarat telah diadakan pada tahun 2013.

- **Jawatankuasa Risiko Panel Pelaburan**

Jawatankuasa Risiko Panel Pelaburan bertanggungjawab mengawasi pengurusan risiko pelaburan, termasuk meluluskan polisi pengurusan dan had risiko dan mengkaji semula pendedahan risiko. Jawatankuasa ini terdiri daripada empat orang ahli termasuk Pengerusi dan sebanyak empat mesyuarat telah diadakan dalam tahun 2013.

BOARD AND INVESTMENT PANEL COMMITTEES

To ensure the effective discharge of duties, the Board and Investment Panel have established various Board/Investment Panel Committees to oversee specific matters pertaining to organisational operations. Each committee operates within clearly defined terms of reference.

- **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. It oversees the financial reporting process and quality of the EPF's annual and interim financial statements. It also reviews the appropriateness of the EPF's accounting policies and changes to these.

The Committee, comprising five members (including the Chairman), held nine meetings in 2013 to deliberate on the reports of the internal and external auditors, review matters including the internal audit functions 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 to the Chairman of the Committee. The Board Audit Committee maintains a formal and professional relationship with the external auditors and convened two meetings with them in 2013 without the presence of the management.

- **Board Risk Management Committee**

The Board Risk Management Committee is responsible for assisting the Board to oversee all operational risk management activities (i.e. all activities except for making investment decisions).

The Committee consists of six members including the Chairman, and held four meetings in 2013.

- **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 to sign off, approving risk management policies and limits, reviewing risk exposure and providing direction in relation to risk management practices within the investment function. The Committee has four members, including the Chairman, and held four meetings in 2013.

PERNYATAAN TADBIR URUS KORPORAT

STATEMENT ON CORPORATE GOVERNANCE

- **Jawatankuasa Kewangan dan Pembangunan**
Jawatankuasa Kewangan dan Pembangunan adalah bertanggungjawab meneliti dan mengawal serta memperakukan belanjawan tahunan KWSP kepada Lembaga. Jawatankuasa ini juga membantu Lembaga dalam meluluskan perkara-perkara yang berkaitan dengan kesan kewangan seperti hapuskira kerugian. Jawatankuasa ini terdiri daripada enam orang ahli termasuk Pengerusi dan sebanyak empat mesyuarat telah diadakan pada tahun 2013.
- **Jawatankuasa Penambahbaikan Lembaga**
Jawatankuasa Penambahbaikan Lembaga bertanggungjawab ke atas semakan terperinci dan memperakukan cadangan-cadangan pindaan dan perubahan dasar berkaitan Skim KWSP untuk kelulusan Lembaga. Jawatankuasa ini terdiri daripada tujuh orang ahli termasuk Pengerusi dan sebanyak dua mesyuarat telah diadakan dalam tahun 2013. Jawatankuasa ini telah digabungkan dengan Jawatankuasa Prestasi KWSP pada Jun 2013 dan dinamakan Jawatankuasa Strategik KWSP.
- **Jawatankuasa Perjawatan, Perlantikan & Perkhidmatan**
Jawatankuasa Perjawatan, Perlantikan & Perkhidmatan bertanggungjawab untuk membantu Lembaga dalam mempertimbang dan meluluskan hal-hal berkaitan perjawatan termasuk terma dan syarat perkhidmatan. Jawatankuasa ini terdiri daripada enam orang ahli termasuk Pengerusi dan sebanyak empat mesyuarat telah diadakan dalam tahun 2013.
- **Jawatankuasa Tatatertib Lembaga**
Jawatankuasa Tatatertib Lembaga bertanggungjawab ke atas apa-apa prosiding tatatertib dan mengenakan apa-apa bentuk hukuman pada anggota sebagaimana diperuntukkan di bawah Kaedah-Kaedah KWSP (Kelakuan dan Tatatertib) 1993. Jawatankuasa ini terdiri daripada lima orang ahli termasuk Pengerusi dan sebanyak empat mesyuarat telah diadakan pada tahun 2013.
- **Jawatankuasa Rayuan Tatatertib Lembaga**
Jawatankuasa Rayuan Tatatertib Lembaga adalah bertanggungjawab untuk mempertimbangkan apa-apa rayuan oleh anggota terhadap keputusan yang dibuat oleh Jawatankuasa Tatatertib Lembaga dan Jawatankuasa Tatatertib Pengurusan. Jawatankuasa ini terdiri daripada tujuh orang ahli termasuk Pengerusi dan terdapat dua mesyuarat yang diadakan pada tahun 2013.
- **Finance and Development Committee**
The Finance and Development Committee is responsible for recommending the annual budget to the Board and oversees the EPF's annual budget. The Committee also assists the Board in approving matters relating to financial impact such as write-offs of losses. The Committee consists of six members, including the Chairman, and held four meetings in 2013.
- **Board Improvement Committee**
The Board Improvement Committee is responsible for reviewing in detail proposed amendments and policy changes related to the EPF Scheme and endorses any recommendations and policy changes to the Board for approval. The Committee consists of seven members, including the Chairman, and held two meetings in 2013. The Committee has merged with EPF Performance Committee in June 2013 and was named the EPF Strategic Committee.
- **Personnel, Appointment and Services Committee**
The Personnel, Appointment and Services Committee is responsible for assisting the Board to consider and approve matters relating to employment, which include employment terms and conditions. The Committee consists of six members, including the Chairman, and held four meetings in 2013.
- **Board Disciplinary Committee**
The Board Disciplinary Committee is responsible for any disciplinary proceedings and imposes penalties on employees as provided under the EPF Rules and Regulations (Conduct and Discipline) 1993. The Committee consists of five members, including the Chairman, and held four meetings in 2013.
- **Board Disciplinary Appeal Committee**
The Board Disciplinary Appeal Committee is responsible for considering any appeal by employees against the decisions made by the Board Disciplinary Committees and Management Disciplinary Committees. The Committee consists of seven members, including the Chairman, and held two meetings in 2013.

PERNYATAAN TADBIR URUS KORPORAT STATEMENT ON CORPORATE GOVERNANCE

- **Jawatankuasa Pengurusan Prestasi KWSP**

Jawatankuasa Pengurusan Prestasi KWSP bertanggungjawab membantu Lembaga menyelia pencapaian prestasi keseluruhan organisasi bagi tujuan semakan semula dan pemantauan "Petunjuk Prestasi Utama (KPI)" organisasi. Jawatankuasa ini terdiri daripada enam orang ahli termasuk Pengerusi dan sebanyak satu mesyuarat telah diadakan dalam tahun 2013. Mulai Jun 2013 Jawatankuasa ini telah digabungkan dengan Jawatankuasa Penambahbaikan bagi membentuk Jawatankuasa Strategik KWSP.

- **Jawatankuasa Strategik KWSP**

Jawatankuasa Strategik KWSP diwujudkan pada bulan Jun 2013 dengan menggabungkan Jawatankuasa Penambahbaikan Lembaga dan Jawatankuasa Prestasi KWSP. Objektif dan tanggungjawab Jawatankuasa Strategik KWSP adalah sama seperti kedua-dua jawatankuasa sebelum ini. Jawatankuasa ini terdiri daripada tujuh orang ahli termasuk Pengerusi dan sebanyak dua mesyuarat telah diadakan dalam tahun 2013.

- **Jawatankuasa Perolehan Lembaga**

Jawatankuasa Perolehan Lembaga terdiri daripada Lembaga Perolehan A dan Perolehan Lembaga B. Selain daripada Pengurusan Kanan utama, ahli jawatankuasa ini juga terdiri daripada wakil-wakil dari Kementerian Kewangan dan Jabatan Kerja Raya. Jawatankuasa ini bertanggungjawab bagi perkara-perkara yang berkaitan dengan perolehan kerja, perkhidmatan dan bekalan barangan. Terdapat dua mesyuarat Lembaga Perolehan A dan 11 mesyuarat Lembaga Perolehan B telah diadakan pada tahun 2013.

JAWATANKUASA-JAWATANKUASA PENGURUSAN

Selain daripada jawatankuasa utama Lembaga/Panel Pelaburan, jawatankuasa pengurusan yang lain telah ditubuhkan yang melapor terus kepada Ketua Pegawai Eksekutif atau ahli pengurusan kanan utama yang berkaitan seperti berikut:-

- **Jawatankuasa Pengurusan Pelaburan**

Jawatankuasa Pengurusan Pelaburan bertanggungjawab untuk mencadangkan aktiviti pelaburan sejajar dengan garis panduan, polisi risiko kawalan alokasi aset kepada Panel Pelaburan. Jawatankuasa ini terdiri daripada 10 orang ahli termasuk Ketua Pegawai Eksekutif sebagai Pengerusi mesyuarat dan telah mengadakan 50 mesyuarat pada tahun 2013.

- **EPF's Performance Management Committee**

The EPF's Performance Management Committee is responsible for assisting the Board to oversee the organisation's overall performance for the purpose of reviewing and monitoring the EPF's Key Performance Indicator (KPI). The committee consists of six members, including the Chairman, and one meeting was held in 2013. In June 2013, the Committee merged with the Improvement Committee to form the EPF's Strategic Committee.

- **EPF's Strategic Committee**

The EPF's Strategic Committee was established in June 2013 by combining the Improvement and the Performance Committees while maintaining the objectives and responsibilities of both committees. The committee consists of seven members, including the Chairman, and two meetings were held in 2013.

- **Procurement Board Committees**

The Procurement Board Committees consist of Procurement Board A and Procurement Board B. Apart from key senior management, these committees also consist of representatives from the Ministry of Finance and Public Works Department. The Committees are responsible for matters relating to the procurement of works, services and supply of goods. These were two Procurement Board A meetings and 11 Procurement Board B meetings in 2013.

MANAGEMENT COMMITTEES

Apart from the main Board and Investment Panel committees, other management committees have been established and report directly to the CEO or relevant key senior management members.

- **Management Investment Committee**

The Management Investment Committee is responsible for recommending investment activities to the Investment Panel in line with the EPF's guidelines, policies on risk control and asset allocation. The Committee consists of 10 members, including the Chief Executive Officer, and held 50 meetings in 2013.

PERNYATAAN TADBIR URUS KORPORAT STATEMENT ON CORPORATE GOVERNANCE

- **Jawatankuasa Pengurusan Perolehan**

Jawatankuasa Pengurusan Perolehan bertanggungjawab bagi perkara-perkara berkaitan dengan perolehan kerja, perkhidmatan dan bekalan barangan bagi nilai kontrak kurang dari RM500,000. Jawatankuasa ini terdiri daripada pengurusan kanan termasuk Ketua Pegawai Eksekutif sebagai pengerusi mesyuarat. Sebanyak 11 mesyuarat telah diadakan dalam tahun 2013.

- **Management Procurement Committee**

The Management Procurement Committee is responsible for matters relating to the procurement of works, services and supply of goods for contracts valued at less than RM500,000.00. The Committee consists of key senior management, including the Chief Executive Officer as Chairman, and held 11 meetings in 2013.

KEBERTANGGUNGJAWABAN DAN AUDIT

Pelaporan Kewangan

Lembaga berhasrat untuk menyediakan penilaian yang jelas, seimbang dan komprehensif prestasi kewangan dan prospek KWSP melalui penyata kewangan tahunan. KWSP adalah komited untuk memberikan pernyataan yang telus dan terkini mengenai prestasi kewangan dan prospek melalui pengumuman keputusan suku tahunan kepada pihak yang berkepentingan. Sila rujuk ke halaman 221 dalam Laporan Tahunan ini.

Pengurusan Risiko dan Kawalan Dalaman

Lembaga dan pengurusan komited kepada sistem kawalan dalaman, polisi dan prosedur yang teguh untuk memastikan kepentingan pihak-pihak yang berkepentingan dan aset KWSP dilindungi. Sila rujuk ke halaman 189 dalam Laporan Tahunan ini untuk mendapatkan Pernyataan Pengurusan Risiko dan Kawalan Dalaman.

Tanggungjawab Korporat

KWSP percaya bahawa perlu ada keseimbangan antara penciptaan nilai dan tanggungjawab korporat. Butiran tanggungjawab sosial korporat KWSP dibentangkan di dalam Seksyen Tanggungjawab Korporat.

KOMUNIKASI DENGAN PEMEGANG BERKEPENTINGAN

KWSP percaya bahawa komunikasi dengan pihak berkepentingan adalah satu bahagian penting dalam rangka kerja tadbir urus korporat dalam memastikan maklumat yang tepat dan menyeluruh mengenai KWSP disampaikan kepada pihak yang berkepentingan. KWSP mengakui keperluan untuk bersikap telus kepada pihak-pihak berkepentingan, khususnya ahli KWSP.

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board aims to provide a clear, accurate and comprehensive assessment of the EPF's financial performance and prospects through the annual financial statement. This is in addition to providing transparent and up-to-date disclosures on the EPF's financial performance and prospects through quarterly announcement of results to stakeholders. Refer to page 360 of the Annual Report.

Risk Management and Internal Control

The Board and management are fully committed to a robust internal control system, procedures and policies to ensure stakeholders' interests and the EPF's assets are safeguarded. The Statement on Risk Management and Internal Control is set out on page 189 of this Annual Report, providing an overview of the state of internal control system within the EPF.

Corporate Responsibility

The EPF believes that there should be a balance between value creation and corporate responsibility. Information on the EPF's Corporate Responsibility is presented in the Corporate Responsibility section.

COMMUNICATION WITH STAKEHOLDERS

The EPF believes that communication with stakeholders forms an important part of the corporate governance framework, which ensures that timely and comprehensive information about the organisation is communicated to stakeholders. The EPF acknowledges the need to be transparent to its stakeholders, particularly to its members.

PERNYATAAN TADBIR URUS KORPORAT STATEMENT ON CORPORATE GOVERNANCE

KWSP mengeluarkan laporan suku tahun aktiviti pelaburannya yang merupakan maklumat mengenai peruntukan aset, hasil yang dijana daripada setiap aset, jumlah saiz dana dan prospek bagi suku tahun berikutnya. Di samping itu, senarai pelaburan ekuiti KWSP bagi 30 syarikat teratas juga dikeluarkan pada setiap suku tahun untuk memberikan maklumat kepada pihak berkepentingan mengenai pegangan KWSP dalam syarikat-syarikat tersenarai awam di Malaysia.

Selaras dengan kemajuan teknologi maklumat di Malaysia, KWSP telah membangun dan meningkatkan laman webnya untuk memberi akses terhadap maklumat mengenai aktiviti-aktiviti pelaburan dan operasi KWSP. Semua perubahan utama dan maklumat penting seperti tanggungjawab untuk mencarum, pengeluaran dan manfaat, prosedur, saluran perkhidmatan baru dan perkara lain yang berkaitan sentiasa dimaklumkan kepada ahli-ahlinya secara tetap.

