



## MEMBERS OF THE BOARD



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### *From Left to Right*

**TAN SRI SUKARTI WAKIMAN**

*Sabah State Secretary*

**TAN SRI DR LIM WEE CHAI**

*President, Federation of Malaysian Manufacturers*

**HADIAH LEEN**

*President, Sarawak Bank Employees' Union*

**DATO' SITI ZAUyah MD DESA**

*Deputy Secretary-General (Policy), Ministry of Finance*

**DATUK MOHD HASNOL AYUB**

*President, Sabah Bumiputera Chamber of Commerce*

**TAN SRI SAMSUDIN OSMAN**

*Chairman, EPF*

**TAN SRI AZMAN SHAH HARON**

*President, Malaysian Employers Federation*



**DATUK ABANG HAJI ABDUL KARIM  
TUN ABANG HAJI OPENG**  
*President, Sarawak Chamber of  
Commerce and Industry*

**DATUK SHAHRIL RIDZA RIDZUAN**  
*Chief Executive Officer, EPF*

**ZAINAL ABIDIN MOHD KASSIM**  
*Director and Senior Partner, Actuarial  
Partners Consulting Sdn Bhd*

**TAN SRI MOHAMAD ZABIDI ZAINAL**  
*Director-General, Public Service  
Department*

**TUAN HAJI MD JA'FAR ABDUL  
CARRIM**  
*Director, RHB Bank Group*

**DATUK LOK YIM PHENG**  
*Secretary-General, Congress of  
Unions of Employees in the Public and Civil  
Services*

**CATHERINE JIKUNAN**  
*Secretary, Malaysian Trades Union  
Congress Sabah*

**DATUK THOMAS GEORGE  
M.S. GEORGE**  
*Former Secretary-General, Ministry of  
Works*

*\* Not in the picture*

**DATO' SRI ADENAN AB RAHMAN**  
*Secretary-General, Ministry of Human  
Resources*

**TAN SRI DATUK AMAR HAJI  
MOHAMAD MORSHIDI ABDUL  
GHANI**  
*Sarawak State Secretary*

## MEMBERS OF THE BOARD

### CHAIRMAN AND DEPUTY CHAIRMAN



#### TAN SRI SAMSUDIN OSMAN

*Chairman, EPF*  
(sam@epf.gov.my)

Tan Sri Samsudin Osman was appointed Chairman of the EPF Board beginning 1 February 2007.

A long-serving civil servant, Tan Sri Samsudin has served as President of Putrajaya Corporation, Chief Secretary to the Government, Director-General of the Public Service Department, Secretary-General of the Ministry of Home Affairs, Secretary-General of the Ministry of Domestic Trade and Consumer Affairs, Federal Secretary of Sabah and Deputy Secretary-General of the Ministry of Transport.

Aside from being Chairman of the EPF, he currently also serves as Chairman of BIMB Holdings Berhad, Kwasa Land Sdn Bhd and a Director of Sime Darby Berhad. He is also Pro-Chancellor of Universiti Malaysia Terengganu, Chancellor of University College Bestari and Chairman of the Board of Trustees of the Mahathir Science Award Foundation.

He holds a Master of Public Administration from Pennsylvania State University, USA.



#### DATO' SITI ZAUYAH MD DESA

*Deputy Secretary-General (Policy), Ministry of Finance*  
(zauyah@epf.gov.my)

Dato' Siti Zauyah Md Desa was appointed to the EPF Board as a Government representative beginning 1 March 2016.

Dato' Siti Zauyah is the Deputy Secretary-General (Policy) at the Ministry of Finance. She currently sits on the Boards of Johor Corporation, Majlis Amanah Rakyat, Bank Kerjasama Rakyat Malaysia Berhad, Rakyat Management Services Sdn Bhd, Rakyat Hartanah Sdn Bhd, Rakyat Facility Management Sdn Bhd, Govco Holdings Berhad, Felda Global Ventures Holdings Berhad, Felda Holdings Berhad, Pengurusan Aset Air Berhad, Malaysia Digital Economy Corporation Sdn Bhd, Bintulu Port Holdings Berhad, Samalaju Industrial Port Sdn Bhd, National Trust Fund and Retirement Fund (Incorporated).

She holds a Bachelor of Science (Hons) in Quantity Surveying from University of Reading, United Kingdom and a Master of Business Administration (International Banking) from University of Manchester, United Kingdom. She also holds a Diploma in Public Administration from the National Institute of Public Administration.

## MEMBERS OF THE BOARD

### GOVERNMENT REPRESENTATIVES



#### TAN SRI MOHAMAD ZABIDI ZAINAL

*Director-General, Public Service Department*

*(mohamad-zabidi@epf.gov.my)*

Tan Sri Mohamad Zabidi Zainal was appointed to the EPF Board as a Government representative beginning 1 June 2013.

Prior to being appointed to his current post as Director-General of the Public Service Department, he was Director-General of the Malaysian Administrative Modernisation and Management Planning Unit from 2010-2013; Perlis State Secretary from 2008-2010 and Deputy Secretary-General of the Ministry of Health from 2007-2008.

He is currently the Chairman of the Academic/Curriculum Committee of the Board of Trustees of the Razak School of Government and a Board member of the Inland Revenue Board of Malaysia.

He holds a Bachelor (Hons) in Southeast Asian Studies and a Master of Public Administration, both from Universiti Malaya.



#### DATO' SRI ADENAN AB RAHMAN

*Secretary-General, Ministry of Human Resources*

*(adenan-rahman@epf.gov.my)*

Dato' Sri Adenan Ab Rahman was appointed to the EPF Board as a Government representative beginning 1 March 2016.

Dato' Sri Adenan is the Secretary-General of the Ministry of Human Resources. His career as an Administrative and Diplomatic officer began when he was appointed Assistant Director at the Research Division, Prime Minister's Department in 1981. He subsequently rose through the ranks to become Director-General of the Division in 2011. He was later appointed as the Deputy Secretary-General (Security and Policy), Ministry of Home Affairs on 16 February 2015.

He earned his Bachelor of Arts degree in Southeast Asian Studies from Universiti Malaya. Subsequently, he obtained his Master of Arts degree majoring in Defence Studies from the Universiti Kebangsaan Malaysia.

## MEMBERS OF THE BOARD

### GOVERNMENT REPRESENTATIVES



#### **TAN SRI DATUK AMAR HAJI MOHAMAD MORSHIDI ABDUL GHANI**

*Sarawak State Secretary*

*(mohamad-morshidi@epf.gov.my)*

**Tan Sri Datuk Amar Haji Mohamad Morshidi Abdul Ghani was appointed to the EPF Board as a Government representative beginning 2 August 2009.**

He began his career as Management Executive with Petronas in 1980 before joining the Sarawak Civil Service in 1988 as Director of Kuching North City Hall. He has 26 years of experience in various state government agencies, including in the Chief Minister's Department and the Ministry of Social Development and Urbanisation. Between 2006 and 2009, he held the posts of Deputy State Secretary (Planning & Development) and Deputy State Secretary (Administration, Security and Corporate Affairs).

He has been appointed to the current post as Sarawak State Secretary since August 2009. He also sits on the boards of Universiti Malaysia Sarawak, Swinburne University, Sarawak Economy Development Corporation, Bintulu Port Holding (Petronas) and other state agencies and NGOs.

He holds a Bachelor of Economics (majoring in Statistics) from Universiti Kebangsaan Malaysia and a Master of Human Resources Management from University of Scranton, Pennsylvania, USA. He has also attended a Senior Executive Fellowship programme at Harvard University, USA.



#### **TAN SRI SUKARTI WAKIMAN**

*Sabah State Secretary*

*(sukarti-wakiman@epf.gov.my)*

**Tan Sri Sukarti Wakiman was appointed to the EPF Board as a Government representative beginning 1 June 2001.**

Tan Sri Sukarti started his career with the State Civil Service in 1977 where he was posted to various departments, including Ministry of Manpower and Environment Development, Chief Minister's Department, Ministry of Agriculture and Fisheries, and Ministry of Infrastructure Development, Sabah. Prior to his appointment to the post of State Secretary in 2007, he served as the Director of the Public Service Department of Sabah, a post he held since April 2000.

He holds a Bachelor (Hons) in Anthropology and Sociology from Universiti Malaya.

## MEMBERS OF THE BOARD

### EMPLOYERS' REPRESENTATIVES



#### TAN SRI AZMAN SHAH HARON

*President, Malaysian Employers Federation*

*(azman-shah@epf.gov.my)*

**Tan Sri Azman Shah Haron was appointed to the EPF Board as an Employers representative beginning 1 June 2007.**

Tan Sri Azman is President of the Malaysian Employers Federation. He sits on the Board of various local and international companies, including Alangka-Suka Hotels and Resorts Berhad, which operates 33 Holiday Villa hotels and resorts in Asia, Middle East, Africa and Europe.

He is also Chairman of the Consultative Panel for the Hospitality Industry at the Malaysia Productivity Corporation (MPC), Board Member of the MPC, Board Member of the Malaysian Industrial Development Authority, an Alternate Member of the Asia Pacific Economic Corporation/Business Advisory Council Malaysia, Co-Chairman of the Working Group on Efficiency Issues and Chairman of the Industrial Advisory Committee, Department of Polytechnic Education in the Higher Education Department.

In addition, he is the Chairman of the Confederation of Asia Pacific Employers, Chairman of Asean Confederation of Employers, Substantive Member on National Labour Advisory Council, Council Member of the National Wages Consultative Committee, Ministry of Human Resources, and Member of the Public Services Commission Malaysia.

He holds a Diploma in General Hotel Management from Holiday Inn University, USA.



#### TAN SRI DR LIM WEE CHAI

*President, Federation of Malaysian Manufacturers*

*(limweechai@epf.gov.my)*

**Tan Sri Dr Lim Wee Chai was appointed to the EPF Board as an Employers representative beginning 1 July 2015.**

Tan Sri Dr Lim is the founder and Chairman of Top Glove Group of Companies, which he had set up in 1991 and emerged as the world's largest rubber glove manufacturer. He is currently serving as the President of the Federation of Malaysian Manufacturers, having been elected into office in December 2016.

He concurrently holds several other prominent posts, including the roles of Honorary President of the Malaysia-China Chamber of Commerce and the Honorary Advisor of the Klang Chinese Chamber of Commerce. He was appointed as Director (Board Member) of Universiti Malaya for the tenure between 2015 to 2018, and have also been appointed Council Member of the East Asia Business Council by the Minister of International Trade and Industry in 2011.

Previous positions held by Tan Sri Dr Lim include President of the Malaysian Rubber Glove Manufacturers' Association (MARGMA) from 1997-1999, Vice-President, Honorary Secretary and Treasurer of MARGMA, Director of the Association of Malaysia Medical Industries and Board Member of the Malaysia Rubber Board in 1998-1999.

He graduated with a Bachelor of Science (Hons) in Physics from Universiti Malaya and earned his Master of Business Administration from Sul Ross State University, Texas, United States. In 2015, he obtained his PhD in Management from University of Selangor, Malaysia. He was also conferred an Honorary Doctorate in Business Administration in 2016 by Oklahoma City University, USA.

## MEMBERS OF THE BOARD

## EMPLOYERS' REPRESENTATIVES

**DATUK MOHD HASNOL AYUB**

*President, Sabah Bumiputera Chamber of Commerce*

*(mohd-hasnol@epf.gov.my)*

Datuk Mohd Hasnol Ayub was appointed to the EPF Board as an Employers representative beginning 1 June 2009.