Di samping itu, KWSP turut mengadakan perjumpaan dengan pelbagai pemegang berkepentingan, yang termasuk:-

- Kongres Kesatuan Sekerja Malaysia (MTUC);
- Gabungan Persatuan-Persatuan Pengguna-Pengguna Malaysia (FOMCA);
- Persatuan Pengguna Pulau Pinang (CAP)
- Gabungan Dewan Perniagaan dan Perindustrian Cina Malaysia (ACCIM)
- Gabungan Dewan Perniagaan dan Perindustrian India Malaysia (MAICCI)
- Persatuan Pengguna Islam Malaysia (PPIM)

Selain daripada itu, KWSP terus mengadakan dialog dengan syarikat-syarikat penerima pelaburannya. Pada 2013, KWSP telah mengadakan sesi lawatan ke 32 buah syarikat (Tempatan: 17, Luar Negara: 15). KWSP juga telah menghadiri dan mengundi secara aktif dalam 102 Mesyuarat Agung Tahunan dan 37 Mesyuarat Agung Luar Biasa syarikat di mana KWSP melabur.

Memandangkan KWSP aktif dalam mengawal selia pelaburannya, KWSP telah melantik wakilnya dalam Lembaga Pengarah syarikat tersenarai dan tidak tersenarai. Setakat 31 Disember 2013, KWSP mempunyai wakilnya dalam 9 syarikat tersenarai dan 26 syarikat tidak tersenarai.

The EPF discloses quarterly reports on its investment activities, comprising information on asset allocation, revenue generated from each asset class, total fund size and outlook for the following quarter. It also discloses its top 30 equity investments on a quarterly basis to ensure transparency and provide stakeholders with information on the EPF's holdings in public listed companies in Malaysia.

In line with the advancement in information technology, the EPF has developed and enhanced its website to promote access of information regarding its investments and operations. All major changes and material information, such as changes in liability to contribute, withdrawals and benefits, procedures, and new service delivery channels, are communicated to members on a regular basis.

In addition, the EPF constantly engages with various stakeholders, which include:-

- *The Malaysian Trades Union Congress (MTUC)*
- *Federation of Malaysian Consumers Associations (FOMCA)*
- *Consumers Association of Penang (CAP)*
- *Associated Chinese Chamber of Commerce and Industry of Malaysia (ACCIM)*
- *Malaysian Associated Indian Chamber of Commerce and Industry (MAICCI)*
- *Malaysian Islamic Consumers Association (PPIM)*

The EPF continues to hold dialogues with its investee companies. In 2013, it visited 32 companies (local: 17, overseas: 15). It also attended and voted actively in 102 annual general meetings (AGM) and 37 extraordinary general meetings (EGM) of its investee companies.

As the EPF becomes more active in overseeing its investments, the organisation has appointed nominees on the boards of listed and unlisted companies. As at 31 December 2013, the EPF has nominees in nine listed companies and 26 unlisted companies.

PENGURUSAN RISIKO

RISK MANAGEMENT

GAMBARAN UMUM

Dalam menetapkan matlamat untuk merealisasikan Visi dan Misinya, KWSP perlu memastikan bahawa segala elemen yang berkaitan telah wujud bagi mengurus pelbagai risiko yang timbul daripada persekitaran perniagaan yang sentiasa berubah. Sama ada ianya risiko strategik, kredit, pasaran, kecairan atau operasi. KWSP terus memanfaatkan budaya pengurusan risikonya yang bersepadu untuk merebut peluang dan menangani semua ancaman.

Pada 2013, KWSP terus melaksanakan pelbagai inisiatif yang bertujuan menerapkan budaya pengurusan risiko yang kukuh disetiap peringkat organisasi. Inisiatif ini termasuk latihan dan pembangunan anggota secara berterusan, pelaksanaan dasar yang komprehensif dan struktur organisasi yang bersesuaian, serta peranan dan tanggungjawab yang ditakrifkan dengan jelas.

Struktur pengurusan risiko KWSP menyediakan garis tanggungjawab dan akauntabiliti yang jelas berkenaan proses pengurusan risiko serta menetapkan risiko utama dan tanggungjawab kawalan:

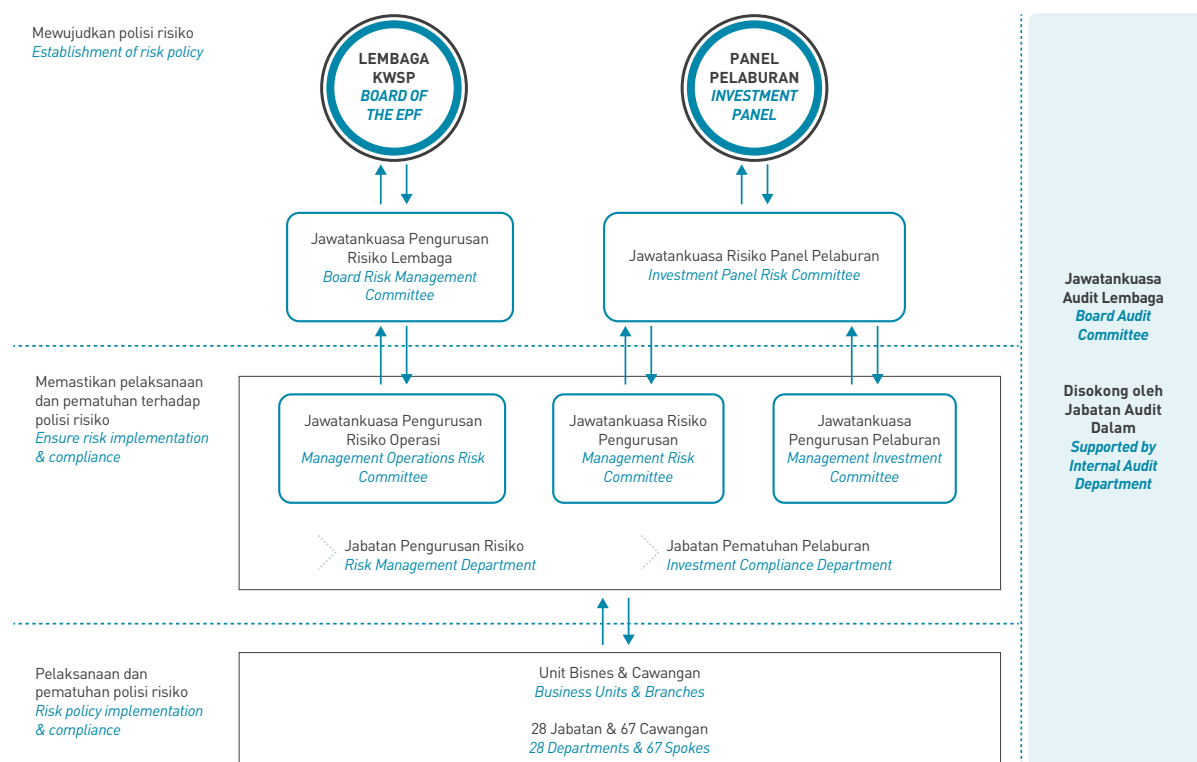
OVERVIEW

In order to realise its Vision and Mission, the EPF ensures that it has in place all the necessary elements to manage the various risks posed by the ever-changing business environment. Whether it is strategic, credit, market, liquidity or operational risk, the EPF continues to leverage on its robust risk management culture and integrated risk management framework to take advantage of potential opportunities and counter all possible threats.

In 2013, the EPF continued to implement various initiatives aimed at embedding a strong risk management culture within every level of the organisation. These initiatives included continuous staff training and development, the implementation of comprehensive policies and an appropriate organisational structure, as well as clearly defined roles and responsibilities.

The EPF's risk management structure provides clear lines of responsibility and accountability for the risk management process as well as outlines the principal risk management and control responsibilities:

Struktur Tadbir Urus Pengurusan Risiko / Risk Management Governance Structure



1. Lembaga dan Panel Pelaburan

Lembaga KWSP mempunyai tanggungjawab pengurusan risiko secara keseluruhan (kecuali aktiviti yang berkaitan dengan pelaburan)

Panel Pelaburan KWSP bertanggungjawab terhadap risiko dalam membuat keputusan pelaburan.

2. Jawatankuasa Pengurusan Risiko Lembaga dan Jawatankuasa Risiko Panel Pelaburan

- **Jawatankuasa Pengurusan Risiko Lembaga** bertanggungjawab membantu Lembaga mengawasi semua aktiviti pengurusan risiko operasi (iaitu semua aktiviti kecuali aktiviti yang berkaitan dengan pelaburan) dan memastikan bahawa proses pengurusan risiko diwujudkan dan berfungsi dengan berkesan.
- **Jawatankuasa Risiko Panel Pelaburan** bertanggungjawab mengawasi risiko pengurusan pelaburan, termasuk memperakukan tahap risiko agregat untuk kelulusan Panel Pelaburan, meluluskan polisi dan had pengurusan risiko, mengkaji pendedahan risiko dan memberikan panduan berhubung dengan amalan pengurusan risiko dalam fungsi pelaburan.

3. Jawatankuasa Khusus

- **Jawatankuasa Risiko Operasi Pengurusan (MORC)** adalah diwujudkan di peringkat Pengurusan bagi mengawasi, melaksana pengurusan risiko operasi (termasuk strategi, budaya, struktur, manusia dan proses) dan untuk memastikan bahawa Rangka Kerja Pengurusan Risiko dilaksanakan dengan konsisten dan berkesan di dalam organisasi.
- **Jawatankuasa Risiko Pengurusan** adalah jawatankuasa peringkat pengurusan yang bertanggungjawab merangka polisi dan had risiko yang sesuai untuk menguruskan risiko pelaburan KWSP.

1. The Board and the Investment Panel

The EPF Board has overall responsibility for managing the organisation's risk management, except for activities related to investments.

The Investment Panel is responsible for risks related to making investment decisions.

2. The Board Risk Management Committee and Investment Panel Committee

- **The Board Risk Management Committee** is responsible for assisting the Board in overseeing all operational risk management activities (i.e. all activities except for activities related to investments) and to ensure that the risk management process is in place and functioning effectively.
- **The Investment Panel Risk Committee** is responsible for investment risk oversight, which includes recommending the aggregate risk appetite for Investment Panel sign-off, approving risk management policies and limits, reviewing risk exposures and providing direction in relation to risk management practices within the investment function.

3. The Dedicated Committees

- **The Management Operations Risk Committee (MORC)** is established at the Management level to oversee, implement and execute the EPF's operational risk management, (which includes strategies, culture, structure, people and processes), and to ensure that the risk management framework is implemented consistently and effectively throughout the organisation.
- **The Management Risk Committee (MRC)** is a Management-level committee responsible for developing risk policies and appropriate limits for managing the EPF's investment risks.

PENGURUSAN RISIKO

RISK MANAGEMENT

- **Jawatankuasa Pengurusan Pelaburan** adalah jawatankuasa peringkat pengurusan yang bertanggungjawab menilai prestasi pelaburan KWSP mengikut kelas aset serta mencadangkan strategi dan cadangan pelaburan kepada Panel Pelaburan.
- Fungsi khusus pengurusan risiko yang bebas dan pematuhan dilaksanakan oleh **Jabatan Pengurusan Risiko dan Jabatan Pematuhan Pelaburan** yang bertanggungjawab memastikan polisi risiko dilaksanakan dan dipatuhi.
- **Unit Bisnes dan Cawangan** adalah barisan pertahanan pertama yang bertanggungjawab untuk menguruskan risiko mengikut fungsi masing-masing secara harian serta membawa kepada perhatian MORC tentang risiko yang penting melalui Jabatan Pengurusan Risiko.
- Di antara peranan dan tanggungjawab utama unit bisnes ini adalah:
 - Mengenalpasti, menilai dan menguruskan risiko;
 - Mengkaji semula secara berterusan profil risiko unit bisnes bagi memastikan ianya relevan dan sesuai;
 - Mengemaskini status risiko dan tahap pengurusan risiko dan kawalan;
 - Membangunkan dan melaksanakan pelan tindakan bagi mengurus risiko; dan
 - Mematuhi amalan dan garis panduan pengurusan risiko.
- **The Management Investment Committee (MIC)** is a Management-level committee responsible for evaluating the performance of the EPF's investments according to asset class as well as recommending investment strategies and proposals to the Investment Panel.
- The dedicated independent risk management and compliance functions, namely the **Risk Management Department and Investment Compliance Department**, are responsible for ensuring the implementation of and compliance with risk policies respectively.
- **The Business Units and Spokes**, being the first line of defence, are responsible for managing risks in their respective functions on a day-to-day basis as well as for escalating significant potential risks to the MORC via the Risk Management Department.
- Among the principal roles and responsibilities of the business units are:
 - To identify, assess and manage risks;
 - To constantly review their risk profiles to ensure relevancy and appropriateness;
 - To update the risk status and level of risk management and controls;
 - To develop and implement action plans to manage risks; and
 - To adhere to risk management practices and guidelines.

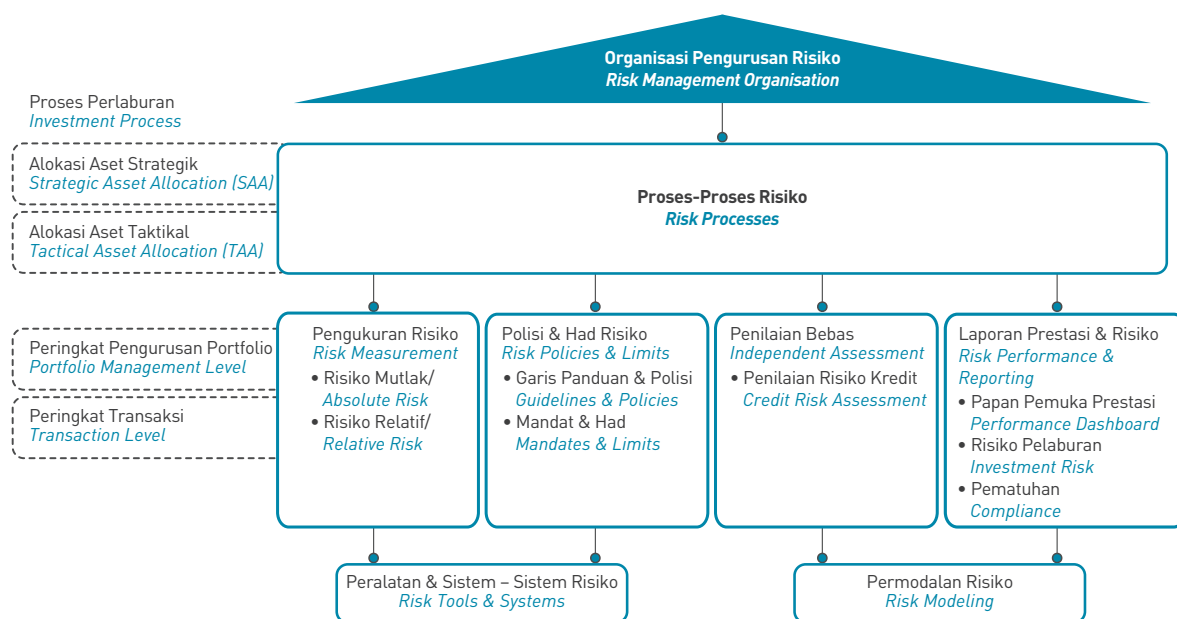
PENGURUSAN RISIKO RISK MANAGEMENT

Rangka Kerja

Rangka Kerja Pengurusan Risiko Pelaburan adalah bertujuan untuk menyokong proses pelaburan di KWSP dan memastikan tadbir urus yang sesuai dipraktikkan dalam membuat keputusan pelaburan.