In addition to his responsibility as Executive Director/Chief Executive Officer of the Institute for Development Studies Sabah, he is also President of the Sabah Bumiputera Chamber of Commerce.

He holds a postgraduate Diploma in Business Administration and a Master Degree in Business Administration, both from the University of Wales, Cardiff, United Kingdom.

**DATUK ABANG HAJI ABDUL KARIM TUN ABANG HAJI OPENG**

*President, Sarawak Chamber of Commerce and Industry*

*(abdul-karim@epf.gov.my)*

Datuk Abang Haji Abdul Karim Tun Abang Haji Openg was appointed to the EPF Board as an Employers representative beginning 13 July 2013.

Datuk Abang Haji Abdul Karim has served as Senior Independent Non-Executive Director of Ta Ann Holdings Berhad since 2 October 1999 and Chairman of Brooke Dockyard and Engineering Works Corporation. He has held various public positions, including as President of Sarawak Chamber of Commerce and Industry, and a member of the general committee of the Malaysian International Chamber of Commerce and Industry representing Sarawak, and Co-Chairman of Sarawak PEMUDAH Task Force.

He is also Deputy Chairman of Sarawak Convention Bureau, Board Member of Malaysia Productivity Corporation, Permodalan Satok Berhad, Amanah Saham Sarawak Berhad and Member of Lembaga Baitulmal and Wakaf Sarawak. He was founding Director of BIMP-EAGA Business Council and the first Chairman of BIMP-EAGA Malaysian Business Council Sarawak Chapter.

He graduated with Bachelor of Economics (Hons) from Universiti Malaya and a Master of Management from the Asian Institute of Management, the Philippines.

## MEMBERS OF THE BOARD

### EMPLOYEES' REPRESENTATIVES



#### DATUK LOK YIM PHENG

*Secretary-General, Congress of Unions of Employees in the Public and Civil Services*

*(lokyimpheng@epf.gov.my)*

Datuk Lok Yim Pheng was appointed to the EPF Board as an Employees representative beginning 1 June 2011.

She is Secretary-General of the Congress of Unions of Employees in the Public and Civil Services and the incumbent Secretary-General of the National Union of the Teaching Profession. She commenced her teaching career in 1978 and was seconded to the Public Service Department in 2004.

She was appointed as Member of the National Council for Occupational Safety and Health and elected to the Board of Education International at the global level. Most recently, she was appointed as a member of the committee set up to review the Standard Operating Procedures to prevent leakages in public examinations. In June 2016, she was appointed as a Commissioner of the Human Rights Commission of Malaysia for the term 2016-2019. Currently, she was selected to be a Vice-Chairman of Asia-Pacific International Education until 2017.

She holds a Degree in Management and a Diploma in Education.



#### CATHERINE JIKUNAN

*Secretary, Malaysian Trades Union Congress Sabah*

*(catherine-jikunan@epf.gov.my)*

Catherine Jikunan was appointed to the EPF Board as an Employees representative beginning 1 June 2013.

She has been a Board member representing employees at the Social Security Organisation since 2009 and a member of the Appellate Board from 2005. She has also been representing employees in Sabah on the National Wages Consultative Council since 2010 and on the Sabah Industrial Court Panel since 2005. She is Secretary of the Malaysian Trades Union Congress, Sabah; Deputy Treasurer of the Federation of Bank Employees Malaysia and Vice-President of the Union Network International Asia Pacific.

She graduated with a Diploma in Banking and a Bachelor of Corporate Administration with Honours, both from Universiti Teknologi Mara. She also obtained a Master in Labour Policies and Globalisation from University of Kassel and Berlin School of Economy, Germany.

# MEMBERS OF THE BOARD

## EMPLOYEES' REPRESENTATIVES AND PROFESSIONALS REPRESENTATIVES



### HADIAH LEEN

*President, Sarawak Bank Employees' Union*

*(hadiah-leen@epf.gov.my)*

Hadah Leen was appointed to the EPF Board as an Employees representative beginning 1 February 2012.

She is an employee of Hong Leong Bank Berhad in its Satok Branch, Kuching. She has a strong record of trade union activity. Since 2001, she has been President of the Sarawak Bank Employees' Union as well as head of Women of the Malaysian Trades Union Congress, Sarawak Division. She became a member of the Executive Council of the UNI-Apro Region in 2005 and was reappointed in 2015. She is a member of the panel representing workers in the Industrial Court in 2010 and was reappointed in 2015. She is also a member of the International Society for Labour and Social Security Law, Malaysia.

She holds a Diploma in Business Administration from the Institute of Professional and Managerial Administration, Kolej Putra, Kuala Lumpur, a Diploma in International Labour Standards, Fundamental Principles and Rights at Work from the International Labour Organisation Centre in Turin, Italy, and a Certificate in Personnel Management from the Malaysian Institute of Human Resources Management. She completed the Malaysian Women Directors Programme at the NAM Institute for the Empowerment of Women in 2013.



### DATUK THOMAS GEORGE M.S. GEORGE

*Former Secretary-General, Ministry of Works*

*(thomas-george@epf.gov.my)*

Datuk Thomas George was appointed to the EPF Board as a Professional representative beginning 1 June 2013.

He served as Deputy Director before being appointed as the Director of Planning and Research in the Public Service Department, and Senior Project Coordinator of Management Development and Quality Programme at the National Institute of Public Administration.

Datuk Thomas George was Secretary-General of the Ministry of Human Resources from 27 May 2006 until 21 April 2009 and Secretary-General of the Ministry of Works from 22 April 2009 until he retired.

He holds a Master in Public Administration from George Washington University, USA.

## MEMBERS OF THE BOARD

### PROFESSIONALS REPRESENTATIVES



#### **TUAN HAJI MD JA'FAR ABDUL CARRIM**

*Director, RHB Bank Group*

*(md-jafar@epf.gov.my)*



#### **ZAINAL ABIDIN MOHD KASSIM**

*Director and Senior Partner, Actuarial Partners Consulting Sdn Bhd*

*(zainal-abidin@epf.gov.my)*

Tuan Haji Md Ja'far Abdul Carrim was appointed to the EPF Board as a Professional representative for the second time on 1 June 2013. He was earlier a Board member in the same capacity from 1 July 2001 to 31 May 2007.

Tuan Haji Md Ja'far is currently a Director at RHB Bank Group. He formerly held directorships in companies within the Sime Darby Group and was a Director and Chairman of a number of non-listed public and private companies.

He is the immediate Past President of the Malaysian Employers Federation, and was a Board of Director of Malaysian Productivity Corporation. He also sat as a Council Member on the National Labour Advisory Council and was a member of the Industrial Master Plan 3 Committee, National Health Financing Mechanism Technical Committee, National Budget Focus Group on Developing a First-Class Mindset and the Curriculum Development Board for Polytechnics and Community Colleges.

He started his career as an engineer in the civil service before joining Sime Darby in 1984. He served in various capacity in Sime Darby and was Divisional Director of the Allied Products and Services Division before embarking on his current career as a management consultant. From 2006 to 2008, he was the Managing Director of Kaypi Technologies Sdn Bhd.

He holds a Bachelor (Hons) in Civil Engineering from Loughborough University of Technology, United Kingdom.

Zainal Abidin Mohd Kassim was appointed to the EPF Board as a Professional representative beginning 1 June 2015.

He is currently Director and Senior Partner of Actuarial Partners Consulting Sdn Bhd (formerly known as Mercer Zainal Consulting Berhad). He was previously President of the Actuarial Society of Malaysia, a position which he held from 1987-1988 and has worked at Prudential Assurance in the United Kingdom. He is a Fellow of the Actuarial Society of Malaysia and Associate of the Actuarial Society, USA.

He obtained his Bachelor of Science in Actuarial Science from City University, London and is a Fellow of the Institute of Actuaries.

# MEMBERS OF THE BOARD

## EX-OFFICIO



### DATUK SHAHRIL RIDZA RIDZUAN

*Chief Executive Officer, EPF*

*(srr@epf.gov.my)*

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**Datuk Shahril Ridza Ridzuan was appointed as Employees Provident Fund's (EPF) Chief Executive Officer effective 16 April 2013. He was previously Deputy Chief Executive Officer (Investment) of the EPF since 1 December 2009.**

Prior to joining the EPF, he was Managing Director of Malaysian Resources Corporation Berhad (MRCB), responsible for developing KL Sentral into one of the main commercial centres in Malaysia. His success at MRCB saw him being named Property CEO of the Year by the FIABCI Malaysia branch in 2009. He previously served Pengurusan Danaharta Nasional Berhad, and was involved in corporate recovery and credit restructuring following the Asian financial crisis of 1997.

He presently serves as a Non-Executive Board Member of Media Prima Berhad, MRCB, Pengurusan Danaharta Nasional Berhad and Malaysian Resources Corporation Berhad. He was appointed to the Board of Directors of IJN Holding effective 1 October 2016.

He holds a Master of Arts (First Class) from Cambridge University and Bachelor of Civil Law (First Class) from Oxford University, and has been called to the Malaysian Bar and the Bar of England and Wales.

## ALTERNATE MEMBERS OF THE BOARD

### GOVERNMENT REPRESENTATIVES



**DR YUSOF ISMAIL**  
(15.5.2016 - 31.5.2017)

Secretary, Strategic Investment Division,  
Ministry of Finance



**DATO' MOHTAR MOHD ABD RAHMAN**  
(1.6.2015 - 31.5.2017)

Director, Service Division,  
Public Service Department



**DR MOHD GAZALI ABAS**  
(1.3.2016 - 31.5.2017)

Deputy Secretary-General (*Operations*),  
Ministry of Human Resources



**DATUK HAJI NORDIN SIMAN**  
(1.6.2015 - 31.5.2017)

Director-General, State Public Service  
Department of Sabah



**DATU DR SABARIAH PUTIT**  
(8.8.2016 - 31.5.2017)

Deputy State Secretary of Sarawak  
(*Administration, Security and Corporate Affairs*)



## MEMBERS OF THE INVESTMENT PANEL

*From Left to Right*

**DATUK SHAHRIL RIDZA RIDZUAN**  
*Chief Executive Officer, EPF*

**DATO' SRI MOHAMED NAZIR  
ABDUL RAZAK**  
*Chairman, CIMB Group Holdings  
Berhad*

**DATUK AHMAD BADRI MOHD  
ZAHIR**  
*Director of National Budget Office,  
Ministry of Finance*

**TAN SRI SAMSUDIN OSMAN**  
*Chairman, EPF*

**DAVID LAU NAI PEK**  
*Non-Executive Director,  
Axiata Group Berhad*

**ROSSANA ANNIZAH AHMAD  
RASHID**  
*Independent Non-Executive Director,  
IHH Healthcare Berhad*

*\* Not in the picture*

**DATO' BAKARUDIN ISHAK**  
*Assistant Governor, Bank Negara  
Malaysia*

## MEMBERS OF THE INVESTMENT PANEL



### TAN SRI SAMSUDIN OSMAN

*Chairman, EPF*  
(sam@epf.gov.my)

**Tan Sri Samsudin Osman is Chairman of the Investment Panel since 1 February 2007.**

Prior to this, he served as President of Putrajaya Corporation, Chief Secretary to the Government, Director-General of the Public Service Department, Secretary-General of the Ministry of Home Affairs, Secretary-General of the Ministry of Domestic Trade and Consumer Affairs, Federal Secretary of Sabah and Deputy Secretary-General of the Ministry of Transport.