Rangka kerja ini memberikan gambaran yang menyeluruh berkenaan profil risiko portfolio pelaburan KWSP. Ia membolehkan KWSP menggunakan pendekatan yang sama untuk mengukur, menilai, memantau dan menguruskan risiko portfolionya. Dengan ini, KWSP dapat memastikan pulangan yang optimum daripada aktiviti pelaburannya setelah mengambil kira lingkungan tahap toleransi risiko.

Rangka kerja tadbir urus risiko digambarkan menerusi carta di bawah: (Organisasi)
The risk governance framework is illustrated in the following chart: (Organisation)



Pengurusan Risiko Pasaran

Risiko pasaran adalah risiko kerugian daripada perubahan dalam nilai portfolio dan instrumen kewangan disebabkan oleh pergerakan harga pasaran sama ada berkaitan kadar faedah, tukaran wang asing dan harga ekuiti.

Objektif utama pengurusan risiko pasaran adalah untuk memastikan agar kerugian daripada risiko pasaran dapat dikawal dengan segera, dan pendedahan berisiko mempunyai kecairan yang mencukupi bagi membolehkan KWSP mengurangkan pendedahan tersebut tanpa menanggung kerugian yang melebihi tahap risiko KWSP.

Framework

The Investment Risk Management Framework supports the EPF's investment processes and ensures that proper risk governance is in place with regard to investment decision-making.

The framework provides a holistic view of the risk profile of the EPF's investment portfolio, and enables the EPF to have a common approach in measuring, assessing, monitoring and managing its portfolio risks. This ensures that the EPF optimises its returns on risk-taking activities within the risk tolerance levels.

Market Risk Management

Market risk is the risk of loss from changes in the value of portfolios and financial instruments due to movements in interest rates, foreign exchange and equity prices.

The primary objective of market risk management is to ensure that losses from market risk can be promptly mitigated and that risk positions are sufficiently liquid. This will enable the EPF to reduce its position without incurring losses beyond its risk appetite.

PENGURUSAN RISIKO

RISK MANAGEMENT

KWSP mengguna pakai pendekatan berikut untuk menguruskan risiko pasaran:

- Nilai berisiko ("VaR") – anggaran jumlah nilai pasaran yang boleh ditanggung kerugiannya oleh sesuatu portfolio dalam tempoh masa tertentu pada tahap kebarangkalian yang telah ditetapkan. Simulasi Monte Carlo digunakan untuk mengira VaR bagi mengukur tahap risiko portfolio
- Tempoh masa – ukuran linear risiko bagi sesuatu bon untuk mentakrif peratusan kenaikan/penurunan terhadap nilai bon tersebut bagi kenaikan/kejuruan 1% bagi hasil yang diperolehi daripada bon tersebut
- 'Tracking Error' – merujuk kepada sisihan piawai bagi lebihan pulangan portfolio berbanding penanda aras
- Pengukuran beta – digunakan untuk mengukur sensitiviti harga sesuatu ekuiti berbanding penanda aras
- Analisis simulasi, termasuk ujian tekanan menguji risiko portfolio dalam keadaan yang sukar. Ujian tekanan melibatkan penetapan parameter seperti korelasi, volatiliti dan pulangan pada nilai-nilai yang bertentangan dan menilai bagaimana risiko sesuatu portfolio boleh berubah

Pada 2013, KWSP telah mengguna pakai polisi lindung nilai ke atas pendedahan matawang asing untuk Pelaburan pendapatan tetap dan hartanah global.

Pengurusan Risiko Kredit

Risiko kredit adalah risiko kerugian disebabkan oleh ketidakmampuan atau keengganan peminjam/pihak ketiga dalam memenuhi tanggungjawab kewangannya. Pendedahan kepada risiko kredit wujud daripada aktiviti pinjaman, lindung nilai, dagangan dan pelaburan.

Objektif utama pengurusan risiko kredit adalah untuk memastikan pendedahan KWSP terhadap risiko kredit sentiasa berada dalam lingkungan kemampuan dan kapasiti kewangannya untuk menghadapi kemungkinan kerugian di masa hadapan.

The EPF adopts the following tools to manage its market risk:

- *Value at Risk (VaR) - an estimation of the amount of market value that a portfolio can lose over a certain time horizon with a given probability. The Monte Carlo Simulation is used to compute VaR to measure the riskiness of the portfolios*
- *Duration - a linear measure of risk for a bond to define the percentage increase/decrease in the bond's value for a 1% rise/fall in the bond's yield*
- *Tracking error - refers to the standard deviation of the portfolio's excess returns relative to a benchmark*
- *Beta measurement - used for gauging the equity's price sensitivities against benchmark*
- *Simulation analysis, including stress testing - examines portfolio risk in extreme situations. Stress testing involves setting parameters such as correlation, volatility and returns at different values as well as assessing how a portfolio's risk may change*

In 2013, the EPF also adopted a hedging policy for its foreign currency exposure in global fixed income and global property.

Credit Risk Management

Credit risk is the risk of loss due to the inability or unwillingness of a borrower/counterparty to meet its payment obligations. Exposure to credit risk arises through lending, hedging, trading and investing activities.

The primary objective of credit risk management is to ensure that the EPF's exposure to credit risk is always within its capability and financial capacity to withstand potential future losses.

PENGURUSAN RISIKO RISK MANAGEMENT

KWSP mengukur pendedahan kreditnya melalui pelbagai pendekatan seperti:

- Templat Penarafan Korporat – menyediakan kadaran risiko dalaman berasaskan statistik bagi peminjam korporat dan ianya adalah konsisten dengan amalan terbaik yang diguna pakai oleh institusi kewangan
- Sistem-sistem risiko kredit – diguna pakai untuk mengira Nilai Kredit Berisiko (CVar) bagi aset-aset ber kredit KWSP dan untuk mengukur keupayaan kredit atau kebarangkalian keingkaran bagi syarikat-syarikat awam dan juga swasta

Jabatan Pengurusan Risiko juga melaksanakan penilaian risiko bebas ke atas cadangan-cadangan pelaburan.

Pengurusan Risiko Kecairan

Risiko kecairan merujuk kepada ketidakmampuan dalam memenuhi komitmen dan obligasi kewangan apabila sampai tempoh. KWSP sentiasa mengekalkan tahap kecairan aset yang secukupnya dalam bentuk tunai deposit dalam institusi kewangan bagi memenuhi keperluan pengeluaran ahli dan komitmen serta obligasi kewangan yang lain.

Pemantauan dan Kajian Semula Pengurusan Risiko Pelaburan

Panel Pelaburan, melalui Pernyataan Tahap Risiko, menetapkan tahap risiko yang boleh diambil oleh KWSP yang menjadi asas bagi peruntukan dana pelaburan. Jawatankuasa Risiko Panel Pelaburan mengawasi pengurusan risiko pelaburan dan mengkaji semula dalam portfolio pelaburan KWSP.

Jawatankuasa Risiko Pengurusan mengkaji laporan risiko portfolio untuk mengenal pasti sumber risiko utama bagi seluruh kelas aset. Berdasarkan laporan tersebut, jawatankuasa ini memantau penumpuan risiko yang besar dan menentukan tindakan sewajarnya yang perlu diambil. Jawatankuasa ini turut menilai keputusan ujian tekanan dan analisis senario.

Rangka kerja, polisi dan metodologi pengurusan risiko pelaburan sentiasa dikaji semula dan dipertingkatkan dari semasa ke semasa untuk memastikan keberkesanan yang berterusan.

The EPF measures its credit exposure through various tools such as:

- *Corporate Rating Template - provides statistically-based internal risk rating for corporate borrowers and is consistent with best-practice rating models employed by financial institutions*
- *Credit Risk Systems – these were installed to compute Credit Value at Risk (CVaR) for the EPF's credit related assets and to provide the credit-worthiness or probability of default (PD) for both public and private companies*

The Risk Management Department also conducts independent risk assessments on investment proposals.

Liquidity Risk Management

Liquidity risk relates to the inability to meet financial commitments or obligations when they fall due. The EPF maintains adequate levels of liquid assets in the form of cash and placements in financial institutions in order to meet members' withdrawal needs as well as other financial commitments and obligations.

Monitoring and Reviewing of Investment Risk Management

The Investment Panel, through the Risk Appetite Statements, defines the level of risks that the EPF is willing to tolerate, which forms the basis of allocation of its investment funds. The Investment Panel Risk Committee (IPRC) provides oversight on investment risk management activities and reviews risks in the EPF's investment portfolio.

The Management Risk Committee (MRC) reviews portfolio risk reports to identify key sources of risk across all asset classes. Based on the risk reports, the MRC monitors large risk concentrations and determines the appropriate actions to be taken. The MRC also evaluates the results of stress testing and scenario analyses.

The investment risk framework, policy and methodology are regularly reviewed and enhanced to ensure their continued effectiveness.

PENGURUSAN RISIKO

RISK MANAGEMENT

PENGURUSAN RISIKO OPERASI

Rangka Kerja

Risiko operasi adalah risiko kegagalan hasil daripada ketidakcukupan atau kegagalan proses dalaman, manusia atau sistem, atau daripada kejadian luaran.

Tujuan KWSP menggunakan Pengurusan Risiko Operasi (ORM) adalah bagi menyokong dan menambahbaik akitiviti di dalam semua bidang operasi. ORM merupakan bahagian yang penting dalam proses membuat keputusan dan budaya korporat KWSP.

KWSP mengguna pakai MS ISO 31000:2010 Risk Management – Principles and Guidelines sebagai garis panduan amalan utama. Rangka kerja ORM menyatakan polisi, prinsip, proses dan metodologi yang digunakan oleh KWSP di dalam mengurus risiko operasi.

OPERATIONAL RISK MANAGEMENT

Framework

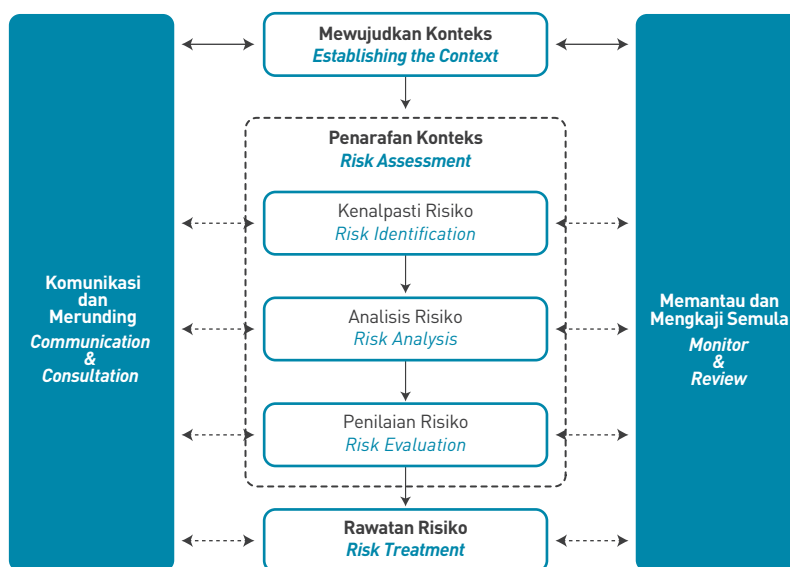
Operational risk is the risk of loss resulting from inadequate or failed internal processes, people or systems, or from external events.

The EPF aims to use Operational Risk Management (ORM) to support and enhance its activities in all operational areas. ORM is an integral part of the EPF's decision-making process and corporate culture.

The EPF adopts the MS ISO 31000:2010 Risk Management – Principles and Guidelines as its main practice guide. The ORM Framework states the policy, principles, processes and methodologies adopted by the EPF in managing operational risk.

Kaedah dan Proses Pengurusan Risiko Operasi / Operational Risk Management Methodology and Process

Proses Pengurusan Risiko Operasi – Gambaran Umum / Overview of the Operational Risk Management Process



PENGURUSAN RISIKO RISK MANAGEMENT

Kad Skor Risiko Korporat

Kaedah Kad Skor Risiko Korporat yang konsisten dengan MS ISO 31000:2010 Risk Management – Principles and Guidelines, telah diguna pakai dalam pelaksanaan pengurusan risiko operasi di KWSP. Elemen utama kaedah kad skor ini adalah elemen Penilaian Kendiri Risiko dan Kawalan (Risk and Control Self-Assessment (RCSA) yang membolehkan anggota KWSP menilai sendiri dan mengemaskini profil risiko mereka.

Risiko kasar diberi skor, menggunakan parameter Kadaran Kemungkinan dan Impak yang ditentukan terlebih dahulu. Kawalan sedia ada dan strategi obligasi dikenal pasti dan keberkesannya dinilai untuk mendapatkan Kadaran Risiko Bersih. Kadaran Risiko Bersih ini dianalisis berbanding Kadaran Sasaran Risiko untuk menentukan sama ada pelan tindakan perlu diwujudkan untuk menguruskan risiko tersebut.

Akses kepada sistem ORM disediakan secara menyeluruh supaya semua Pemilik Kad Skor Risiko, Pemilik Risiko, Pemilik Kawalan dan Pemilik Tindakan Pengurusan boleh menjalankan aktiviti RCSA secara berkesan. Terdapat 98 Kad Skor risiko yang telah dibangunkan untuk jabatan, seksyen dan cawangan KWSP di dalam tahun 2013, yang mengandungi satu Kad Skor risiko KPE, dua Kad Skor risiko TKPE, 28 Kad Skor risiko jabatan dan 67 Kad Skor risiko cawangan.

Risiko dipantau dan diuruskan melalui pemilikan yang terdiri dari barisan pengurusan. Melalui proses Corporate Digital Assurance (CDA), pemilik Kad Skor, pemilik risiko, pemilik kawalan dan pemilik tindakan pengurusan perlu memberi pengesahan digital sebanyak enam kali setahun kepada Pengurusan yang menyatakan bahawa mereka telah mengurus risiko dalam lingkungan profil mereka dengan teratur.

Penunjuk Risiko Utama (KRI) dikenalpasti di dalam Kad Skor risiko bertindak sebagai sistem amaran awal, bagi membolehkan KWSP memantau risiko yang berpotensi sebelum ia menjadi kebimbangan yang serius.