He is currently Chairman of BIMB Holdings Berhad, Kwasa Land Sdn Bhd and a Director of Sime Darby Berhad. He is also Pro-Chancellor of Universiti Malaysia Terengganu, Chancellor of University College Bestari and Chairman of the Board of Trustees of the Mahathir Science Award Foundation.

He holds a Master of Public Administration from Pennsylvania State University, USA.



### DATUK AHMAD BADRI MOHD ZAHIR

*Director of National Budget Office, Ministry of Finance*  
(ahmad-badri@epf.gov.my)

**Datuk Ahmad Badri Mohd Zahir was appointed beginning 1 May 2014.**

He was previously Senior Valuation Executive at CH William Talhar & Wong Sdn Bhd and a Director Advisor of the Asian Development Bank in Manila, the Philippines. He is also a Director of Syarikat Danajamin Nasional Berhad, Kuala Lumpur International Airport Berhad, DanaInfra Nasional Berhad, Perbadanan Kemajuan Negeri Selangor, Bank Simpanan Nasional, Lembaga Pembiayaan Perumahan Sektor Awam and Members of Corporate Debt Restructuring Committee Malaysia.

He holds a Degree in Land and Property Management from Universiti Teknologi MARA and a Master of Business Administration from University of Hull, United Kingdom.

## MEMBERS OF THE INVESTMENT PANEL

**DATO' BAKARUDIN ISHAK**

*Assistant Governor, Bank Negara Malaysia*

*(bakarudin@epf.gov.my)*

**Dato' Bakarudin Ishak was appointed to the Investment Panel beginning 30 December 2015.**

Dato' Bakarudin Ishak is an Assistant Governor in Bank Negara Malaysia (BNM) and responsible for the areas of Financial Sector Development, Islamic Banking and Takaful and Payment Systems Policy. He joined BNM in 1985. During his long tenure, he headed various departments including the Foreign Exchange Administration Department, Islamic Banking and Takaful Department and as the Chief Executive Officer of Malaysian Electronic Clearing Corporation Sdn Bhd (MyClear). He is also a member of the BNM Monetary Policy Committee.

He holds a Bachelor of Economics degree from Universiti Malaya.

**DATO' SRI MOHAMED NAZIR ABDUL RAZAK**

*Chairman, CIMB Group Holdings Berhad*

*(nazir-razak@epf.gov.my)*

**Dato' Sri Mohamed Nazir Abdul Razak was appointed on 1 June 2003.**

He is Chairman of CIMB Group Holdings Berhad and President Commissioner of PT Bank CIMB Niaga. He was the youngest recipient of FinanceAsia's Lifetime Achievement Award in 2009 and was awarded Euromoney's Outstanding Achievement Award in 2012. In 2015, he was honoured with Asia House's Asian Business Leaders Award.

He is Chairman of the EPF's Investment Panel Risk Committee, and World Economic Forum's ASEAN Regional Strategy Group and ASEAN Regional Business Council. He is also a Director of Khazanah Nasional Berhad and a Member of the International Advisory Board of the Blavatnik School of Government at the University of Oxford.

He graduated from the University of Bristol with a Bachelor of Science (Hons) and later obtained a Master of Philosophy from University of Cambridge.

## MEMBERS OF THE INVESTMENT PANEL

**ROSSANA ANNIZAH AHMAD RASHID**

*Independent Non-Executive Director, IHH Healthcare Berhad*

*(rossana-annizah@epf.gov.my)*

**DAVID LAU NAI PEK**

*Non-Executive Director, Axiata Group Berhad*

*(david-lau@epf.gov.my)*

**Rossana Annizah Ahmad Rashid was appointed on 1 June 2015.**

Rossana is an Independent Non-Executive Director of IHH Healthcare Berhad (IHH). She serves on the Boards and certain Board Committees of IHH subsidiaries, namely Parkway Pantai Limited and Acibadem Saglik Yatirimlari Holding A.S. Group. She is also a Non-Executive Director of Parkway Trust Management Limited (PTM), an indirect wholly-owned subsidiary of IHH. PTM manages Parkway Life Real Estate Investment Trust which is listed on the Singapore Exchange Securities Trading Limited. In 2016, she was appointed Country Chairman of the Jardine Matheson Group of Companies in Malaysia. Subsequently she joined the Board of Cycle & Carriage Bintang Berhad, a member of the Jardine Matheson Group, as Non-Independent Non-Executive Director.

Prior to her current roles, Rossana is a career professional holding leadership positions in the telecommunication and banking sectors. She previously served in various senior management roles with TIME dotCom Berhad, Maxis Berhad and RHB Bank Berhad, after beginning her banking career with Citibank Malaysia.

Rossana graduated in Bachelor of Arts in Banking and Finance from Canberra College of Advanced Education, Australia (now known as University of Canberra).

**David Lau Nai Pek was appointed on 1 June 2009.**

He has over 35 years of professional experience in finance and has led financial organisations in Australia, Brunei, China, Malaysia, New Zealand, the Netherlands and the United Kingdom. He retired from Shell Malaysia in August 2011 after serving Shell Group for about 30 years in various capacities.

His major assignments included serving as Finance Director of Shell Malaysia, Finance Director of Shell China, Global Controller of the Exploration and Production Division of Royal Dutch Shell and Vice-President, Finance of Shell International Exploration and Production B.V., the Netherlands.

He is currently a Non-Executive Director and Chairman of the Board Audit Committee of Axiata Group Berhad and three of its non-listed subsidiaries. He also sits on the Board of Shell Refining Company Berhad and KKB Engineering Berhad.

He holds a Bachelor of Commerce from University of Canterbury, New Zealand, and is a member of the Malaysian Institute of Accountants and the New Zealand Society of Accountants.

## MEMBERS OF THE INVESTMENT PANEL

**DATUK SHAHRIL RIDZA RIDZUAN***Chief Executive Officer, EPF**(srr@epf.gov.my)*

Datuk Shahril Ridza Ridzuan was appointed as Employees Provident Fund's (EPF) Chief Executive Officer effective 16 April 2013. He was previously Deputy Chief Executive Officer (Investment) of the EPF since 1 December 2009.

Prior to joining the EPF, he was Managing Director of Malaysian Resources Corporation Berhad (MRCB), responsible for developing KL Sentral into one of the main commercial centres in Malaysia. His success at MRCB saw him being named Property CEO of the Year by the FIABCI Malaysia branch in 2009. He previously served Pengurusan Danaharta Nasional Berhad, and was involved in corporate recovery and credit restructuring following the Asian financial crisis of 1997.

He presently serves as a Non-Executive Board Member of Media Prima Berhad, Malaysia Building Society Berhad, Pengurusan Danaharta Nasional Berhad and MRCB. He was appointed to the Board of Directors of IJN Holding Sdn Bhd effective 1 October 2016.

He holds a Master of Arts (First Class) from Cambridge University and Bachelor of Civil Law (First Class) from Oxford University, and has been called to the Malaysian Bar and the Bar of England and Wales.

## NEWLY APPOINTED BOARD MEMBERS, ALTERNATE BOARD MEMBERS AND INVESTMENT PANEL



*From Left to Right*

**01/ DATO' SITI ZAUYAH MD DESA**

*Newly appointed on 1 March 2016 -  
Board Member representing Government*

**03/ DATO' BAKARUDIN ISHAK**

*Newly appointed on 30 December 2015 -  
Investment Panel representing Bank Negara Malaysia*

**05/ DATU DR SABARIAH PUTIT**

*Newly appointed on 8 August 2016 -  
Alternate Board Member representing Government*

**02/ DATO' SRI ADENAN AB RAHMAN**

*Newly appointed on 1 March 2016 -  
Board Member representing Government*

**04/ DR YUSOF ISMAIL**

*Newly appointed on 15 May 2016 -  
Alternate Board Member representing Government*

## OUTGOING BOARD MEMBERS, ALTERNATE BOARD MEMBERS AND INVESTMENT PANEL



*From Left to Right*

**01/ DATU HAJI MISNU HAJI TAHA**

*Service completed on 31 July 2016 -  
Alternate Board Member representing Government*

**02/ MOHD KHALID ATAN**

*Deceased on 26 January 2016*

# BOARD AND INVESTMENT PANEL COMMITTEES

## FINANCE AND DEVELOPMENT COMMITTEE

1. Tan Sri Samsudin Osman  
*Chairman*
2. Dato' Siti Zauyah Md Desa  
*Deputy Chairman*  
**Alternate: Dr Yusof Ismail**
3. Datuk Mohd Hasnol Ayub
4. Hadiyah Leen
5. Tuan Haji Md Ja'far Abdul Carrim
6. Datuk Shahril Ridza Ridzuan  
*Ex-Officio*

## EPF STRATEGY COMMITTEE

1. Tuan Haji Md Ja'far Abdul Carrim  
*Chairman*
2. Dato' Sri Adenan Ab Rahman  
*Deputy Chairman*  
**Alternate: Dr Mohd Gazali Abas**
3. Datuk Abang Haji Abdul Karim Tun Abang  
Haji Openg
4. Tan Sri Dr Lim Wee Chai
5. Datuk Lok Yim Pheng
6. Zainal Abidin Mohd Kassim
7. Datuk Shahril Ridza Ridzuan  
*Ex-Officio*

## BOARD AUDIT COMMITTEE

1. Datuk Thomas George M.S. George  
*Chairman*
2. Dato' Siti Zauyah Md Desa  
*Deputy Chairman*  
**Alternate: Dr Yusof Ismail**
3. Datuk Abang Haji Abdul Karim Tun Abang  
Haji Openg
4. Datuk Lok Yim Pheng
5. Zainal Abidin Mohd Kassim

## PERSONNEL, APPOINTMENT AND SERVICES COMMITTEE

1. Tan Sri Mohamad Zabidi Zainal  
*Chairman*
2. Tan Sri Sukarti Wakiman  
*Deputy Chairman*  
**Alternate: Datuk Haji Nordin Siman**
3. Datuk Mohd Hasnol Ayub
4. Catherine Jikunan
5. Datuk Thomas George M.S. George
6. Datuk Shahril Ridza Ridzuan  
*Ex-Officio*

## BOARD RISK MANAGEMENT COMMITTEE

1. Tan Sri Azman Shah Haron  
*Chairman*
2. Tan Sri Datuk Amar Haji Mohamad  
Morshidi Abdul Ghani  
*Deputy Chairman*  
**Alternate: Datu Haji Misnu Haji Taha**
3. Tan Sri Dr Lim Wee Chai
4. Catherine Jikunan
5. Tuan Haji Md Ja'far Abdul Carrim
6. Datuk Shahril Ridza Ridzuan  
*Ex-Officio*

## BOARD DISCIPLINARY COMMITTEE

1. Dato' Sri Adenan Ab Rahman  
*Chairman*
2. Tan Sri Datuk Amar Haji Mohamad  
Morshidi Abdul Ghani  
*Deputy Chairman*  
**Alternate: Datu Haji Misnu Haji Taha**
3. Tan Sri Azman Shah Haron
4. Hadiyah Leen
5. Datuk Thomas George M.S. George

## BOARD DISCIPLINARY APPEAL COMMITTEE

1. Tan Sri Samsudin Osman  
*Chairman*
2. Tan Sri Sukarti Wakiman  
*Deputy Chairman*  
**Alternate: Datuk Nordin Siman**
3. Datuk Mohd Hasnol Ayub
4. Datuk Abang Haji Abdul Karim Tun Abang  
Haji Openg
5. Datuk Lok Yim Pheng
6. Catherine Jikunan
7. Tuan Haji Md Ja'far Abdul Carrim

## PROCUREMENT BOARD

1. Tuan Haji Md Ja'far Abdul Carrim  
*Chairman*
2. Datuk Abang Haji Abdul Karim Tun Abang  
Haji Openg  
*Deputy Chairman*
3. Datuk Lok Yim Pheng
4. Datuk Thomas George M.S. George
5. Datuk Shahril Ridza Ridzuan  
*Ex-Officio*

## INVESTMENT PANEL RISK COMMITTEE

1. Dato' Sri Mohamed Nazir Abdul Razak  
*Chairman*
2. David Lau Nai Pek  
*Deputy Chairman*
3. Rossana Annizah Ahmad Rashid
4. Datuk Shahril Ridza Ridzuan  
*Ex-Officio*

# SHARIAH ADVISORY COMMITTEE MEMBERS 2016-2018



From Left to Right

## 01/ PROF. DR MOHAMAD AKRAM LALDIN Chairman

- Executive Director, International Shariah Research Academy for Islamic Finance
- Professor, International Centre for Education in Islamic Finance
- Member of the Shariah Advisory Council, Bank Negara Malaysia
- Member of Shariah Advisory Council, International Islamic Financial Market, Bahrain
- Member of Shariah Supervisory Council, Labuan Financial Services Authority
- Member of the Shariah Advisory Board, Yassar Limited, United Kingdom
- Member of the Shariah Advisor, Dar Al Takaful, Dubai
- Chairman, Maldives Monetary Authority Shariah Board, Maldives
- Member of Financial Regulation Advisory Council of Experts, Central Bank of Nigeria
- Registered Shariah Adviser (Individual) for Islamic Securities with the Securities Commission Malaysia

## 02/ ASSOCIATE PROF. DR AZNAN HASAN Deputy Chairman

- Lecturer (Associate Professor), Islamic Law Department, Institute of Islamic Banking and Finance, International Islamic University Malaysia
- President, Association of Shariah Advisors in Islamic Finance
- Deputy Chairman, Shariah Advisory Council, Securities Commission Malaysia
- Member of Shariah Board, Accounting and Auditing Organisation for Islamic Financial Institutions
- Chairman, Shariah Committee of Maybank Group
- Chairman, Shariah Advisory Committee FNB Bank, South Africa
- Member of Shariah Advisory Board Rasmala (United Kingdom)
- Member of Shariah Advisory Board Yasaar Limited (London)
- Member of Shariah Advisory Board Amanah Raya Berhad & Amanahraya Investment Bank Ltd (Labuan)
- Registered Shariah Adviser (Individual) for Islamic Securities with the Securities Commission Malaysia

## 03/ DR ZAHARUDDIN ABDUL RAHMAN

- Lecturer (Assistant Professor), Kulliyah of Economic and Management Sciences International Islamic University Malaysia
- Chairman, Shariah Committee, EXIM Bank Berhad
- Chairman, Shariah Committee, BNP Paribas Najmah Malaysia Berhad
- Shariah Committee Member, ACR ReTakaful SEA, Malaysia and Bahrain
- Shariah Advisor Yasmin Holdings Plc, Malaysia
- Shariah Advisor, Salam Capital Sdn Bhd
- Shariah Advisor, BIMB Securities
- Shariah Advisor, Perbadanan Usahawan Nasional Berhad
- Member, International Union of Muslim Scholar
- Registered Shariah Adviser (Individual) for Islamic Securities with the Securities Commission Malaysia

## 04/ PROF. DR ENGU RABIAH ADAWIAH ENGKU ALI

- Professor, IIUM Institute of Islamic Banking and Finance
- Member of the Shariah Advisory Council, Bank Negara Malaysia
- Member of Shariah Advisory Council, Securities Commission Malaysia
- Member of Shariah Advisory Council, Labuan Financial Services Authority (Labuan FSA)
- Member of Shariah Supervisory Council, Labuan Reinsurance (L) Ltd
- Member of Shariah Advisory Panel, Xeraya Capital Sdn Bhd
- Member of the Board of Directors, Malaysian Institute of Islamic Understanding
- Member of the Disciplinary Committee, Malaysian Bar Council
- Member of the Shariah Board, Amanah Ikhtiar Malaysia
- Registered Shariah Adviser (Individual) for Islamic Securities with the Securities Commission Malaysia

## 05/ DR KAMARUZAMAN NOORDIN

- Senior Lecturer, Department of Shariah and Management, Academy of Islamic Studies, Universiti Malaya
- Chairman, Shariah Committee, Kenanga Investment Bank Berhad
- Chairman, Shariah Committee, Swiss Re Retakaful
- Acting Executive Director, the International Institute of Public Policy and Management, Universiti Malaya
- Registered Shariah Adviser (Individual) for Islamic Securities with the Securities Commission Malaysia

# ORGANISATION STRUCTURE



## EPF DEPUTY CHIEF EXECUTIVE OFFICERS



**DATO' MOHAMAD NASIR AB LATIF**

*Investment Division*

**Dato' Mohamad Nasir Ab Latif was appointed Deputy Chief Executive Officer (Investment) on 15 April 2013.**

Dato' Mohamad Nasir started his career with the EPF in 1982 and has held several positions before being promoted to Deputy Chief Executive Officer (Investment). Previous positions held include as State Enforcement Officer (1990-1995), Senior Research Officer, Manager and Senior Manager in the Investment and Economics Research Department (1995-2003) and General Manager of the International Equity Investment Department (July 2009-2013).

He is currently a Board member of United Plantations Berhad, PLUS Malaysia Berhad, Yinson Holdings Berhad, BBCC Development Sdn Bhd and the Battersea Project Company Limited.

He graduated with a Bachelor in Social Science (Economics) from Universiti Sains Malaysia and obtained a Certified Diploma in Accounting and Finance from the Association of Chartered Certified Accountants in 1996. He also holds a Master of Science in Investment Analysis from the University of Stirling, United Kingdom (1999).



**DATO' MOHD NAIM DARUWISH**

*Operations Division*

**Dato' Mohd Naim Daruwish was appointed Deputy Chief Executive Officer (Operations) on 1 October 2014.**

Dato' Mohd Naim started his career in the Judiciary and Legal Services as Magistrate and Senior Magistrate from 1985 until 1992.

He joined the EPF in 1992 as Manager in the Prosecution/Litigation Division and has held several positions, including as Senior Manager and General Manager of the Prosecution/Litigation Division, General Manager of the Enforcement Department, Senior General Manager of the Legal Department and the Contributions Department.

From December 2011 to September 2014, he was seconded to the Companies Commission of Malaysia (SSM) as Chief Executive Officer and later resumed service with the EPF as Deputy Chief Executive (Operations) beginning 1 October 2014.

He holds a Bachelor of Law (LLB) from Universiti Malaya.



**TUNKU ALIZAKRI RAJA MUHAMMAD ALIAS**

*Strategy Division*

**Tunku Alizakri Raja Muhammad Alias was appointed Deputy Chief Executive Officer (Strategy) on 1 January 2014.**

Tunku Alizakri has broad experience in policy development, strategic planning, communications, human resources and marketing. Prior to joining the EPF, he was the Chief Marketing Officer and Chief Operating Officer of the Iclif Leadership and Governance Centre. He has also held the positions of Director of Strategic Management at Bank Negara Malaysia, Director and Head of Strategy and Corporate Affairs at DiGi Telecommunications, and Vice-President and Head of Group Strategic Planning at Maybank.

He is currently a Board Member of KWASA Land Berhad, KWASA Utama Berhad and SapuraKencana Petroleum Berhad. He is also Vice-Chairperson of the Technical Commission on Organisation, Management and Innovation for International Social Security Association.

He holds a Master of Business Administration (MBA) from Cornell University and a Bachelor of Law (LLB) from King's College, University of London. He has practised as an advocate and solicitor in the courts of Malaysia and is qualified as a Barrister (Lincoln's Inn) in the courts of England and Wales.



# SENIOR MANAGEMENT

# SENIOR MANAGEMENT

## 01/ DATO' MOHAMAD NASIR AB LATIF (DSIS)

*Deputy Chief Executive Officer, Investment Division*

The Investment Division plans and directs the EPF's investment activities, ensuring they are in accordance with the EPF's risk return profile. The division also sets a strategic focus to generate sustainable income and growth through prudent investments. Departments under the Investment Division responsible for fund management covering multiple asset classes include the Equity Research Department, Domestic Equity Department, Economics & Capital Market Department, Quantitative & Performance Analysis Department, Global Equity Department, Capital Markets Department, Private Markets Department as well as Treasury Department.

## 02/ DATUK SHAHRIL RIDZA RIDZUAN (DSIS), (PJN)

*Chief Executive Officer*

The Chief Executive Officer (CEO) is responsible for the EPF's entire operations. He provides guidance, advice as well as leadership to the senior management team to ensure organisational strategies and policies are met. The CEO also oversees the implementation of the EPF's long- and short-term plans, and is the direct liaison between the management and the Board. Departments that report directly to the CEO are the Risk Management Department, Internal Audit Department, Integrity & Corporate Governance Department, Finance Department and Information Technology Department.

## 03/ DATO' MOHD NAIM DARUWISH (DSIS), (DIMP), (JMW)

*Deputy Chief Executive Officer, Operations Division*

The Operations Division oversees a broad portfolio of operational services and support functions that give particular emphasis on performance management, effective service delivery as well as contractual requirements. Departments under the purview of the Operations Division are the Services Network Department, Registration & Operations Support Department, Withdrawal Operations Management Department, Operations Transformation & Coordination Department, Contact Management Centre Department, Investment Compliance Department, Property Management Department, Legal Department and Enforcement Department.

## 04/ TUNKU ALIZAKRI RAJA MUHAMMAD ALIAS

*Deputy Chief Executive Officer, Strategy Division*

The Strategy Division enables the EPF to achieve its Mission and Vision by ensuring the mid- and long-term plans and strategies are implemented, while maintaining EPF's good reputation. In addition to ensuring proper implementation of the plans, the division also has the responsibility to provide oversight on strategic issues pertaining to human capital as well as talent development. Departments under the purview of the Strategy Division are Strategy Management Department, Human Capital Department, Corporate Affairs Department and the EPF Learning Centre.

## 05/ SAZALIZA ZAINUDDIN

*Head, Internal Audit Department*

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

## 06/ ONG HOCK CHYE (PJK)

*Head, Operations Transformation & Coordination Department*

The department is responsible for carrying out research, continuous improvements and breakthrough change, to transform and coordinate operational processes, and to address future needs and expectations in a dynamic and complex environment. The department also drives various initiatives to embed quality and innovative culture among EPF staff.

## 07/ JAMES LIM TUANG OOI (AMN)

*Head, Risk Management Department*

The main objective of the department is to be the centre of excellence in Risk Management and governance, providing robust and world class capabilities in supporting EPF's strategic objectives.

## 08/ AZMI AWANG (AMN), (ASK)

*Head, Contribution Department*

The department ensures all contributions received are receipted and credited into members' account accurately and within the stipulated time. The department is also responsible for maintaining and updating members' account.

## 09/ CINDY TAN LER CHIN (AMN)

*Head, Investment Compliance Department*

The Investment Compliance Department ensures that internal policies and guidelines on investments are complied with, as well as adherence to relevant laws and regulations pertaining to the EPF's domestic and overseas investments. The department is required to settle all investment trades and ensures that all investments records and reports comply with the EPF's accounting and Shariah policies. The department is also the custodian for Data Loss Protection and the Chinese Wall Policy for the EPF.