Analisis penskoran dilaksanakan untuk memberi gambaran menyeluruh terhadap risiko utama yang dihadapi oleh KWSP. Risiko-risiko yang kritikal akan dibentangkan di dalam Mesyuarat Jawatankuasa Pengurusan Risiko (MORC) dan Mesyuarat Jawatankuasa Risiko Lembaga (BRMC) untuk makluman dan/atau pembuatan keputusan.

Integrasi pengurusan prestasi dengan pengurusan risiko membolehkan Pengurusan memantau kedua-dua fungsi yang kritikal ini dalam satu 'dashboard'.

Corporate Risk Scorecard

The Corporate Risk Scorecard (CRS) methodology, which is consistent with the MS ISO 31000:2010 Risk Management – Principles and Guidelines, has been adopted in the implementation of operational risk management in the EPF. A key element in the CRS methodology is the Risk and Control Self-Assessment (RCSA) module which allow staff to self-assess and update their risk profiles.

Gross risks are assigned numerical values, using predetermined Possibility and Impact Rating parameters. Existing controls and mitigating strategies are identified and their effectiveness evaluated to derive the Nett Risk Rating. The Nett Risk Rating is analysed against the Target Risk Rating to determine whether action plans are needed to mitigate the risks.

Access to the ORM system is provided on an enterprise-wide basis so that all Risk Scorecard Owners, Risk Owners, Control Owners and Management Action (MA) Owners can undertake RCSA activities effectively. A total of 98 risk scorecards have been established in the EPF in 2013, consisting of one CEO risk scorecard, two DCEO risk scorecards, 28 department risk scorecards and 67 spokes risk scorecards.

Risks are monitored and managed through ownership from the line management. Through the Corporate Digital Assurance (CDA) process, scorecard, risk, control and MA owners are required to provide digital assurance that they have been managing risks within their profiles six times a year to the Management.

Key risk indicators (KRIs) identified in the risk scorecards act as an early warning system, enabling the EPF to monitor potential risks before they escalate into serious concerns.

A scoring analysis is conducted to provide a consolidated view of key risks faced by the EPF. Critical risks will be highlighted in the MORC and BRMC for their information and/or decision-making.

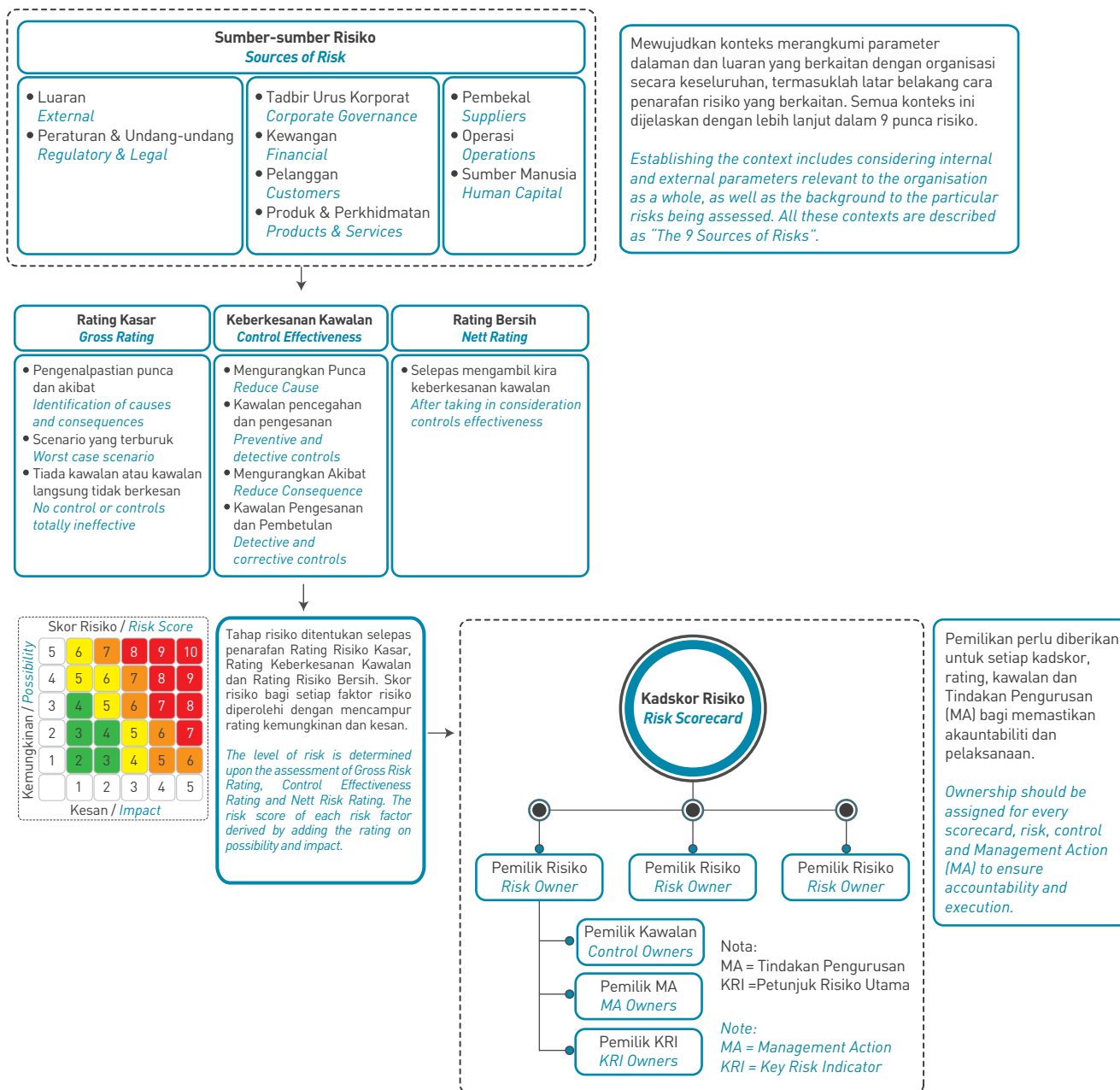
The integration of performance management with risk management enables the Management to monitor both critical functions in a single dashboard.

PENGURUSAN RISIKO

RISK MANAGEMENT

Jabatan Pengurusan Risiko melaporkan dan membentangkan status dan isu-isu yang berkaitan dengan pengurusan risiko kepada MORC, BRMC dan Lembaga KWSP secara berterusan untuk memastikan bahawa Jawatankuasa-jawatankuasa tersebut telah dimaklumkan secara berkesinambungan berkaitan isu-isu risiko yang dihadapi oleh organisasi.

The Risk Management Department reports and highlights risk management related issues and status to the MORC, BRMC and the EPF Board on a periodic basis to ensure that the Committees are well informed of risk issues faced by the organisation.



PENGURUSAN RISIKO RISK MANAGEMENT

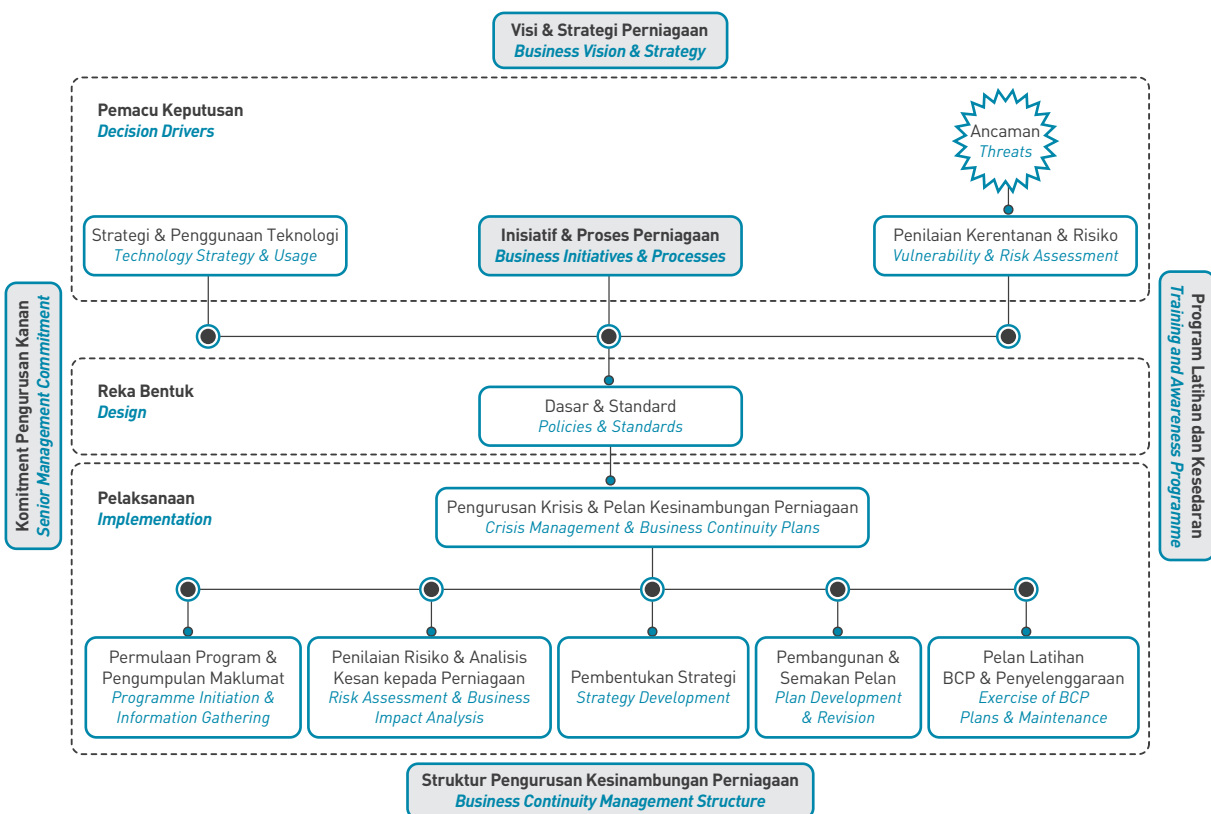
Pengurusan Kesenambungan Perniagaan

Program Pengurusan Kesenambungan Perniagaan (BCM) KWSP ditanda aras berdasarkan piawaian dan garis panduan Pengurusan Kesenambungan Perniagaan yang kukuh sebagai asas untuk memahami, membangun dan melaksanakan kesenambungan perniagaan. Ia turut membolehkan keberkesanan program Kesenambungan Perniagaan dinilai secara konsisten dan diperakui.

Business Continuity Management

The EPF's Business Continuity Management (BCM) programme is benchmarked against sound BCM standards and guidelines as a basis for understanding, developing and implementing business continuity. This benchmarking also enables the EPF to measure the BCM programme's capability in a consistent and recognised manner.

Ilustrasi di bawah menunjukkan komponen Rangka Kerja Program BCM KWSP:
The illustration below shows the components of EPF's BCM Programme Framework:



Program Pengurusan Kesenambungan Perniagaan memastikan KWSP kembali menjalankan operasi penting dalam tempoh masa yang ditetapkan dan meminimumkan kos kerosakan dan gangguan akibat bencana. Keberkesanan program pengurusan kesenambungan perniagaan melibatkan pelan, manusia dan infrastruktur diuji setiap tahun. Tambahan pula, latihan simulasi krisis turut dijalankan untuk menguji kesediaan KWSP dalam menghadapi sebarang kontigensi atau jika berlaku sebarang bencana.

The BCM programme ensures that the EPF resumes critical operations within the required timeframes and minimises the cost of damages and interruptions due to disasters. The effectiveness of the BCM programme requires plans, people and infrastructure to be tested annually. In addition, a crisis simulation exercise is also carried out to test the EPF's readiness to face any contingency or catastrophic event.

PENGURUSAN RISIKO

RISK MANAGEMENT

Pemantauan dan Kajian Semula Pengurusan Risiko Operasi

Lembaga mengawasi pelaksanaan pengurusan risiko melalui Jawatankuasa Pengurusan Risiko Lembaga (BRMC). Jawatankuasa Pengurusan Risiko Lembaga dibantu oleh Jawatankuasa Pengurusan Risiko Operasi (MORC), yang mengkaji semula dan mencadangkan penambahbaikan kepada rangka kerja pengurusan risiko dan memastikan ianya dilaksanakan dengan konsisten dan berkesan di seluruh organisasi.

Adalah penting untuk memantau dan mengkaji semula kejayaan sesuatu rangka kerja secara berterusan bagi memastikan ianya berkesan dan sentiasa menyokong prestasi organisasi. Dengan itu, Rangka Kerja ORM dan prosedur dan garis panduan akan dikaji secara berkala untuk memastikan ia diaplikasi secara berterusan dan sentiasa relevan.

Penambahbaikan Berterusan

Rangka kerja, kaedah, proses dan pendekatan pengurusan risiko yang berkaitan dengan risiko pasaran, risiko kredit, risiko kecairan dan risiko operasi dikaji semula secara berkala bagi memastikan keberkesannya berterusan.

Monitoring and Review of Operational Risk Management

The Board oversees the implementation of risk management through the Board Risk Management Committee (BRMC). The BRMC is assisted by the Management Operational Risk Committee (MORC), which reviews and recommends enhancements to the risk management framework and ensures it is implemented consistently and effectively throughout the organisation.

It is important to monitor and review the success of the ORM on a regular basis to ensure it is effective and continues to support organisational performance. As such, the ORM Framework and the underlying procedures and guidelines are reviewed on a periodic basis to ensure their continued application and relevance.

Continuous Improvement

The risk management framework, methodologies, processes and tools with regard to the market risk, credit risk, liquidity risk and operational risk are regularly reviewed to ensure their continued effectiveness.

PERNYATAAN PENGURUSAN RISIKO DAN KAWALAN DALAMAN

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

PENGENALAN

KWSP telah mengeluarkan Pernyataan ini selaras dengan "Statement on Risk Management & Internal Control – Guidelines for Directors of Listed Issuers" (Garis Panduan), yang dikeluarkan oleh pasukan petugas khas industri yang disokong oleh Bursa Malaysia dan Suruhanjaya Sekuriti Malaysia. Ini bagi menggalakkan tadbir urus korporat yang baik, walaupun Garis Panduan ini bukan merupakan satu keperluan bagi KWSP.

Garis Panduan ini selaras dengan Prinsip Ke 6, Kod Tadbir Urus Korporat Malaysia yang dikeluarkan pada Mac 2012 yang menyatakan bahawa Lembaga perlu mewujudkan rangka kerja pengurusan risiko dan sistem kawalan dalaman yang mantap.

TANGGUNGJAWAB

Lembaga mengakui bahawa ia bertanggungjawab bagi memastikan kecukupan dan keberkesanan pengurusan risiko dan sistem kawalan dalaman di KWSP secara keseluruhan. Rangka kerja pengurusan risiko operasi KWSP dirangka untuk mengenalpasti, menganalisis dan menilai risiko-risiko signifikan yang menghalang pencapaian polisi dan objektif organisasi. Dengan yang demikian, sistem kawalan dalaman diwujudkan untuk mengurus dan bukannya untuk menghapuskan semua risiko tersebut. Justeru, sistem kawalan dalaman hanya dapat memberikan jaminan keberkesanan yang munasabah dan bukan secara mutlak.