## 10/ HARDIAL SINGH A/L MITT SINGH

*Head, Enforcement Department*

The department is responsible to ensure every employer remits their EPF contributions on behalf of their employees, in accordance to the EPF Act 1991. This department also ensures that employees' interest are well taken care of through effective and comprehensive complaint management.

## 11/ TAMILWANAN A/L PALANIAPPAN

*Head, Property Management Department*

The Property Management Department ensures a work environment that is conducive and secure for EPF employees and its customers. In doing this, the department also ensures all related local authorities regulations are complied with.



# SENIOR MANAGEMENT



## SENIOR MANAGEMENT

**12/ ROHAYA MOHAMMAD YUSOF***Head, Capital Market Department*

The Capital Market Department is responsible for investments in Islamic and conventional fixed income instruments (loans and bonds) in both domestic and global markets, including managing fixed income external fund managers, both domestic and global.

**13/ ZALINAH A. HAMID***Head, Domestic Equity Department*

The Domestic Equity Department is responsible for investing and managing domestic equity portfolio based on asset allocation and approved investment mandates, while optimising investment returns within the permitted risk parameters through internal and external portfolio managers.

**14/ KHALID HARON @ SHAHRON***Head, Human Capital Department*

This department is responsible for providing effective human resource services and producing competent human capital. The department also functions as partner to the development of employees' career opportunities and skills, structuring of talent management and succession planning, controlling the cost of human resources, workforce optimisation and inculcating a performance-driven culture.

**15/ LIM TZE SEONG***Head, International Equity Department*

The International Equity Department is responsible for managing international equity investments through internal and external portfolio managers in a prudent and transparent manner while optimising return on investment. The department's strategic intent is to be a leading global equity investment manager in the pensions industry while meeting stakeholders' needs.

**16/ BADRUL HISHAM DAHALAN***Head, Quantitative & Performance Analysis Department*

This department is responsible for the high-level investment strategy (Strategic Asset Allocation/ Tactical Asset Allocation), investment budgeting and investment performance analysis to ensure investment returns are optimised within given levels of risk in line with the EPF's investment objectives.

**17/ LIM CHING HUI***Head, Information Technology Department*

The IT Department plays the role as a key enabler in achieving customer focused operational excellence through the implementation of ICT initiatives, providing IT support and service, while ensuring a secure and reliable IT environment for the EPF to work smarter, more efficiently and effectively.

**18/ ZALIKAR YUSOFF***Head, Withdrawal Operations Management Department*

This department ensures that all withdrawal applications are processed and adhere with the stated procedures. The department also prepares policies, operation manuals, work instructions and guidelines for all types of withdrawal schemes, and implements continuous improvement in order for withdrawal applications to be processed in a faster and more cost efficient manner.

**19/ BALQAIS YUSOFF***Head, Strategy Management Department*

The Strategic Management Department is responsible for conducting research, providing advice and assuming the role as secretariat to the EPF's Strategic Council. The department also carries out studies and recommends appropriate policies for enhancement of EPF schemes, provides input on pension reform to the Government, and promotes awareness on the importance of retirement planning.

**20/ AZIZUL ZAINOL***Head, Treasury Department*

The Treasury Department is responsible for managing the daily cash flow and maintaining an optimum cash level in order to meet the EPF's commitments and to maximise returns through investment in fixed income portfolio (Government and equivalents). The department also manages the EPF's foreign exchange requirements and executes hedging policies to hedge foreign exchange and interest rate risks.

**21/ TENGKU ROSHANI TENGKU EMBONG***Head, Registration & Operations Support Department*

The Registration and Operations Support Department is responsible for the registration of members, employers and members' nominations. In addition, the department provides support services to the Contribution Department, Withdrawal Operations Management Department and Petaling Jaya Branch in maintaining employers' and members' records, as well as matters pertaining to administration and finance.

**22/ ZAINAB HAMID***Head, Procurement Management Department*

The department is responsible for the acquisition of goods and services according to EPF procurement policies and procedures. The department also has to ensure an efficient, effective and ethical procurement process to achieve the best value for money while practising good governance.



# SENIOR MANAGEMENT



## SENIOR MANAGEMENT

**23/ MOHAMAD HAFIZ KASSIM***Head, Private Markets Department*

The main role of the Private Markets Department is to source, evaluate and execute opportunities that meet the EPF's risk profile and returns. The department manages three asset classes, namely Real Estate, Private Equity and Infrastructure.

**24/ NIK AFFENDI JAAFAR (ASK)***Head, Integrity & Corporate Governance Department*

The department champions integrity and good governance practices among staff. With the implementation of the Code of Ethics, together with the Corporate Integrity Pledge and Integrity Pillars, the department monitors and provides guidance to employees to ensure that they discharge their duties and responsibilities with the highest degree of integrity consistent with the EPF's Vision, Mission and Shared Values.

**25/ NORIZAH HASSALLI (PJK)***Head, Contact Management Centre Department*

The EPF Contact Management Centre acts as a communication channel for customers via telephone, emails, social media (Facebook and Twitter) and fax. The department is responsible for ensuring good customer relations and monitor the EPF's customer satisfaction and experience index.

**26/ JA'AFAR RIHAN***Head, Shariah Savings Department*

The department is responsible for undertaking shariah governance activities related to the shariah advisory, compliance and risk on the operations and investment of Simpanan Shariah. The department also acts as secretariat to the Shariah Advisory Committee of the EPF, and provides support services for the management of the operations and investment of Simpanan Shariah.

**27/ NOR AZAM YAHYA***Head, Equity Research Department*

The department's main function is to analyse and evaluate public-listed companies that are invested in by the EPF, and to conduct Environmental, Social and Governance (ESG) surveillance on those companies.

**28/ MOHD RODZI ABU BAKAR***Head, Services Network Department*

The department is responsible for providing support services throughout EPF's network of branches. In addition, the department also monitors the level of effectiveness as well as the efficacy of EPF's services such as Electronic Channels, Retirement Advisory Counter, Services Counter, Mobile Teams and Branch Operation Management Section.

**29/ NOR AZIAN MOHD NOOR***Head, Finance Department*

The Finance department manages and controls the financial functions of the EPF which include budgeting, payment, taxation and financial reporting.

**30/ ZAIDATUL MAZWIN IDRUS***Head, Legal Department*

The department is responsible for providing legal and secretarial services to the EPF Board. The department is also responsible for taking legal actions against employers, members or any party that do not comply with the provisions under the EPF Act 1991 and its subsidiary laws.

**31/ NURINI KASSIM***Head, Corporate Affairs Department*

The Corporate Affairs Department is responsible for safeguarding the EPF's brand and reputation as a premier social security organisation through strategic communications and public relations.

**32/ NURHISHAM HUSSEIN***Head, Economics & Capital Market Department*

The Economics and Capital Market Department monitors developments in the economies of all countries that the EPF invests in. This provides insight for the EPF's investment strategy and portfolio allocation, while identifying risk factors.

**33/ SUHAIZAM ISMAIL***Head, EPF Learning Centre*

The Learning Centre is responsible for the EPF's Corporate Learning Programme. Its main function is to formulate strategies for training, learning and development of all EPF staff. The ELC also facilitates informal learning through knowledge management supported by a comprehensive knowledge and learning infrastructure.

# STATEMENT ON CORPORATE GOVERNANCE

The EPF is committed to ensuring the standard of corporate governance is upheld throughout the organisation in line with its role to protect members' retirement savings. To achieve this, the EPF continues to spearhead efforts for sustainable investments and championing issues on Environmental, Social and Governance in its investment decisions.

The EPF believes that a sound corporate governance framework supported with strong leadership by the Board of Directors and good management practices, contributes to enhancing accountability, transparency and the long-term success of the organisation.

Throughout the year, we continued our efforts to raise awareness and to promote the adoption of good corporate governance practices. These initiatives include:

- **Index of Environmental, Social and Governance (ESG)**

The EPF continues to apply corporate equity rating in Environmental, Social and Governance (ESG), which was introduced in 2015, as an effort to integrate the elements of sustainability, governance and integrity in our investment processes. This rating mechanism extends beyond the traditional focus on corporate governance to capture a holistic picture of what and how a company is performing from the perspective of environmental and social needs.

- **Code of Ethics**

The EPF Code of Ethics was launched on 23 November 2016, and aims to enhance stakeholders' confidence level towards the EPF in managing their retirement savings with trust, transparency and integrity.

- **Integrity Pillars**

The EPF Integrity Pillars formulated by the Integrity and Governance Department (JITU) seek to provide a clear direction on its roles and functions. These Pillars are to enhance the EPF's governance and integrity practices to create trust among employees and stakeholders.

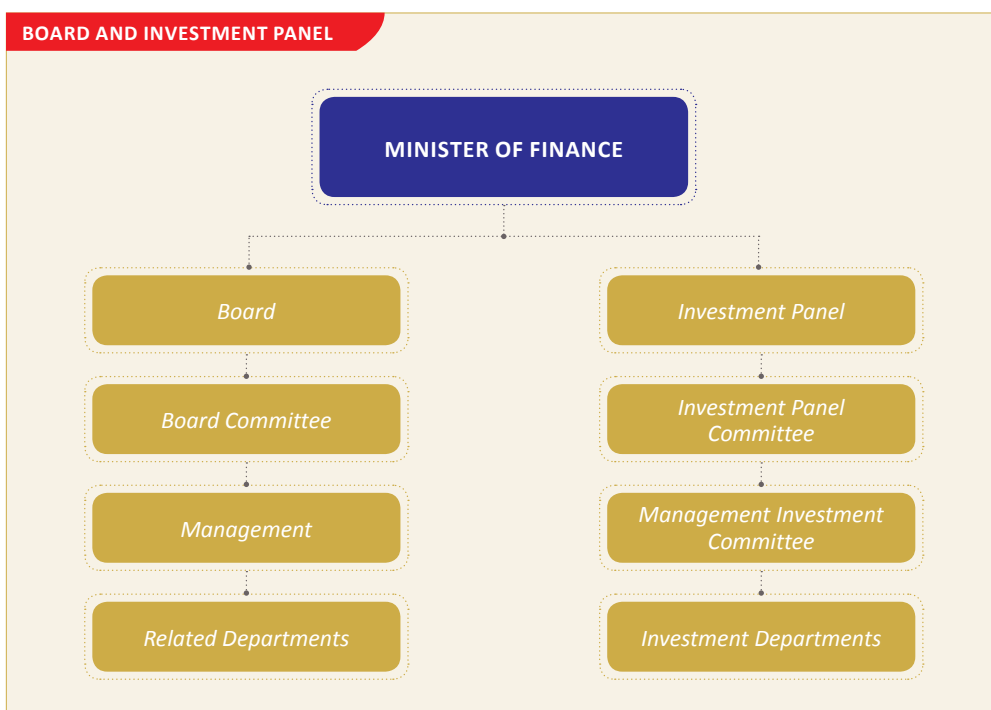
- **Organisational Integrity Assessment**

The EPF management continuously monitors the integrity and governance practices to ensure trust remains at the highest level as well as to establish zero-corruption practices in the EPF. The EPF has collaborated with the Malaysian Institute of Integrity (INTEGRITI) to carry out a study to determine the level of

organisational integrity while identifying any integrity gap and take proactive measures to close the gap. The findings of the study; which only involved managerial level and above, will be used as the basis for the implementation of integrity-related programmes in the EPF.