Terdapat tiga jawatankuasa di peringkat Lembaga Pengarah yang bertanggungjawab menyelia kecukupan dan keberkesanan pengurusan risiko dan sistem kawalan dalaman:

- Jawatankuasa Audit Lembaga (BAC) dalam proses kawalan dalaman, pengurusan risiko dan tadbir urus.
- Jawatankuasa Pengurusan Risiko Lembaga (BRMC) menyelia aktiviti-aktiviti pengurusan risiko kecuali aktiviti dalam membuat keputusan pelaburan.
- Jawatankuasa Risiko Panel Pelaburan (IPRC) dalam perkara berkaitan pengurusan risiko pelaburan meliputi tahap risiko, ukuran risiko, polisi dan had kecuali aktiviti melibatkan operasi pelaburan. (Maklumat lanjut mengenai IPRC ada dinyatakan dalam Pernyataan Pengurusan Risiko Pelaburan).

INTRODUCTION

The EPF has issued this Statement in accordance with the "Statement on Risk Management & Internal Control – Guidelines for Directors of Listed Issuers" (the Guidelines) issued by an industry-led task force supported by Bursa Malaysia and Securities Commission Malaysia. This is to promote good corporate governance, notwithstanding the fact that the Guidelines are not a requirement for the EPF.

The Guidelines are in line with Principle 6 of the Malaysian Code on Corporate Governance issued in March 2012, which states that the Board should establish a sound risk management framework and internal control system.

RESPONSIBILITY

The Board acknowledges its overall responsibility for the adequacy and effectiveness of the EPF's risk management and internal control system. The EPF's risk management framework is designed to identify, analyse and evaluate significant risks that hinder the achievement of the organisation's policies and objectives. Accordingly, the internal control system is in place to manage rather than to eliminate those risks. It can, therefore, only provide reasonable and not absolute assurance.

There are three committees responsible for overseeing the adequacy and effectiveness of risk management and internal control system:

- *The Board Audit Committee (BAC) on the internal controls, risk management and governance processes.*
- *The Board Risk Management Committee (BRMC) on the risk management activities except activities in making investment decisions.*
- *The Investment Panel Risk Committee (IPRC) on investment risk management matters covering risk appetite, risk measurement, policies and limits, except activities involving investment operations. Further information on IPRC is spelt out in the Statement on Investment Risk Management.*

PERNYATAAN PENGURUSAN RISIKO DAN KAWALAN DALAMAN

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Peranan Pengurusan termasuk:

- Mengenalpasti risiko yang relevan dalam mencapai objektif dan strategi KWSP;
- Merekabentuk, melaksana dan memantau rangka kerja pengurusan risiko dan sistem kawalan dalaman selaras dengan visi strategik dan tahap risiko keseluruhan KWSP; dan
- Mengenalpasti perubahan kepada risiko dan risiko yang bakal muncul, mengambil tindakan yang bersesuaian dan seterusnya memaklumkan kepada Lembaga.

RANGKA KERJA PENGURUSAN RISIKO DAN KAWALAN DALAMAN

KWSP mempunyai rangka kerja pengurusan risiko dan kawalan dalaman yang baik sebagai sebahagian daripada amalan tadbir urus korporat yang baik.

Sistem dan proses utama yang telah diwujudkan oleh Lembaga untuk mengkaji semula kecukupan dan keberkesanan pengurusan risiko dan sistem kawalan dalaman adalah seperti berikut:

Rangka kerja Pengurusan Risiko

Lembaga telah mengguna pakai Rangka Kerja Pengurusan Risiko Operasi (ORM) berasaskan "MS ISO 31000:2010 Risk Management – Principles and Guidelines" yang menggariskan prinsip, polisi dan proses bagi menguruskan risiko operasi di KWSP.

KWSP telah menetapkan tanggungjawab dan akauntabiliti yang jelas berkenaan proses pengurusan risiko serta menetapkan risiko utama dan tanggungjawab kawalan di bawah struktur pengurusan risiko.

- a) Jawatankuasa Pengurusan Risiko Lembaga (BRMC) bagi mengawasi semua aktiviti pengurusan risiko operasi dan memastikan proses pengurusan risiko diwujudkan dan berfungsi dengan berkesan. Jawatankuasa ini menyemak semula dan mencadangkan strategi pengurusan risiko dan menilai kecukupan rangka kerja pengurusan risiko.
- b) BRMC dibantu oleh Jawatankuasa Pengurusan Risiko Operasi (MORC) yang mengkaji semula rangka kerja pengurusan risiko dan memastikan keberkesanan perlaksanaannya dalam organisasi.

The Management's role includes:

- Identifying the relevant risks in achieving the EPF's objectives and strategies;
- Designing, implementing and monitoring the risk management framework and the system of internal control in accordance with the EPF's strategic vision and overall risk appetite; and
- Identifying changes to risks or emerging risks, taking action as appropriate, and keeping the Board informed.

RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

The EPF has in place a sound risk management and internal control framework as part of good corporate governance practice.

The key systems and processes that the Board have established for the purpose of reviewing the adequacy and effectiveness of the risk management and internal control system are as follows:

Risk Management Framework

The Board has adopted an Operational Risk Management (ORM) Framework based on the MS ISO 31000:2010 Risk Management – Principles and Guidelines which outlines the principles, policy and processes in managing the EPF's operational risk.

The EPF has established clear lines of responsibility and accountability for the risk management process as well as outlined the principal risk and control responsibilities under the risk management structure.

- a) The Board Risk Management Committee (BRMC) oversees all operational risk management activities and ensures that the risk management processes are in place and functioning effectively. The Committee reviews and recommends risk management strategies and assesses the adequacy of the risk management framework.
- b) The BRMC is assisted by the Management Operational Risk Committee (MORC), which reviews the risk management framework and ensures that it is implemented effectively throughout the organisation.

PERNYATAAN PENGURUSAN RISIKO DAN KAWALAN DALAMAN

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

KWSP menerima pakai Model Tiga Barisan Pertahanan. Jabatan dan cawangan yang merupakan barisan pertahanan pertama yang bertanggungjawab untuk memastikan persekitaran risiko dan kawalan diwujudkan dan beroperasi dengan berkesan sebagai sebahagian operasi harian.

Barisan pertahanan kedua adalah Jabatan Pengurusan Risiko yang membangunkan rangka kerja pengurusan risiko, polisi, metodologi dan cara untuk menguruskan risiko utama di dalam organisasi. Skop tugas terperinci bagi fungsi pengurusan risiko ada dinyatakan di dalam ruangan teks Pengurusan Risiko di KWSP dalam Laporan Tahunan ini.

Jabatan Audit Dalam yang merupakan barisan pertahanan ketiga menyediakan jaminan yang bebas dan munasabah ke atas kecukupan dan keberkesanan sistem pengurusan risiko dan kawalan dalaman kepada Jawatankuasa Audit Lembaga.

Struktur Tadbir Urus Pengurusan Risiko telah dinyatakan di dalam teks Pengurusan Risiko di KWSP dalam Laporan Tahunan ini.

Rangka kerja Kawalan Dalaman

Sistem dan rangka kerja kawalan dalaman adalah berdasarkan "Committee of Sponsoring Organisations of the Treadway Commission (COSO) Internal Control Integrated Framework".

Jawatankuasa Audit Lembaga membantu Lembaga menilai keberkesanan kawalan dalaman, pengurusan risiko (kecuali aktiviti pengurusan risiko dalam membuat keputusan pelaburan yang mana ianya terletak dibawah tanggungjawab Panel Pelaburan) dan proses tadbir urus KWSP.

Jawatankuasa Audit Lembaga mengkaji semula isu kawalan dalaman yang dikenalpasti di dalam laporan yang disediakan oleh juruaudit dalaman dan luaran, dan menilai keberkesanan dan kecukupan sistem kawalan dalaman, pengurusan risiko operasi dan proses tadbir urus.

Jawatankuasa Audit Lembaga juga mengkaji semula fungsi audit dalam dengan memberi penekanan ke atas kebebasan audit dalam, skop, sumber dan kualiti pengauditan yang telah dilaksanakan. Aktiviti Jawatankuasa yang terperinci dinyatakan di dalam Laporan Jawatankuasa Audit Lembaga.

Audit Dalam mengkaji semula aktiviti utama bisnes KWSP berdasarkan pelan audit tahunan yang diluluskan oleh Jawatankuasa Audit Lembaga. Skop kerja terperinci Fungsi Audit Dalam ada dinyatakan di dalam Pernyataan Audit Dalam.

The EPF adopts the Three Lines of Defence Model. The departments and branches, being the first line of defence, are responsible for ensuring that a risk and control environment is established and operating effectively as part of day-to-day operations.

The second line of defence is the Risk Management Department, which develops the risk management framework, policy, methodologies and tools for the management of key risks in the organisation. A detailed scope of work regarding the risk management function is spelt out in the Risk Management in EPF in the Annual Report.

The Internal Audit Department, being the third line of defence, provides the Board Audit Committee with independent and reasonable assurance on the adequacy and effectiveness of risk management and internal control system.

The Risk Management Governance Structure is spelt out in the Risk Management in EPF in the Annual Report.

Internal Control Framework

The system and framework of internal control are based on the "Committee of Sponsoring Organisations of the Treadway Commission (COSO) Internal Control Integrated Framework".

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 which come under the purview of the Investment Panel) and governance processes of the EPF.

The Board Audit Committee reviews internal control issues identified in reports prepared by internal and external auditors, and evaluates the effectiveness and adequacy of the internal control system, operational risk management and governance processes.

The Board Audit Committee also reviews the internal audit function with particular emphasis on the internal audit's independence, scope, resources and quality of internal audits. Details of the activities undertaken by the Committee are set out in the Board Audit Committee Report.

Internal Audit reviews the key activities of the EPF's businesses based on the annual internal audit plan as approved by the Board Audit Committee. A detailed scope of work of the Internal Audit function is spelt out in the Statement on Internal Audit.

PERNYATAAN PENGURUSAN RISIKO DAN KAWALAN DALAMAN

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

ELEMEN UTAMA KAWALAN DALAMAN

Elemen utama kawalan dalaman wujud di KWSP seperti berikut:

Persekitaran Kawalan

Persekitaran kawalan menetapkan halatuju organisasi, mempengaruhi kesedaran kawalan anggotanya. Ianya adalah asas kepada semua komponen kawalan dalaman yang lain, menyediakan disiplin dan struktur. Aktiviti-aktiviti utama yang relevan termasuk:

Terma Rujukan

Terma rujukan mendefinisikan peranan dan tanggungjawab semua Jawatankuasa Lembaga dan Panel Pelaburan dinyatakan dalam Pernyataan Tadbir Urus Korporat.

Struktur Organisasi

Struktur organisasi telah mentakrifkan dengan jelas berkenaan akauntabiliti, delegasi tanggungjawab dan tahap autoriti bagi semua aspek bisnes. Jawatankuasa pengurusan bermesyuarat secara kerap untuk mengenalpasti, berbincang dan menyelesaikan isu operasi, kewangan, pelaburan dan isu utama pengurusan serta melaporkan secara berkala kepada Lembaga, Panel Pelaburan dan Jawatankuasa berkenaan.

Polisi dan Prosedur Sumber Manusia

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.

Pembudayaan Integriti

Diamanahkan dengan tugas untuk menguruskan simpanan ahli-ahli KWSP, pelbagai program dan inisiatif dilaksanakan untuk memupuk dan menegakkan budaya integriti seperti pengisytiharan harta oleh anggota tepat pada masanya, pengisytiharan konflik kepentingan dalam kedua-dua proses perolehan dan proses pelaburan dan juga polisi tiada hadiah.

Penarafan Risiko

Penarafan risiko merangkumi proses dinamik dan berterusan bagi mengenalpasti dan menilai risiko yang boleh menghalang pencapaian objektif. Aktiviti utama yang berkaitan termasuk:

KEY ELEMENTS OF INTERNAL CONTROL

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

Control Environment

The control environment sets the tone of an organisation, influencing the control consciousness of its people. It is the foundation for all other components of internal control, providing discipline and structure. Relevant key activities include:

Terms of Reference

Clearly defined terms of reference on the roles and responsibilities of all Board committees and the Investment Panel, as stated in the Statement on Corporate Governance.

Organisational structure

The structure has clearly defined lines of accountability, delegation of responsibility and levels of authorisation for all aspects of the business. Management committees meet on a regular basis to identify, discuss and resolve operational, financial, investment and key management issues, and periodically report to the Board, Investment Panel and its respective committees.

Human Resources Policies and Procedures

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 in carrying out their responsibilities.

Culture of Integrity

Entrusted with the task of managing the EPF members' savings, various programmes and initiatives are in place to inculcate and uphold a culture of integrity such as timely declaration of assets by staff, declaration of conflict of interest in both procurement and investment processes as well as a no gift policy.

Risk Assessment

Risk assessment involves a dynamic and ongoing process of identifying and assessing risks that may hinder the achievement of objectives. Relevant key activity includes:

PERNYATAAN PENGURUSAN RISIKO DAN KAWALAN DALAMAN

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Kadskor Risiko Korporat (CRS)

Metodologi Kadskor Risiko Korporat (CRS) adalah satu pendekatan pengurusan risiko yang terperinci di mana risiko dikenal pasti berdasarkan sumber dalaman dan luaran, dan dianalisis, dinilai, dirawat dan dipantau.

CRS membolehkan Penilaian Kendiri Risiko dan Kawalan (RCSA) secara berterusan dilaksanakan oleh anggota membuat penilaian sendiri dan mengemaskini profil risiko mereka.

Aktiviti Kawalan

Aktiviti kawalan adalah polisi dan prosedur yang membantu memastikan arahan pengurusan dijalankan dengan berkesan. Ianya membantu memastikan tindakan yang bersesuaian diambil bagi memitigasi risiko yang menghalang pencapaian objektif organisasi. Aktiviti-aktiviti utama yang berkaitan termasuk:

Pengurusan Prestasi Perniagaan

KWSP menggunakan metodologi *Balanced Scorecard* yang membolehkannya menentukan Objektif Strategik yang memacu KWSP untuk mencapai misi dan visinya. Prestasi Bisnes diukur melalui pelbagai Petunjuk Prestasi Utama bagi setiap Objektif Strategik yang dibahagikan kepada empat perspektif prestasi bisnes iaitu pelanggan, kewangan, proses dalaman dan kapasiti organisasi.

Pengukuran prestasi yang disepadukan dengan pengurusan risiko untuk membolehkan Pengurusan mengenalpasti dan memantau risiko utama yang memberi kesan kepada objektif perniagaan.

Pelan Perniagaan Tahunan

Pelan Bisnes dan Belanjawan 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, jangka sederhana, dan jangka panjang organisasi.