- **Endorsement of EPF Whistleblowing Channels**

The management, Staff Union of the EPF Board and Association of Senior Officers have demonstrated their commitment to support the EPF Whistleblowing Channels by signing a Joint Statement during the EPF Integrity Day 2016. The Whistleblowing Channels protects whistleblower's confidentiality and the unfair employment action against them as set out in the EPF Whistleblowing Policy.



# STATEMENT ON CORPORATE GOVERNANCE

## BOARD 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 as we recognise the importance of bringing in fresh perspective to the Board. The Minister of Finance also reviews the performance and effectiveness of members of the Board and the Investment Panel.

## BOARD COMPOSITION

The EPF Act 1991 dictates that its Board membership should not be more than 20 persons, inclusive of the Chairman and CEO. In 2016, there were 18 members on the EPF Board representing various stakeholders which include:

- (i) 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; and
- (vi) The CEO as an ex-officio member.

The EPF Board Committee consists of individuals with distinguished achievements, diverse skills, competencies and experience.

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

- (i) Chairman;
- (ii) One representative from the Ministry of Finance as Deputy Chairman;
- (iii) One representative from Bank Negara;
- (iv) Three Professional members; and
- (v) The CEO as an ex-officio member.

## ROLES AND RESPONSIBILITIES OF THE BOARD AND INVESTMENT PANEL

The Board assumes specific responsibilities such as overseeing the implementation of policies related to the operations of the EPF, identifying key risk areas and taking appropriate measures to manage these risks, as well as reviewing the adequacy and integrity of the internal control systems.

The EPF Act 1991 provides for the establishment of an Investment Panel to impart strategic directions 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 Board relies on the integrity and due diligence of senior management, external auditors and advisors 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 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 to provide close oversight, guidance, advice and leadership to senior management.

## BOARD EFFECTIVENESS EVALUATION (BEE)

The EPF carries out Board Effectiveness Evaluation (BEE) to assess the performance of the Board, including the Chairman and CEO, the Investment Panel, Audit Committee and Risk Management Committee. This evaluation consists of self and peer evaluation of the directors. BEE constitutes an overall evaluation on the effectiveness of the Board and Investment Panel. 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 endeavors to bring together the diverse range of experience, skills, knowledge, industry backgrounds, ethnicity and gender to optimally achieve its investment objectives and governance performance.

## STATEMENT ON CORPORATE GOVERNANCE

## BOARD AND INVESTMENT PANEL ATTENDANCE

A total of nine Board and 25 Investment Panel meetings were held in 2016. Details of members' attendance are as follows.

	Board	Audit Committee	Board Risk Management Committee	Finance & Development Committee	Strategy Committee	Personnel, Appointment & Service Committee	Board Disciplinary Committee	Board Disciplinary Appeal Committee	Procurement Board
Tan Sri Samsudin Osman ( <i>Chairman</i> )	9/9	-	-	3/3	-	-	-	3/3	-
<b>Government Representatives</b>									
Dato' Siti Zauyah Md Desa (Appointed with effect 1 March 2016)	8/8	4/5	-	1/1	-	-	-	-	-
Dr Yusof Ismail ( <i>Alternate Member</i> ) (Appointed with effect 15 May 2016)									
Tan Sri Mohamad Zabidi Zainal Dato' Mohtar Mohd Abd Rahman ( <i>Alternate Member</i> )	6/9	-	-	-	-	3/3	-	-	-
Dato' Sri Adenan Ab Rahman (Appointed with effect 1 March 2016)	8/8	-	-	-	-	-	4/4	-	-
Dr Gazali Abas ( <i>Alternate Member</i> ) (Appointed with effect 1 March 2016)									
Tan Sri Datuk Amar Hj Mohamad Morshidi Abdul Ghani Datu Haji Misnu Haji Taha ( <i>Alternate Member</i> ) (Service completed on 30 June 2016)	5/9	-	2/4	-	-	-	-	-	-
Datu Dr Sabariah Putit ( <i>Alternate Member</i> ) (Appointed with effect 8 August 2016)									
Tan Sri Haji Sukarti Wakiman Datuk Hj Nordin Siman ( <i>Alternate Member</i> )	4/9	-	-	-	-	1/3	-	2/3	-
<b>Employers Representatives</b>									
Tan Sri Azman Shah Haron	6/9	-	4/4	-	-	-	2/4	-	-
Datuk Mohd Hasnol Ayub	5/9	-	-	1/3	-	1/3	2/3	2/3	-
Tan Sri Dr Lim Wee Chai	5/9	-	-	-	2/3	-	-	-	-
Datuk Abang Haji Abdul Karim Tun Abang Haji Openg	9/9	9/9	-	-	2/3	-	3/3	-	11/13
<b>Employees Representatives</b>									
Datuk Lok Yim Pheng	9/9	5/9	-	-	3/3	-	-	3/3	11/13
Hadah Leen	8/9	-	-	2/3	-	-	4/4	-	-
Catherine Jikunan	9/9	-	2/4	-	-	3/3	3/3	3/3	-
<b>Professionals Representatives</b>									
Tuan Haji Md Ja'far Abdul Carrim	8/9	-	4/4	3/3	3/3	-	-	3/3	13/13
Datuk Thomas George M.S. George	9/9	9/9	-	-	-	3/3	4/4	-	10/13
Zainal Abidin Kassim	8/9	5/9	-	-	3/3	-	-	-	-
<b>Ex-Officio</b>									
Datuk Shahril Ridza Ridzuan	9/9	-	4/4	3/3	3/3	3/3	-	-	13/13

## STATEMENT ON CORPORATE GOVERNANCE

	Investment Panel Meeting	Investment Panel Risk Committee
Tan Sri Samsudin Osman ( <i>Chairman</i> )	24/24	-
Datuk Ahmad Badri Mohd Zahir	21/25	-
Dato' Bakarudin Ishak	15/24	-
Dato' Sri Mohamed Nazir Abdul Razak	15/25	4/4
David Lau Nai Pek	17/25	2/4
Rossana Annizah Ahmad Rashid	21/25	4/4
Datuk Shahril Ridza Ridzuan ( <i>Ex-Officio</i> )	25/25	4/4

**BOARD AND INVESTMENT PANEL REMUNERATION**

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

**Honorarium and Attendance Allowance of Board and Investment Panel Members****Types of Allowance**

Allowance (RM)	Board	Investment Panel	Board/Investment Panel/Board Audit Committee/Board Risk Management Committee/Investment Panel Risk Committee/Board Disciplinary Appeal Committee	Other Board Committees
Honorarium (per month)	5,000	5,000	-	-
Chairman of Meeting	-	-	2,000	1,500
Meeting Attendance, including Alternate Members	-	-	1,500	1,300

For 2016, the total honorarium and allowances paid to the Board and Investment Panel members was RM2,312,200.00.

**Emolument of Top Management**

Position	Emolument (RM)
Chief Executive Officer/Deputy Chief Executive Officers	7,322,633.81

**QUALITY AND SUPPLY OF INFORMATION TO THE BOARD**

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 on a regular and timely basis.

## STATEMENT ON CORPORATE GOVERNANCE

## BOARD AND INVESTMENT PANEL COMMITTEES

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 Committee	Composition	Function
<b>Audit Committee</b>	Five members, including Chairman	<ul style="list-style-type: none"> <li>Assists the Board in evaluating the effectiveness of internal controls, risk management (except in making investment decisions) and governance processes.</li> <li>Oversees the financial reporting process and quality of financial reporting of the annual and interim financial statements.</li> <li>Reviews the appropriateness of the EPF's accounting policies and changes thereof.</li> <li>Held nine meetings in 2016 to deliberate on the reports of the internal and external auditors, review matters including the internal audit functions and the audit plan for the year.</li> <li>Maintains a formal and professional relationship with the external auditors and convened two meetings with the external auditors in 2016 without the presence of the management.</li> </ul>
<b>Board Risk Management Committee</b>	Six members, including Chairman	<ul style="list-style-type: none"> <li>Responsible for assisting the Board in overseeing all operational risk management activities (except for making investment decisions).</li> <li>Held four meetings in 2016.</li> </ul>
<b>Investment Panel Risk Committee</b>	Four members, including Chairman	<ul style="list-style-type: none"> <li>Oversees 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.</li> <li>Held four meetings in 2016.</li> </ul>
<b>Finance and Development Committee</b>	Six members, including Chairman	<ul style="list-style-type: none"> <li>Responsible for approving additional budget of not more than 5 percent from the annual budget.</li> <li>Assists the Board in approving matters relating to financial impact such as write-offs of losses.</li> <li>Held three meetings in 2016.</li> </ul>
<b>Strategic Committee</b>	Eight members, including Chairman	<ul style="list-style-type: none"> <li>Reviews the proposed amendments and policy changes related to the EPF scheme.</li> <li>Endorses any recommendations and policy changes to the Board for approval.</li> <li>Held three meetings in 2016.</li> </ul>
<b>Personnel, Appointment and Services Committee</b>	Six members, including Chairman	<ul style="list-style-type: none"> <li>Assists the Board to consider and approve matters relating to employment, which includes employment terms and conditions.</li> <li>Held three meetings in 2016.</li> </ul>
<b>Board Disciplinary Committee</b>	Five members, including Chairman	<ul style="list-style-type: none"> <li>Responsible for any disciplinary proceedings and imposes penalties on employees provided for under the EPF Rules and Regulations (Conduct and Discipline) 1993.</li> <li>Held four meetings in 2016.</li> </ul>
<b>Board Disciplinary Appeal Committee</b>	Seven members, including Chairman	<ul style="list-style-type: none"> <li>Considers any appeal by employees against the decisions made by the Board Disciplinary Committee.</li> <li>Held three meetings in 2016.</li> </ul>
<b>Procurement Board</b>	Six members, including Chairman	<ul style="list-style-type: none"> <li>Responsible for matters relating to the procurement of works, services and supply of goods.</li> <li>Held 13 meetings in 2016.</li> </ul>

## STATEMENT ON CORPORATE GOVERNANCE

**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 Committee	Function
<b>Management Investment Committee</b>	<ul style="list-style-type: none"> <li>• Recommends investment activities to the investment panel in line with the EPF's guidelines, policies on risk control and asset allocation.</li> <li>• The committee consists of all heads of departments in the Investment Division, Deputy CEOs (Investment, Operation and Strategy Division), including the CEO as chairman.</li> <li>• Held 56 meetings in 2016.</li> </ul>
<b>Management Procurement Committee</b>	<ul style="list-style-type: none"> <li>• Responsible for matters relating to procurement of works, services and supply of goods for contracts valued at less than RM500,000.00.</li> <li>• Consists of key senior management, including the CEO as chairman.</li> <li>• Held 13 meetings in 2016.</li> </ul>

**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 93 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 on pages 58 to 60 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.

**COMMUNICATION WITH STAKEHOLDERS**

The EPF believes that communication with stakeholders forms an important part of the corporate governance framework and acknowledges the need to be transparent to its stakeholders. 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 the 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.

The EPF continues to hold dialogues with its investee companies. In 2016, the management visited 37 companies (local: 22, overseas: 15). The EPF also attended and voted actively in 74 annual general meetings (AGM) and 24 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 2016, the EPF has nominees in 12 listed companies and 44 unlisted companies.