Polisi dan Prosedur

Polisi 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. Terdapat garis panduan polisi dan had penurunan kuasa yang dikenakan ke atas Pengurusan berkaitan operasi harian.

Corporate Risk Scorecard (CRS)

The Corporate Risk Scorecard (CRS) methodology is a detailed risk management approach where risks are identified based on internal and external sources, and are analysed, evaluated, treated and monitored.

The CRS allows continuous Risk and Control Self-Assessment (RCSA) so that staff can self-assess and update their risk profile.

Control Activities

Control activities are the policies and procedures that help to ensure management directives are carried out effectively. They ensure that necessary actions are taken to mitigate the risks that hinder the achievement of the organisation's objectives. Relevant key activities include:

Business Performance Management

The EPF uses the Balanced Scorecard methodology which enables it to determine Strategic Objectives that drive the EPF to achieve its mission and vision. Business Performance is measured through various Key Performance Indicators for each Strategic Objective divided into four business performance perspectives namely, customers, financial, internal process and organisational capacity.

The performance measurement is integrated with risk management to enable the Management to identify and monitor key risks impacting business objectives.

Annual Business Plan

Annual business plans and 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 that looks at both the immediate and medium to long-term objectives of the organisation.

Policies and Procedures

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 the EPF, which are updated from time to time. There are policy guidelines and delegated authority limits are imposed on the Management with regard to day-to-day operations.

PERNYATAAN PENGURUSAN RISIKO DAN KAWALAN DALAMAN

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Polisi Keselamatan ICT

Polisi Keselamatan ICT yang didokumentasikan, menggariskan polisi dan prosedur yang perlu untuk memastikan kerahsiaan, integriti, ketersediaan maklumat dan aplikasi sistem di dalam organisasi.

Polisi "Chinese Wall"

Polisi dan prosedur "Chinese Wall" ini telah diperkenalkan untuk mengawal daripada berlaku sebarang kompromi terhadap prinsip-prinsip integriti, ketelusan dan akauntabiliti dengan mengawal, menyekat dan mengurus aliran maklumat yang boleh mempengaruhi harga sesuatu saham.

Pengurusan Kesenambungan Perniagaan (BCM)

Pelan dan sistem BCM sentiasa dipantau, diuji dan kemudiannya disampaikan kepada setiap peringkat dalam organisasi untuk memastikan organisasi sentiasa bersedia sekiranya berlaku krisis atau bencana.

Maklumat dan Komunikasi

Maklumat dan Komunikasi, yang menyokong semua komponen kawalan yang lain dengan menyampaikan tanggungjawab kawalan kepada anggota dan menyediakan maklumat dalam kaedah dan tempoh masa yang membolehkan anggota menjalankan tugas mereka. Aktiviti utama yang relevan termasuk:

Pelan Pengurusan Kawalan Fraud

Jawatankuasa Pengurusan Fraud mengawasi pendekatan KWSP terhadap kawalan fraud secara keseluruhan di bawah Pelan Pengurusan Kawalan Fraud, termasuk polisi Anti-Fraud dan Pendedahan Maklumat.

Komunikasi Pengurusan Risiko Operasi

Prinsip, rangka kerja dan proses ORM yang digunakan oleh KWSP telah disebarikan kepada semua anggota di pelbagai peringkat bagi tujuan pemahaman yang lebih baik mengenai amalan yang digunakan.

Pemantauan

Pemantauan dan penilaian berterusan berkaitan keberkesanan kawalan dalaman telah dibangunkan ke dalam proses bisnes di peringkat yang berbeza dalam organisasi. Aktiviti-aktiviti utama yang berkaitan termasuk:

Sistem Pengurusan Risiko Operasi

Satu sistem pengurusan risiko operasi bersepadu digunakan untuk memantau dan mengurus pendedahan KWSP kepada risiko. Risiko utama dikenalpasti dan keberkesanan kawalan dalaman dinilai dan disahkan secara elektronik oleh jabatan dan cawangan masing-

ICT Security Policy

A documented ICT Securities Policy outlines the necessary policies and procedures to ensure confidentiality, integrity, availability of information and system application within the organisation.

Chinese Wall Policy

This Chinese Wall Policy and its procedures are issued to safeguard against any compromise on the tenets of integrity, transparency and accountability by controlling, restricting and managing the flow of price sensitive information.

Business Continuity Management (BCM)

BCM plans and systems are continuously monitored, tested and communicated to all levels to ensure that the organisation is prepared in the event of a crisis or disaster.

Information and Communication

Information and Communication, which supports all other control components by communicating control responsibilities to employees and providing information in a form and time frame that allows people to carry out their duties. Relevant key activities include:

Fraud Control Management Plan

The Fraud Management Committee oversees the EPF's overall approach on fraud control under the Fraud Control Management Plan, which includes Anti-Fraud and Whistleblowing Policies.

Communication of Operational Risk Management

The ORM principles, framework and processes adopted by the EPF have been disseminated to all staff at all levels for better understanding of the practices adopted.

Monitoring

Ongoing monitoring and evaluation of the effectiveness of internal control are built into business processes at different levels of the organisation. Relevant key activities include:

Operational Risk Management System

An integrated operational risk management system is used to monitor and manage the EPF's exposure to risks. Key risks are identified and the effectiveness of internal control are assessed and electronically confirmed by the respective departments and branches on a timely basis. Where the mitigated risks

PERNYATAAN PENGURUSAN RISIKO DAN KAWALAN DALAMAN STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

masing pada masa yang ditentukan. Di mana risiko telah dimitigasi masih tidak berada pada tahap boleh terima, pelan tindakan individu akan dikenalpasti dan perlaksanaannya dipantau untuk mengurangkan jurang tersebut.

Kekerapan Pelaporan

Terdapat proses yang mencukupi untuk membincangkan isu mengenai pengurusan risiko dan kelemahan kawalan dalaman dan ia dilaporkan secara kerap kepada Pengurusan melalui pelbagai jawatankuasa. Pengurusan menilai dan berkomunikasi dengan pihak yang dipertanggungjawabkan untuk mengambil tindakan pembetulan pada masa yang ditentukan.

Aktiviti Pemantauan Oleh Audit Dalam

Keputusan bagi semua aktiviti pengauditan dilaporkan kepada Jawatankuasa Audit Lembaga dan dikomunikasi kepada pihak Pengurusan. Jabatan Audit Dalam mempunyai proses susulan bagi memantau dan membantu memastikan semua pemerhatian audit dan penyelesaian yang dipersetujui ditangani dengan segera.

Standard Pengurusan Kualiti

Semua proses teras KWSP patuh kepada piawaian MS ISO 9001:2008.

KESIMPULAN

Lembaga berpandangan bahawa pengurusan risiko dan sistem kawalan dalaman KWSP adalah mantap dan mencukupi untuk melindungi kepentingan ahli. Kajian semula oleh Lembaga terhadap keberkesanan pengurusan risiko dan 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.
- Ketua Audit Negara yang memberi sijil audit tahunan kepada penyata kewangan.
- Jaminan pihak Pengurusan bahawa pengurusan risiko dan sistem kawalan dalaman KWSP adalah beroperasi dengan mencukupi dan berkesan di dalam semua aspek.

Penyata ini disediakan selaras dengan resolusi ahli Lembaga bertarikh **28 Februari 2014**.

are not within acceptable levels, individual action plans are identified and its implementation are monitored to reduce the gap.

Regular reporting

There are adequate processes in place to discuss issues on risk management and internal control deficiencies, and are reported regularly to the Management through various committees. The Management evaluates and communicates to those parties responsible for taking corrective action in a timely manner.

Monitoring Activities by Internal Audit

The results of all audit engagements are reported to the Board Audit Committee (BAC) and communicated to the Management. Internal Audit Department maintains a follow-up process to monitor and help to ensure that all the agreed audit observations and resolutions have been promptly addressed.

Quality Management Standard

All the EPF's core processes comply with the MS ISO 9001:2008 standard.

CONCLUSION

The Board is of the opinion that the EPF's risk management and system of internal control are sound and sufficient to safeguard the interests of members. The Board's review of the effectiveness of the risk management and system of internal control is supported by:

- *The Board Risk Management Committee, which meets a minimum four times a year to oversee risk management activities.*
- *The Board Audit Committee, which meets a minimum four times a year and reviews the findings and recommendations of the internal auditor and the Auditor General.*
- *The Auditor General's issuance of the annual audit certificate on the financial statements.*
- *The Management's assurance that the EPF's risk management and internal control system are operating adequately and effectively in all material aspects.*

*This statement is made in accordance with the resolution of members of the Board dated **28 February 2014**.*

LAPORAN JAWATANKUASA AUDIT LEMBAGA

BOARD AUDIT COMMITTEE REPORT

1. KEAHLIAN

Jawatankuasa Audit Lembaga dianggotai oleh ahli-ahli seperti berikut:

- a) Bagi tempoh dari 1 Jun 2013 sehingga 31 Mei 2015
For the term 1 June 2013 to 31 May 2015

| Bil. No. (A) | Ahli-Ahli Jawatankuasa Audit Lembaga Board Audit Committee Members (B) | Wakil Representative (C) |
|--------------|---|--|
| i. | Tuan Haji Md. Jafar Abdul Carrim | Pengerusi – Profesional <i>Chairman – Professionals</i> |
| ii. | Y. Bhg. Dato' Mat Noor Nawi Puan Siti Zauyah Mohd Desa (Ahli Silih Ganti)/(Alternate Member) | Timbalan Pengerusi – Kerajaan <i>Deputy Chairman – Government</i> |
| iii. | Y. Bhg. Datuk Abang Haji Abdul Karim Bin Tun Abang Haji Openg | Majikan/ <i>Employers</i> |
| iv. | Puan Lok Yim Pheng | Pekerja/ <i>Employees</i> |
| v. | Y. Bhg. Datuk Thomas George | Profesional/ <i>Professionals</i> |

- b) Penggal yang lalu dari 1 Jun 2011 sehingga 31 Mei 2013
Previous term, from 1 June 2011 to 31 May 2013

| Bil. No. (A) | Ahli-Ahli Jawatankuasa Audit Lembaga Board Audit Committee Members (B) | Wakil Representative (C) |
|--------------|---|--|
| i. | Encik Halim Haji Din | Pengerusi – Profesional <i>Chairman – Professionals</i> |
| ii. | Y. Bhg. Dato' Mat Noor Nawi Puan Siti Zauyah Mohd Desa (Ahli Silih Ganti)/(Alternate Member) | Timbalan Pengerusi – Kerajaan <i>Deputy Chairman – Government</i> |
| iii. | Y. Bhg. Tan Sri Mustafa Mansur | Majikan/ <i>Employers</i> |
| iv. | Y. Bhg. Datuk Abdul Hamed Haji Sepawi | Majikan/ <i>Employers</i> |
| v. | Encik Heng Hock Cheng @ Heng Heyok Chiang | Profesional/ <i>Professionals</i> |
| vi. | Encik Azlin Awang Chee | Pekerja/ <i>Employees</i> |
| vii. | Puan Lok Yim Pheng | Pekerja/ <i>Employees</i> |

1. MEMBERSHIP

The Board Audit Committee consists of the following members:

2. MESYUARAT

Jawatankuasa Audit Lembaga bermesyuarat sekurang-kurangnya empat kali setahun. Selain itu, Jawatankuasa Audit Lembaga juga mengadakan mesyuarat bersama juruaudit luar sekurang-kurangnya dua kali setahun tanpa kehadiran Pengurusan.

Bagi tahun kewangan 2013, Jawatankuasa Audit Lembaga telah mengadakan mesyuarat sebanyak sembilan kali (dua Mesyuarat Khas Jawatankuasa Audit Lembaga, lima Mesyuarat Jawatankuasa Audit Lembaga dan dua Mesyuarat Jawatankuasa Audit Lembaga dengan Jabatan Audit Negara).

Maklumat lanjut berkaitan kehadiran Jawatankuasa Audit Lembaga adalah seperti yang terkandung di Pernyataan Tadbir Urus Korporat.

3. TERMA-TERMA RUJUKAN

Tugas dan tanggungjawab Jawatankuasa Audit Lembaga adalah digariskan di bawah Terma Rujukan Jawatankuasa Audit Lembaga. Terma Rujukan Jawatankuasa Audit Lembaga yang dikemas kini telah diluluskan oleh Lembaga pada 16 Julai 2012 dan ringkasan terma rujukan adalah seperti berikut:

3.1 Tugas dan Tanggungjawab

Tugas dan tanggungjawab Jawatankuasa Audit Lembaga meliputi:

3.1.1 Audit Dalam

- a. Meluluskan Piagam Audit Dalam yang menterjemahkan kuasa, akauntabiliti dan peranan yang diberikan oleh Pengurusan kepada juruaudit dalam untuk mengendalikannya skop kerja tertentu.
- b. Menyemak dan meluluskan pelan audit tahunan yang disediakan oleh juruaudit dalam.
- c. Menilai sistem kawalan dalaman melalui semakan ke atas laporan-laporan juruaudit dalam yang menggambarkan kelemahan-kelemahan perakaunan, organisasi atau kawalan operasi dan tindakan pembaikan yang sewajarnya oleh Pengurusan.

2. MEETINGS

The Board Audit Committee holds meetings at least four times a year. In addition, it meets with external auditors at least twice a year in the absence of the Management.

During the financial year 2013, the Board Audit Committee met nine times (two Special Board Audit Committee meetings, five Board Audit Committee meetings and two Board Audit Committee meetings with the Auditor General).

Further details of the Board Audit Committee attendance are set out in the Statement on Corporate Governance.

3. TERMS OF REFERENCE

The Board Audit Committee is governed by its own terms of reference. A summary of the latest Board Audit Committee's Terms of Reference, which was approved by the Board on 16 July 2012, is as below:

3.1 Duties and Responsibilities

The duties and responsibilities of the Board Audit Committee shall be:

3.1.1 Internal Audit

- a. *To approve the Internal Audit Charter, defining the authority, accountability and role given by the Management to the internal auditors in order to carry out their work.*
- b. *To review and approve the annual audit plan prepared by the internal auditors.*
- c. *To evaluate the internal control system through reviews of the internal audit reports that highlight any weaknesses in accounting, organisational or operational controls and rectifications carried out by the Management.*

LAPORAN JAWATANKUASA AUDIT LEMBAGA

BOARD AUDIT COMMITTEE REPORT

- d. Menilai keberkesanan dan keupayaan peranan Jabatan Audit Dalam dan juruaudit luar melalui mesyuarat yang berterusan bersama juruaudit dalam.
- e. Membuat penilaian prestasi tahunan juruaudit dalam mengenai pelaksanaan pelan audit tahunan serta jenis penilaian lain seperti yang diarahkan oleh Jawatankuasa dari semasa ke semasa.
- f. Menilai dan mempertimbangkan rancangan pelaksanaan pemeriksaan audit khas fungsi Audit Dalam oleh juruaudit luar dengan kekerapan sekurang-kurangnya lima tahun sekali serta melaporkan penemuannya kepada Lembaga.

3.1.2 Pengurusan Risiko

Memberi pandangan berkecuali dan jaminan munasabah ke atas kecukupan dan keberkesanan pengurusan risiko keucali bagi aktiviti pengurusan risiko berhubung pembuatan keputusan pelaburan.

3.1.3 Audit Luar

- a. Menilai sistem kawalan dalaman melalui semakan ke atas laporan-laporan juruaudit luar yang menggambarkan kelemahan-kelemahan perakaunan, pengorganisasian atau kawalan operasi dan tindakan pembaikan yang sewajarnya oleh Pengurusan.
- b. Menilai dan mempertimbangkan rancangan pengauditan khas pengurusan oleh juruaudit luar sekiranya terdapat keperluan serta melaporkan penemuannya kepada Lembaga.

3.1.4 Laporan Audit

- a. Menilai dan menganalisis kesemua penemuan dan pertanyaan audit yang diterima daripada juruaudit dalam dan juruaudit luar.
- b. Menentukan jadual laporan berkala daripada Pengurusan, juruaudit dalam dan juruaudit luar dengan mengambilkira kesan daripada perubahan-perubahan yang penting dan penambahbaikan ke atas tatacara layanan perakaunan dan keperluan pelaporan sebagaimana yang dicadangkan oleh badan-badan perakaunan atau mana-mana perkara penting melalui semakan tahunan.

- d. *To evaluate the effectiveness and efficiency of the Internal Audit Department through periodic meetings.*
- e. *To evaluate the annual performance of the internal auditors based on the implementation of the annual audit plan and other assessments as instructed by the Board Audit Committee from time to time.*
- f. *To review and consider the implementation of a quality assurance review of the internal audit function by qualified independent reviewers at least once in every five years. Findings from the quality assurance review shall be reported to the Board.*

3.1.2 Risk Management

To provide an independent opinion and reasonable assurance on the adequacy and effectiveness of risk management except for risk management activities related to investment decision making.

3.1.3 External Audit

- a. *To evaluate the internal control system through reviews of the external audit reports that highlight any weaknesses in accounting, organisational or operational controls and rectifications carried out by the Management.*
- b. *To review and consider the need for a special management audit by external auditors, the findings of which are to be reported to the Board.*

3.1.4 Audit Reports

- a. *To review and analyse all audit findings and queries raised by internal and external auditors.*
- b. *To determine the schedule of periodical reports from the Management, and internal and external auditors, taking into consideration the impact of significant changes, improvements on accounting treatments and reporting requirements as proposed by the accounting bodies and/or any other significant issues through an annual review.*

LAPORAN JAWATANKUASA AUDIT LEMBAGA

BOARD AUDIT COMMITTEE REPORT

3.1.5 Laporan Kewangan

- a. Menilai dan memperakukan kepada Lembaga berkenaan dengan laporan kewangan setiap suku tahun dan laporan kewangan dan perakaunan secara tahunan.
- b. Menganalisis dan melaporkan pemerhatian-pemerhatian yang dibangkitkan oleh juruaudit luar ke atas Laporan Kewangan Tahunan kepada Lembaga.

3.1.6 Polisi-Polisi

- a. Menilai keberkesanan dan kecukupan polisi perakaunan, pengurusan kewangan dan prosedur KWSP melalui perbincangan antara juruaudit dalam dan juruaudit luar bersama pihak Pengurusan.
- b. Menilai dan memperakukan mana-mana perubahan penting dalam polisi perakaunan kepada Lembaga.
- c. Menilai dan memperakukan kepada Lembaga keberkesanan dan kecukupan mana-mana perubahan penting dalam polisi keselamatan maklumat KWSP.

3.1.7 Urusniaga Pihak Berkaitan

Mengkaji, menilai dan melaporkan kepada Lembaga berhubung mana-mana urusniaga pihak berkaitan dan situasi percanggahan kepentingan yang mungkin timbul di dalam KWSP atau syarikat subsidiari KWSP dan syarikat usaha sama di mana KWSP mempunyai kawalan termasuk apa jua urus niaga, prosedur atau tata laku yang mungkin menimbulkan persoalan mengenai integriti pihak Pengurusan.

3.1.8 Perkara-Perkara Lain

- a. Menilai keberkesanan dan kecukupan Pelan Pengurusan Kawalan Fraud.
- b. Menyediakan dan menetapkan jadual laporan kepada Lembaga mengenai ringkasan prestasi kerja Jawatankuasa Audit Lembaga dalam melaksanakan tanggungjawabnya.

3.1.5 Financial Reports

- a. *To evaluate and endorse the Quarterly and Annual Financial Reports to the Board.*
- b. *To analyse and report to the Board observations raised by the external auditors on the Annual Financial Report.*

3.1.6 Policies

- a. *To review the effectiveness and adequacy of the EPF's accounting policies, financial management and procedures through discussions between the internal and external auditors together with the respective executives/Management.*
- b. *To review and endorse any significant changes in the accounting policies to the Board.*
- c. *To review and endorse to the Board the effectiveness and adequacy of any significant changes in the EPF's Information Security Policies.*

3.1.7 Related Party Transactions

To review, evaluate and report to the Board any related party transaction or conflict of interest which might arise in the EPF or its subsidiaries or joint venture companies where the EPF has control over business management, procedures and conduct which may jeopardise the Management's integrity.

3.1.8 Other Matters

- a. *To evaluate the effectiveness and adequacy of the Fraud Control Management Plan.*
- b. *To prepare and establish reporting schedules to the Board summarising the Board Audit Committee's performance in discharging its responsibilities.*

LAPORAN JAWATANKUASA AUDIT LEMBAGA

BOARD AUDIT COMMITTEE REPORT

- c. Menyelia dan mengarahkan projek khas atau penyiataan yang perlu atau yang diarahkan oleh Lembaga.
- d. Melaksanakan apa-apa tugas yang diarahkan oleh Lembaga dari semasa ke semasa.

- c. *To supervise and direct special projects or investigations deemed necessary or as instructed by the Board.*
- d. *To carry out any other functions as requested by the Board from time to time.*

4. RINGKASAN AKTIVITI- AKTIVITI

Bagi tahun kewangan 2013, Jawatankuasa Audit Lembaga telah melaksanakan aktiviti-aktiviti seperti berikut:

4.1 Audit Dalam

- 4.1.1 Meneliti pelan audit tahunan bagi memastikan kecukupan skop dan liputan secara menyeluruh aktiviti-aktiviti KWSP.
- 4.1.2 Meneliti laporan-laporan Audit Dalam yang dibentangkan dalam tahun kewangan semasa serta cadangan-cadangan yang dibuat, punca penyebab utama yang dikenal pasti dan maklum balas Pengurusan terhadap cadangan-cadangan tersebut. Di mana perlu, Jawatankuasa Audit Lembaga telah mengarahkan Pengurusan untuk memperbaiki dan mempertingkatkan kecukupan prosedur kawalan dalaman dan proses aliran kerja berdasarkan saranan dan cadangan penambahbaikan juruaudit dalam.
- 4.1.3 Meneliti penemuan penyiataan dan kajian khas ad-hoc berhubung bidang-bidang operasi yang spesifik bagi menentukan punca penyebab isu-isu berbangkit serta keberkesanan tindakan pembedulan yang diambil untuk menangani kelemahan-kelemahan yang telah dikenal pasti.
- 4.1.4 Memantau tindakan pembedulan yang diambil ke atas isu-isu audit yang belum selesai untuk memastikan risiko-risiko utama dan kelemahan kawalan ditangani dengan sewajarnya.
- 4.1.5 Meneliti keberkesanan proses audit, keperluan tenaga kerja tahunan dan menilai prestasi Jabatan Audit Dalam.

4.2 Audit Luar

Meneliti semua penemuan audit dan isu-isu yang dibangkitkan oleh juruaudit luar serta maklum balas Pengurusan terhadap penemuan-penemuan tersebut.

4. SUMMARY OF ACTIVITIES

During the financial year 2013, the Board Audit Committee carried out the following activities:

4.1 Internal Audit

- 4.1.1 *Reviewed the annual audit plan to ensure adequate scope and comprehensive coverage of the EPF's activities.*
- 4.1.2 *Reviewed the internal audit reports tabled during the year, the recommendations made, root causes identified and the Management's response to these recommendations. Where appropriate, the Board Audit Committee directed the Management to rectify and improve the adequacy of the internal control procedures and workflow processes based on the internal auditors' recommendations and suggestions for improvement.*
- 4.1.3 *Reviewed findings of investigations and conducted other ad-hoc special reviews on specific areas of operations to ascertain the root causes of the issues and the effectiveness of corrective actions taken to address identified weaknesses.*
- 4.1.4 *Monitored the corrective actions taken on outstanding audit issues to ensure all key risks and control lapses have been addressed.*
- 4.1.5 *Reviewed the effectiveness of the audit process and resource requirements for the year, and assessed the performance of the Internal Audit Department.*

4.2 External Audit

Reviewed all the audit findings and queries raised by the external auditors together with the Management's response to their findings.

LAPORAN JAWATANKUASA AUDIT LEMBAGA BOARD AUDIT COMMITTEE REPORT

4.3 Laporan Kewangan

4.3.1 Meneliti laporan kewangan suku tahunan KWSP yang belum diaudit sebelum memperakukan kepada Lembaga untuk kelulusan.

4.3.2 Meneliti laporan kewangan tahunan beraudit bersama juruaudit luar sebelum memperakukan kepada Lembaga untuk kelulusan.

4.4 Urusniaga Pihak Berkaitan

Meneliti sebarang transaksi urusniaga pihak berkaitan oleh KWSP dan semua anak syarikat.

5. LATIHAN

Di sepanjang tahun 2013, ahli-ahli Jawatankuasa Audit Lembaga telah menghadiri pelbagai program latihan, persidangan dan seminar seperti berikut:

| Bil./No. (A) | Program/Course (B) |
|-----------------|---|
| 1. | EPF Global Private Equity Summit 2013 |
| 2. | Social Security Organisations in Switzerland and London, UK |
| 3. | International Conference 2013: Financial Literacy and Retirement Savings: Towards Securing a Comfortable Retirement |
| 4. | EPF Investment Seminar 2013 – Pension Fund Investment Strategy: “Past, Present & Future” |

6. FUNGSI AUDIT DALAM

6.1 Fungsi audit dalam dijalankan oleh Jabatan Audit Dalam yang melapor terus kepada Jawatankuasa Audit Lembaga melaksanakan aktiviti-aktiviti audit dalam berdasarkan pelan audit tahunan yang telah diluluskan.

6.2 Jabatan Audit Dalam memberikan jaminan objektif yang bebas serta khidmat nasihat yang dirancang untuk memberi nilai tambah bagi menambahaik operasi KWSP. Jabatan Audit Dalam membantu KWSP mencapai objektifnya melalui pendekatan yang sistematik dan berdisiplin di dalam menilai dan mempertingkatkan keberkesanan proses-proses pengurusan risiko, kawalan dalaman dan tadbir urus.

6.3 Maklumat lanjut berkaitan fungsi audit dalam adalah seperti yang terkandung di Pernyataan Audit Dalam.

4.3 Financial Reports

4.3.1 Reviewed the quarterly unaudited financial reports of the EPF before recommending them for approval by the Board.

4.3.2 Reviewed the annual audited financial reports of the EPF with the external auditors' prior submission to the Board for their approval.

4.4 Related Party Transactions

Reviewed any related party transactions entered into by the EPF and its subsidiaries.

5. TRAINING

During the year, members of the Board Audit Committee attended the following training programmes, conferences and seminars:

6. INTERNAL AUDIT FUNCTION

6.1 The internal audit function is carried out by the Internal Audit Department which provides reports directly to the Board Audit Committee on its activities based on the approved annual internal audit plan.

6.2 The Internal Audit Department provides independent, objective assurance and consulting services designed to add value and improve the EPF's operations. The Internal Audit Department helps the EPF to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of the risk management, internal controls and governance processes.

6.3 Further details of the internal audit function are set out in the Statement on Internal Audit.

PERNYATAAN AUDIT DALAM

STATEMENT ON INTERNAL AUDIT

Aktiviti-aktiviti audit dalam adalah berpandukan kepada Piagam Audit Dalam yang diluluskan oleh Jawatankuasa Audit Lembaga. Piagam ini disemak dan dikemas kini secara berkala sekurang-kurangnya setiap lima tahun sekali untuk memastikan peranan, autoriti, tanggungjawab, skop kerja serta aspek lain yang terkandung di dalam Piagam tersebut adalah mencukupi.

Internal audit activities are governed by the EPF's Internal Audit Charter approved by the Board Audit Committee. The EPF's Internal Audit Charter is assessed at least once every five years, to determine whether the role, authority, responsibilities, scope of work and other areas as incorporated in the Charter continue to be adequate.

1. PENGENALAN

Jabatan Audit Dalam memberikan jaminan objektif yang bebas serta khidmat nasihat yang di rancang untuk memberi nilai tambah bagi menambahbaik operasi KWSP. Jabatan Audit Dalam membantu KWSP mencapai objektifnya melalui pendekatan yang sistematik dan berdisiplin di dalam menilai dan mempertingkatkan keberkesanan proses-proses pengurusan risiko, kawalan dalaman dan tadbir urus.

1. OVERVIEW

The Internal Audit Department provides independent, objective assurance and consulting services designed to add value and improve the EPF's operations. The Internal Audit Department helps the EPF accomplish its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of risk management, internal control and governance processes.

2. KEBEBASAN DAN OBJEKTIVITI

Ketua Jabatan Audit Dalam melapor secara fungsional kepada Jawatankuasa Audit Lembaga dan secara pentadbiran kepada Ketua Pegawai Eksekutif. Aktiviti-aktiviti Jabatan Audit Dalam adalah bebas daripada sebarang pengaruh dalam menentukan skop pengauditan dan pelaksanaan kerja serta memaklumkan hasil auditan.

2. INDEPENDENCE AND OBJECTIVITY

The Head of Internal Audit Department reports functionally to the Board Audit Committee and administratively to the Chief Executive Officer. The internal audit activities are free from interference in determining the scope of internal auditing, performing work and communicating results.

Bagi kepentingan menjaga status kebebasannya, Jabatan Audit Dalam tidak mempunyai sebarang kuasa eksekutif atau pengurusan, autoriti, fungsi atau tanggungjawab kecuali berkaitan dengan pengurusan Jabatan Audit Dalam. Jabatan Audit Dalam juga tidak bertanggungjawab ke atas pembangunan atau pelaksanaan secara terperinci sistem, perancangan, peraturan, polisi atau prosedur baru.

In the interest of protecting its independent status, the Internal Audit Department has no executive or managerial powers, authorities, functions or duties except those relating to the management of internal audit functions. The Internal Audit Department is also not responsible for the detailed development or implementation of new systems, plans, regulations, policies or procedures.