# RISK MANAGEMENT

## 1.0 OVERVIEW

The EPF embraces risk management as an integral component of its investments, operations and decision-making process. With its commitment to implement sound risk management practices and governance, the EPF is able to sustain excellent performance in line with its Mission to safeguard members’ savings and deliver excellent services. Whether the risk relates to strategy, credit, market, liquidity or operations, the EPF continues to leverage on its robust risk management culture and integrated risk management framework to take advantage of potential opportunities in order to counter all possible threats. The EPF adopts a proactive approach in identifying and managing risks in the face of uncertainty in the operating environment and volatilities in the financial market.

The Risk Appetite Statements define the level of risks that the EPF is willing to tolerate and form the basis of the allocation of funds for investment. The asset allocation is regularly reviewed to ensure funds are invested within the EPF’s risk appetite.

## 2.0 RISK MANAGEMENT GOVERNANCE STRUCTURE

The EPF adopts a ‘top-down’ and ‘bottom-up’ approach, whereby the departments, spokes and management continue to engage in healthy discussions on key risk matters and processes, thus creating a robust risk practising culture. Supporting the risk governance structure, formal policy and procedures are developed to address all key risk areas.

## 3.0 THE BOARD AND THE INVESTMENT PANEL

The EPF’s risk management structure provides clear lines of responsibility and accountability for the risk management processes and outlines the principal risk management and control responsibilities:

**The EPF Board** has overall responsibility for the organisation’s risk management, except for activities related to investment decisions.

**The EPF Investment Panel (IP)** is responsible for overseeing risk management pertaining to the EPF’s investment decision making and defines the level of risks that the EPF is willing to tolerate through its Risk Appetite Statements, which form the basis of fund allocation for investment.

### 3.1 The Board Risk Management Committee and Investment Panel Risk Committee

- **The Board Risk Management Committee (BRMC)** is responsible for assisting the Board in overseeing all operational risk management activities except for activities pertaining to making investment decision and to ensure that the risk management process is in place and functioning effectively.
- **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 is delegated with the responsibility to review and approve appropriate risk measurement, policies, processes and limits to ensure their continued effectiveness.



## RISK MANAGEMENT

## 3.2 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 effectively throughout the organisation.
- **The Management Risk Committee (MRC)** is a Management-level committee responsible for developing and reviewing risk policies and appropriate limits for managing the EPF's investment risks.
- **The Management Investment Committee (MIC)** is a Management-level committee responsible for evaluating and recommending investment proposals to the IP. It also evaluates and recommends investment strategies and the performance of external fund managers.
- **The Risk Management Department (RMD)** supports the MIC, MRC, MORC, IPRC, BRMC and IP in all risk management matters covering investment risk, operational risk, risk measurement, independent assessment, monitoring and reporting of risk exposures.
- **The Investment Compliance Department** is responsible for monitoring and compliance of all investment related risk policies and limits.
- **The Business Units, Spokes and Departments**, 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:

- Identify, assess and manage risks;
- Constantly review their risk profiles to ensure relevancy and appropriateness;
- Update the risk status and level of risk management and controls;
- Develop and implement action plans to manage risks; and
- Adhere to risk management practices and guidelines.

## 4.0 INVESTMENT RISK MANAGEMENT

The key elements of investment risk management are as follow:

- Framework
- Market Risk Management
- Credit Risk Management
- Liquidity Risk Management

## 4.1 Framework

The Investment Risk Management Framework governs the EPF's investment processes and ensures that effective risk management controls and procedures are in place with regards to investment decision-making.

The framework provides an approach to managing and anticipating both existing and potential risks arising from the EPF's investment portfolio, and enables the EPF to have a structured process to measure, assess, monitor and manage its portfolio risks. This ensures the EPF optimises its returns on risk-taking activities within the risk appetite level as approved by the Board.

The risk governance framework is illustrated in the following chart:



# RISK MANAGEMENT

## 4.2 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 objective of market risk management is to ensure that the risk exposures undertaken by the EPF are within its risk appetite. This is done through an annual review of various policies and limits, periodic reports to monitor market risk at portfolio level for each asset class and independent validation performed on the underlying risk methodology:

- Name, ownership, country and sector concentration limits - to ensure appropriate diversification of risk exposures.
- Value-at-risk (VaR) - a statistical measure of the potential losses that could occur as a result of movements in market rates and prices over a specified time horizon within a given confidence level.
- Duration - to manage the sensitivity of the price of a fixed income investment arising from interest rate movement.
- Tracking error - a standard deviation of the portfolio's excess returns relative to a benchmark in measuring and benchmarking the performance of the portfolio.
- Backtesting - a validation process performed to check the accuracy of the risk methodology used in computing VaR for both fixed income and equity portfolios.
- Stress testing - an exercise conducted to capture the potential market risk exposure of 'what-if' scenarios. It incorporates factors such as correlation, volatility and returns at different levels.

## 4.3 Credit Risk Management

Credit Risk is the risk of loss caused by a counterparty's or an obligor's failure to meet its payment obligations. Exposure to credit risk arises from the EPF's investing activities in fixed income and real estate. In fixed income activities, credit risk arises from the possibility that the obligors are not able to fulfil their obligation on or before their respective repayment due date. In real estate activities, credit risk arises when counterparties, such as the EPF's investment property tenants are not able to fulfil their rental obligations. Credit risk may also arise where the downgrading of a counterparty's rating causes the fair value of the investment to fall.

The EPF's credit risk management involves thorough credit analysis and prudent underwriting standards. The EPF reviews and updates its credit underwriting standards to commensurate with industry best practices.

At the portfolio level, the following credit risk management has been put in place to manage credit risk exposure:

- Credit risk limits and Management Action Triggers (MATs) incorporating minimum broad credit criteria for investment including name concentration and counterparty exposures.

- Credit portfolio system to measure credit risk of the relevant portfolios using Credit-Value-at Risk (CVaR).
- Periodic review of existing internal credit rating templates for obligors to ensure their relevance.
- Strong credit awareness/culture across the investment personnel in the EPF through active engagement with the investment personnel at all levels.

At the transaction level, the following credit risk management has been put in place to manage credit risk:

- Independent risk assessment is conducted for every new investment proposal presented to the Management Investment Committee and Investment Panel meetings for decision.
- Close monitoring of changes to existing investments via assessments on an ad-hoc as well as periodic basis.
- Credit rating tool to measure the creditworthiness or Probability of Default (PD) of the obligors, as follows:
  - i. Corporate Rating Template which provides internal risk rating for corporate obligors.
  - ii. Financial institution rating template which provides internal risk rating for financial institution obligors.
  - iii. Credit tool which measures the Expected Default Frequency (EDF) or PD to provide early warning signals for the EPF's close monitoring of respective obligors.

## 4.4 Liquidity Risk Management

Liquidity risk relates to the inability of the EPF to meet its financial commitments and obligations when they fall due. The EPF's liquidity risk is limited as all contributions are mandated by the EPF Act 1991 through the deduction of salaries and members are allowed to make withdrawals under pre-retirement and retirement schemes. The EPF manages its liquidity requirements through:

- Monitoring of its daily cash flow and projecting monthly cash flow on a rolling 12-month basis;
- Allocating 3 per cent of its asset value for short-term instruments in the form of cash and placements in financial institutions in order to meet members' withdrawals and other financial commitments and obligations; and
- Diversifying its investment portfolio by setting the concentration limits on name, sector and asset type.

Over the medium and longer term, the EPF is able to meet its liquidity requirements through its holdings of liquid investments such as publicly traded equities and available-for-sale fixed income securities. The maturity profile of the EPF's asset and liability is also monitored within a stipulated level. The Group and the EPF's financial liabilities are categorised into relevant maturity groupings based on the remaining period at the Statement of Financial Position date to the contractual maturity date.

# RISK MANAGEMENT

## 5.0 OPERATIONAL RISK MANAGEMENT

The key elements of operational risk management are as follows:

- Framework
- Operational Risk Management Methodology and Process
- Corporate Risk Scorecard
- Business Continuity Management

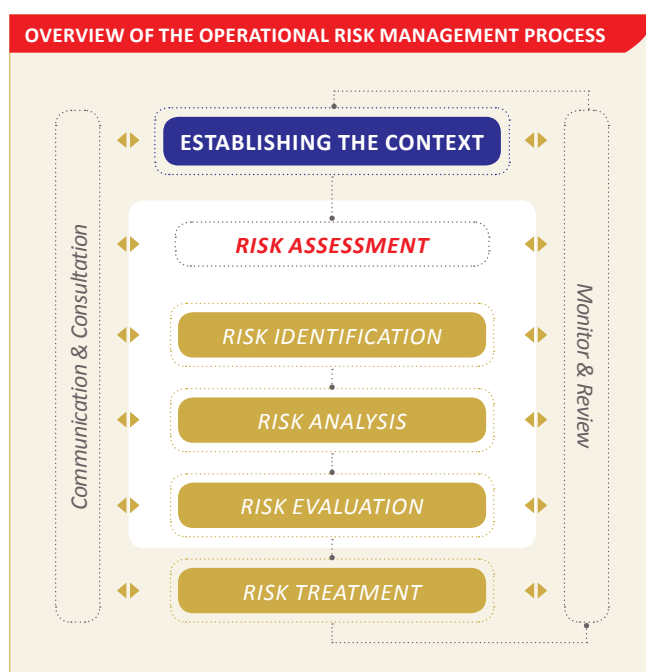
### 5.1 Framework

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people, or systems, or and 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 MS ISO 31000:2010 Risk Management - Principles and Guidelines, a global risk management standard sets the policy, principles, processes and methodology in managing operational risks. The EPF adopts the standard as a main practice guide in its framework which is reviewed on a regular basis to ensure its continued application and relevance.

### 5.2 Operational Risk Management Methodology and Process



Source: MS ISO 31000:2010 Risk Management - Principles and Guidelines

The main elements of the operational risk management process as shown in the figure, are as follows:

**Establishing the context:** Articulates the organisation's objectives and defines the external and internal parameters to be taken into account when managing risks.

**Risk assessment:** The overall process of risk identification, risk analysis and risk evaluation.

**Risk treatment:** Actions to be taken to prevent, detect or manage the Nett Risks to an acceptable level.

**Communication and consultation:** The two-way dialogue between Risk Management Department and stakeholders about the existence, nature, form, severity, or acceptability of risks.

**Monitoring and review:** Both activities are planned and are an integral part of the risk management process that involve regular checking or surveillance.

Recognising the growing concern of cyber security threats, the EPF has engaged an independent consultant to strengthen the cyber security controls by developing an action plan to mitigate the risks. The key initiatives to be implemented under the action plan are establishment of a new governance structure with specialised technical personnel, sufficient cyber security crisis management processes and regular testing of the processes.

### 5.3 Corporate Risk Scorecard

The Corporate Risk Scorecard (CRS) methodology, incorporates the Risk and Control Self-Assessment (RCSA) module which allows employees to self-assess and update their risk profiles.

The CRS is implemented through the ORM System which records the ownership and details of risks, controls, management actions and incorporates changes to the risk scorecard. All business units use the risk scorecard as a tool to manage their risks effectively.

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 100 risk scorecards were in place in 2016, comprising one CEO risk scorecard, three DCEO risk scorecards, 29 department risk scorecards and 67 spokes risk scorecards.

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

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.

The Risk Management Department reports and highlights risk management related issues in the MORC, BRMC and the EPF Board for their information and/or decision making on a periodic basis.