3. SKOP KERJA

3.1 Fungsi Jabatan Audit Dalam merangkumi pengauditan kewangan, operasi, pematuhan dan pengurusan KWSP. Skop kerja Jabatan Audit Dalam yang paling utama adalah untuk menentukan sama ada proses-proses pengurusan risiko, sistem kawalan dalaman, sistem pengurusan maklumat dan tadbir urus KWSP sepertimana yang dirancang dan dilaksanakan oleh Pengurusan adalah mencukupi dan berfungsi dengan berkesan supaya:

3. SCOPE OF WORK

3.1 *The Internal Audit Department's functions include audits of the financials, operations, compliance and management of the EPF. Its scope of work, primarily, is to determine whether the EPF's risk management, internal control systems, information management systems and governance processes, as designed and represented by the Management, are adequate and functioning in a manner to ensure:*

- | | |
|--|---|
| <p>3.1.1 risiko dikenal pasti dan diuruskan dengan sewajarnya;</p> <p>3.1.2 sumber-sumber diperolehi secara ekonomik dan digunakan secara efektif dan efisien;</p> <p>3.1.3 aset adalah terpelihara;</p> <p>3.1.4 maklumat penting mengenai pengurusan, kewangan dan operasi adalah tepat, munasabah dan disediakan dalam tempoh yang ditetapkan;</p> <p>3.1.5 peraturan dan undang-undang, polisi, piawaian dan prosedur yang diguna pakai adalah dipatuhi; dan</p> <p>3.1.6 objektif dan matlamat yang ditetapkan dicapai.</p> | <p><i>3.1.1 risks are appropriately identified and managed;</i></p> <p><i>3.1.2 resources are acquired economically, and employed effectively and efficiently;</i></p> <p><i>3.1.3 assets are safeguarded;</i></p> <p><i>3.1.4 significant management, financial and operating information is accurate, reliable and timely;</i></p> <p><i>3.1.5 applicable laws and regulations, policies, standards and procedures are complied with; and</i></p> <p><i>3.1.6 established objectives and goals are achieved.</i></p> |
| <p>3.2 Skop kerja Jabatan Audit Dalam juga merangkumi:</p> <p>3.2.1 pelaksanaan penyiasatan khas atas permintaan Pengurusan atau Jawatankuasa Audit Lembaga;</p> <p>3.2.2 bekerjasama dengan juruaudit luar untuk memastikan liputan auditan adalah mencukupi serta meminimumkan pertindihan kerja; dan</p> <p>3.2.3 penglibatan sebagai pemerhati dalam jawatankuasa-jawatankuasa pengurusan tertentu yang ditubuhkan untuk pembangunan atau implementasi sistem atau proses baru. Penglibatan tersebut adalah terhad kepada memberi khidmat nasihat berkaitan kawalan dalaman dan ini tidak akan menghalang Jabatan Audit Dalam daripada menjalankan auditan ke atas sistem atau proses berkenaan.</p> | <p><i>3.2 Internal Audit Department's secondary scope of work encompasses the following:</i></p> <p><i>3.2.1 carrying out special investigations requested by the Management/Board Audit Committee;</i></p> <p><i>3.2.2 coordinating with the external auditors to ensure adequate audit coverage and minimal duplication of work; and</i></p> <p><i>3.2.3 participating as an observer in selected management committees set up to develop or implement new systems or processes. Such participation is limited to providing advice on control matters and does not preclude the Internal Audit Department from auditing the systems or processes.</i></p> |
| <p>3.3 Jabatan Audit Dalam membangunkan Pelan Audit menggunakan Model Enhanced Audit Risk Scoring di mana keutamaan aktiviti pengauditan ditentukan berdasarkan tahap risiko audit. Model Enhanced Audit Risk Scoring menilai tahap risiko audit bagi setiap operasi, fungsi dan sistem teknologi maklumat berdasarkan penilaian unsur risiko yang wujud, risiko kawalan dan risiko pengesanan.</p> | <p><i>3.3 The Internal Audit Department developed its audit plan using an Enhanced Audit Risk Scoring Model, prioritising the internal audit activities according to the audit risk level. The Enhanced Audit Risk Scoring Model evaluates audit risks based on the assessment of inherent risks, control risks and detection risks for each operation, function and information technology system.</i></p> |
| <p>3.4 Dalam tahun kewangan 2013, 137 laporan telah dibentangkan di dalam mesyuarat Jawatankuasa Audit Lembaga.</p> | <p><i>3.4 During the year 2013, 137 reports were tabled at the Board Audit Committee meetings.</i></p> |

PERNYATAAN AUDIT DALAM STATEMENT ON INTERNAL AUDIT

4. SUMBER JABATAN AUDIT DALAM

Setakat 31 Disember 2013, Jabatan Audit Dalam mempunyai 89 juruaudit di mana sejumlah 12 juruaudit mempunyai kelayakan profesional di dalam bidang masing-masing. Jawatankuasa Audit Lembaga meneliti dan meluluskan keperluan sumber manusia Jabatan Audit Dalam bagi memastikan Jabatan Audit Dalam mempunyai bilangan juruaudit yang mencukupi dan kompeten.

Berikut adalah ringkasan bilangan juruaudit berdasarkan bidang kepakaran setakat 31 Disember 2013:

| Bil No. (A) | Bidang Kepakaran Field of Expertise (B) | Bilangan Juruaudit No. of Auditors (C) | Peratusan Percentage (D) |
|-------------|--|---|-----------------------------|
| 1. | Kewangan dan Perakaunan/ <i>Finance and Accounting</i> | 70 | 79% |
| 2. | Teknologi Maklumat/ <i>Information Technology</i> | 16 | 18% |
| 3. | Pengurusan/ <i>Management</i> | 2 | 2% |
| 4. | Kejuruteraan/ <i>Engineering</i> | 1 | 1% |

5. LATIHAN

Kursus, seminar dan persidangan yang telah dihadiri oleh juruaudit bagi mempertingkatkan pengetahuan dalam bidang pengauditan serta mendapatkan perkembangan terkini industri adalah seperti berikut:

Bil./No. Kursus/Course

(A) Kursus Dalaman/*In-House Training*

1. Changing Needs for Compliance Auditing: Improving Techniques, Skills and Reporting Style for Better Results and Assurance
2. Forensic Accounting and Fraud Investigation

(B) Kursus Luaran/*External Training*

1. 2013 National Conference on Internal Auditing – Scaling Greater Heights: Adding Value
2. 2013 Information Security Asia Conference
3. Audit Report Composing: Improving Mindset, Clarity, Focus and Brevity for Greater Impact to Clients
4. Forensic Investigations – Practical Workshop for Beginners
5. How to Prepare the Standard Operating Procedures (SOP) for Property Development and Construction Projects
6. 5th Annual IT Service Management Conference and Exhibition Knowledge Translated into Results
7. Private Equity Academy
8. Emerging Leadership Potential Programme
9. Infrastructure Academy
10. IPv6 Certified Network Engineer Level 1
11. Innovative and Creative Circle: The 7 Quality Control Tools

4. INTERNAL AUDIT RESOURCES

As at 31 December 2013, the total Internal Audit Department headcount stood at 89, of whom 12 auditors are professionally qualified in their respective fields. The Board Audit Committee reviews and approves the Internal Audit Department's human resources requirements to ensure the function is adequately resourced with competent internal auditors.

In the list below, the auditors are categorised according to their fields of expertise as at 31 December 2013:

5. TRAINING

The courses, seminars and conferences attended by the internal auditors to increase their knowledge of auditing and keep updated with the latest developments in the business are as listed below:

PERNYATAAN AUDIT DALAM STATEMENT ON INTERNAL AUDIT

6. PROGRAM KUALITI DAN PENAMBAHBAIKAN

6.1 Jabatan Audit Dalam telah membangun dan melaksanakan program jaminan kualiti dan penambahbaikan bagi menilai operasi fungsi audit dalam. Program ini juga merangkumi penilaian kualiti dalaman dan luaran secara berkala serta pemantauan dalaman yang berterusan.

Penilaian dalaman termasuk:

6.1.1 semakan berterusan ke atas prestasi aktiviti audit dalam; dan

6.1.2 penilaian sendiri ke atas proses, prosedur dan dokumentasi auditan secara berkala.

6.2 Keperluan membuat Semakan Semula Jaminan Kualiti adalah termaktub di dalam Piagam Audit Dalam di mana ia perlu dilaksanakan sekurang-kurangnya setiap lima tahun sekali oleh perunding bebas bertauliah. Semakan Semula Jaminan Kualiti ke atas Jabatan Audit Dalam telah dilaksanakan pada November 2009.

6.3 Berdasarkan kepada penilaian PricewaterhouseCoopers Advisory Services Sdn. Bhd., secara keseluruhan pencapaian Jabatan Audit Dalam adalah baik. Ini menunjukkan aktiviti, polisi dan proses Jabatan Audit Dalam adalah mematuhi Piawaian Antarabangsa untuk Amalan Profesional Audit Dalam (IIA Standards) yang ditetapkan oleh Institut Audit Dalam.

6.4 Pelaksanaan Semakan Semula Jaminan Kualiti oleh perunding bertauliah yang bebas dijangka akan dijadualkan pada tahun 2014.

6. QUALITY AND IMPROVEMENT PROGRAMMES

6.1 *The Internal Audit Department has established and maintained a quality assurance and improvement programme designed to evaluate the operations of the function. This programme includes periodic internal and external quality assessments and ongoing internal monitoring.*

Internal assessments shall include:

6.1.1 *ongoing reviews of the performance of internal audit activities; and*

6.1.2 *peer reviews of the audit processes, procedures and documentation on a periodic basis.*

6.2 *The Internal Audit Charter stipulates that a Quality Assurance Review by a qualified independent reviewer is required at least once every five years. The last Quality Assurance Review of the Internal Audit Department was carried out in November 2009.*

6.3 *Based on the review by PricewaterhouseCoopers Advisory Services Sdn. Bhd., the Internal Audit Department's overall performance is good. This indicates the Internal Audit Department's activities, policies and processes are in line with the International Standards for the Professional Practice of Internal Auditing (IIA Standards) promulgated by the Institute of Internal Auditors.*

6.4 *The next Quality Assurance Review by a qualified independent reviewer is scheduled for the year 2014.*

PERNYATAAN PENGURUSAN RISIKO PELABURAN

STATEMENT ON INVESTMENT RISK MANAGEMENT

TANGGUNGJAWAB

Berdasarkan Seksyen 18(1) 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 memberi jaminan yang munasabah serta mengurus risiko dan bukannya menghapuskan risiko salah nyata atau kerugian dalam melaksanakan dasar dan objektif pelaburan organisasi.

RANGKA KERJA PENGURUSAN RISIKO PELABURAN

Rangka kerja pengurusan risiko pelaburan KWSP merangkumi struktur tadbir urus, tahap risiko, alokasi aset, pelbagai polisi dan proses. Rangka kerja ini sentiasa dikaji semula bagi memastikan ianya relevan dan berkesan.

STRUKTUR PENGURUSAN RISIKO PELABURAN

Panel Pelaburan (IP) bertanggungjawab untuk mengawasi pengurusan risiko berkaitan dengan keputusan pelaburan yang dibuat oleh KWSP.

Jawatankuasa Risiko Panel Pelaburan (IPRC) bertanggungjawab untuk membantu IP memperakukan tahap risiko dan alokasi belanjawan risiko yang sesuai. IPRC sentiasa mengkaji semula pelbagai pengukuran risiko, polisi, proses dan had bagi memastikan keberkesanan berterusan.

IPRC dibantu oleh Jawatankuasa Risiko Pengurusan (MRC) untuk memantau dan mengkaji semula aktiviti-aktiviti pengurusan risiko.

Jabatan Pengurusan Risiko membantu MRC, IPRC dan IP dalam hal-hal berkaitan pengurusan risiko merangkumi penilaian bebas risiko dan risiko kredit, pemantauan dan laporan bagi pendedahan risiko pelaburan KWSP.

RESPONSIBILITY

In accordance with Section 18(1) of the Employees Provident Fund Act 1991, the Investment Panel is responsible for matters pertaining to the Fund's investments and acknowledges responsibility for the investment risk management framework. The framework is designed to provide reasonable assurance and to mitigate rather than to eliminate the risk of misstatement or loss in carrying out the organisation's investment policies and objectives.

INVESTMENT RISK MANAGEMENT FRAMEWORK

The EPF's investment risk management framework encompasses the governance structure, risk appetite, asset allocation, policies and processes. It is reviewed regularly to ensure relevance and effectiveness.

INVESTMENT RISK MANAGEMENT STRUCTURE

The Investment Panel (IP) is responsible for overseeing risk management pertaining to the EPF's investment decision making.

The Investment Panel Risk Committee (IPRC) is responsible for assisting the IP in recommending the risk appetite and appropriate allocation of the risk 'budget'. The IPRC regularly reviews the risk measurement, policies, processes and limits to ensure their continued effectiveness.

The IPRC is assisted by the Management Risk Committee (MRC) to monitor and review risk management activities.

The Risk Management Department supports the MRC, IPRC and IP in risk management related matters, covering independent measurement and credit assessment, monitoring and reporting of the EPF's investment risk exposures.

KAWALAN RISIKO

Pernyataan Tahap Risiko yang diluluskan oleh IP 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 dana yang dilaburkan adalah selaras dengan tahap risiko yang boleh diterima oleh KWSP.

Pelbagai polisi dan had telah disediakan untuk memastikan risiko-risiko dipantau secukupnya bagi setiap kelas aset. Sistem Risiko dan Prestasi telah disediakan dan dipertingkatkan secara berterusan untuk memastikan risiko diukur secara sistematik dan dipantau.

KESIMPULAN

Panel Pelaburan (IP) berpandangan bahawa amalan pengurusan risiko pelaburan adalah kukuh dan memadai untuk melindungi pelaburan KWSP. IP dibantu oleh IPRC yang bermesyuarat sekurang-kurangnya empat kali setahun untuk mengkaji semula laporan risiko dan pematuhan daripada pihak pengurusan.

Pernyataan ini disediakan berdasarkan resolusi semua Ahli Panel Pelaburan bertarikh 21 Februari 2014.

RISK CONTROLS

The Risk Appetite Statements, as approved by the IP, broadly outline the level of risk that the EPF is willing to tolerate and form the basis of the allocation of funds for investment. Asset allocation reviews are regularly conducted to ensure funds are invested within the EPF's risk appetite.

Various policies and limits are in place to ensure risks are adequately mitigated for each asset class. The Risk and Performance Systems are in place and continuously enhanced to ensure the risks are systematically measured and monitored.

CONCLUSION

The Investment Panel (IP) is of the opinion that the investment risk management practices in place are sound and sufficient to safeguard the EPF's investments. The IP is supported by the IPRC, which meets a minimum of four times a year to review the risk and compliance reports from the management.

This statement is made in accordance with the resolution of the members of the IP dated 21 February 2014.