# RISK MANAGEMENT

## CORPORATE RISK SCORECARD METHODOLOGY

### SOURCES OF RISK



Establishing the context includes considering internal and external parameters relevant to the organisation as a whole, as well as the background to the particular risks being assessed. All these contexts are described as "The Nine Sources of Risks".

### RISK SCORECARD



**Note:**  
MA = Management Action  
KRI = Key Risk Indicator

Ownership is assigned for every scorecard, risk control and Management Action (MA) to ensure accountability and execution.

### GROSS RATING

- Identification of causes and consequences
- Worst-case scenario
- No control or controls totally ineffective

### CONTROL EFFECTIVENESS

- Reduce Cause
- Preventive and detective controls
- Reduce Consequences
- Detective and corrective controls

### NETT RATING

- After taking into consideration controls effectiveness

### RISK SCORING

Very High 5	6	7	8	9	10
High 4	5	6	7	8	9
Medium 3	4	5	6	7	8
Low 2	3	4	5	6	7
Very Low 1	2	3	4	5	6
	Insignificant 1	Minor 2	Moderate 3	Major 4	Very Significant 5
<b>IMPACT</b>					

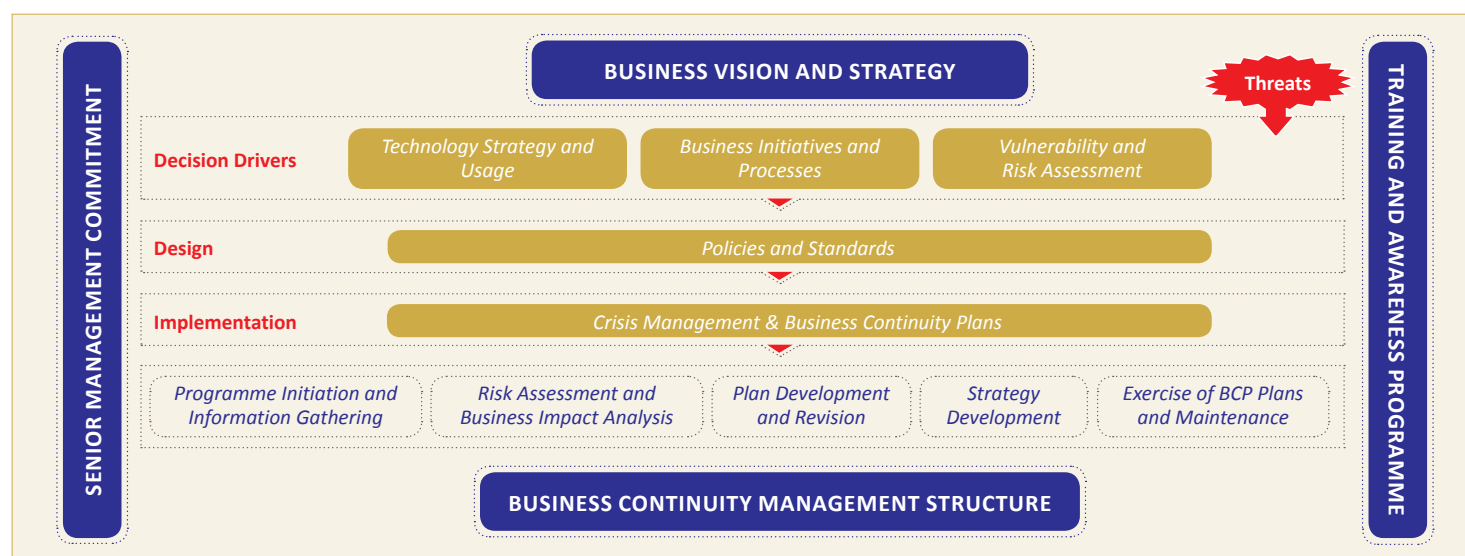
The level of risk is determined upon the assessment of Gross Risk Rating, Control Effectiveness Rating and Nett Risk Rating. The risk score of each risk factor is derived by adding the rating on possibility and impact.

## RISK MANAGEMENT

## 6.0 BUSINESS CONTINUITY MANAGEMENT

The Business Continuity Plan (BCP) Framework serves to develop a well-coordinated and consistent BCP that would allow the EPF to respond effectively to business disruption, resume essential operations within required time frames and minimise the cost of damage and interruptions to business operations from the effects of a disaster.

The illustration below shows the components of the EPF's Business Continuity Management (BCM) Framework:



The implementation of BCP in the EPF is based on three components, namely:

- Human Resource Readiness - this refers to the development of knowledge and skills in managing disasters. Implementation is through training on BCP readiness, tutorials, 'walkthroughs', call trees, crisis simulation exercises and BCM i-learning.
- Infrastructure Readiness - this refers to the testing of the system to ensure optimal readiness and functionality in the event of a disaster. This is done through equipment and system testing which is performed twice a year.
- Plan Readiness - this refers to the readiness of the BCP to ensure the plan is up-to-date and revised continuously based on current work functions.

Apart from this, the communication management during a disaster or crisis is given emphasis to ensure communications are conducted smoothly and that the information shared is accurate and fast. Constant communication and engagement has enabled our staff members to understand and commit to their roles during a crisis or disaster as well as knowing what action to take once the recovery plan is activated.

The EPF also continuously work with the relevant authorities to enhance staff's knowledge and skills in managing disasters.

To further enhance the EPF's preparedness to face disaster, crisis simulation exercises were conducted on a rotational basis among 67 branches annually. In 2016, two crisis simulation exercises were organised to evaluate the branch employees' readiness in handling customers and IT system recovery. The evaluation of both exercises and key recommendations presented to the Board and Management were shared among the EPF's staff for their learning experience.

## 7.0 KEY RISK MANAGEMENT INITIATIVES IMPLEMENTED IN 2016

- Developed a Crisis Management Plan for Cyber Security Threat to enhance staff readiness in facing risks of cyber attack.
- Enhanced BCM expertise by attaining professional certification.
- Identified risks and controls pertaining to the implementation of Simpanan Shariah for the relevant departments, which include reviewing the Operation Manuals.
- Engaged in facilitations with respective departments for MS ISO 9001:2015 Quality Management System certification in relation to risk management requirements.
- Enhanced the EPF's internal rating templates for financial institutions and corporate issuers by incorporating the latest risk parameters.
- Expanded risk measurements to manage concentration risks for global real estate, global bond/sukuk and at firm-wide level.
- Established an interdepartmental working committee to achieve a consensus scenario for stress testing exercise.
- Improved competencies on investment risk modelling amongst investment departments by conducting the EPF's Risk Modelling Workshop.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## 1.0 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 the Securities Commission Malaysia. This is to promote good corporate governance, as 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.

## 2.0 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.

Three committees have been delegated the responsibility for overseeing the adequacy and effectiveness of the EPF’s 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 provided in the Statement on Investment Risk Management in the Annual Report.

### The Management’s role includes:

- Identifying relevant risks in achieving the EPF’s objectives and strategies;
- Designing, implementing and monitoring the risk management framework and 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 on a timely basis.

## 3.0 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 has established for the purpose of reviewing the adequacy and effectiveness of the risk management and internal control system are as follows:

### 3.1 Risk Management Framework

3.1.1 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, policies and processes in managing the EPF’s operational risks.

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

- (a) The BRMC oversees all operational risk management activities and ensures that appropriate 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.

3.1.3 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 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 provided in the Risk Management section 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 the risk management and internal control system.

3.1.4 The Risk Management Governance Structure is provided in the Risk Management section in the Annual Report.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## 3.2 Internal Control Framework

- 3.2.1 The system and framework are based on the Committee of Sponsoring Organisations of the Treadway Commission (COSO) Internal Control Integrated Framework, an internationally recognised benchmark on risk management and internal controls.
- 3.2.2 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. It reviews internal control issues identified in reports prepared by the internal and external auditors, and evaluates the effectiveness and adequacy of the internal control system, operational risk management and governance processes. It further reviews the internal audit function with particular emphasis on the internal audit's independence, scope, resources and quality of internal audits.
- 3.2.3 Details of the activities undertaken by the Committee are set out in the Board Audit Committee Report of the Annual Report.
- 3.2.4 The Internal Audit Department 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 provided in the Statement on Internal Audit in the Annual Report.

## 4.0 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 Resource 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 employees are competent and adequately trained in carrying out their responsibilities.

- **Culture of Integrity**

Entrusted with managing members' savings, various programmes and initiatives are in place to inculcate and uphold the culture of integrity, such as timely declarations of assets by staff, declarations of conflict of interest in both procurement and investment processes as well as a no-gift policy. The Corporate Integrity Pledge is a commitment by the EPF to uphold integrity, which is essential to create a business and operating environment that is transparent and in line with global best practices in governance.

- **Code of Ethics**

The EPF Code of Ethics provides guidance to employees in carrying out their duties and responsibilities, consistent with the EPF's Vision, Mission and Shared Values. The Code serves to clarify ethical behaviours in line with the relevant laws, policies and procedures.

### Risk Assessment

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

- **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 for continuous Risk and Control Self-Assessment (RCSA) to be performed so employees can self-assess and update their risk profiles.

### Control Activities

Control activities are the policies and procedures that help ensure management directives are carried out effectively. They ensure 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 (BSC) methodology to operationalise its strategies, aligned to its vision and mission and to drive performance.

The business performance is measured through a set of Key Performance Indicators (KPIs), integrated with risk management to enable the EPF to identify and monitor key risks impacting the business objectives.

- **Five Year Rolling Plan**

The EPF's Rolling Plan incorporates pertinent outcomes, key priorities and strategic initiatives to be implemented for the next five years to meet both the immediate and medium- to long-term objectives of the organisation. It is reviewed by the relevant management committees and approved by the Board.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

- **Strategic Risk Culture Index**  
The Strategic Risk Culture Index is incorporated as a KPI with the objective to enhance risk management practices in the EPF.
- **Policies and Procedures**  
Policies and procedures to ensure compliance with internal controls (such as segregation of duties, independent checks, verification processes and system access controls) as set out in operation manuals, guidelines and directives issued by the EPF are updated regularly and signed off by the respective Heads of Departments, Deputy Chief Executive Officers and the Chief Executive Officer. Policy guidelines and delegated authority limits are also imposed on the Management with regards to day-to-day operations.
- **ICT Security Policy**  
An ICT Security Policy outlining appropriate policies and procedures to ensure confidentiality, integrity and availability of information and system application has been put in place. A Cyber Security Maturity Assessment has been conducted and a roadmap developed to strengthen cyber security controls and mitigate key cyber security risks.
- **Chinese Wall Policy**  
The 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.
- **Insurance Coverage**  
Adequate insurance coverage of major assets is in place to ensure the EPF's assets are protected against incident that could result in material loss.
- **Simpanan Shariah Governance Framework**  
The EPF has established a Simpanan Shariah Governance Framework to guide the implementation of Simpanan Shariah, which was opened for registration in 2016 and will be operational in 2017.

## Information and Communication

Information and Communication support all other control components by communicating control responsibilities to employees and by providing information in a form and timeframe that allow 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 Whistleblower Protection Policies.
- **Communication of Operational Risk Management (ORM)**  
ORM principles, framework and processes adopted by the EPF have been disseminated to all employees at all levels for better understanding of the practices adopted.

## Monitoring

Ongoing monitoring and evaluation of the effectiveness of internal controls 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 risk exposure. Key risks are identified and the effectiveness of internal control is assessed and electronically confirmed by the respective departments and branches on a timely basis. Where the mitigated risks are not within acceptable levels, individual action plans are identified and implementation monitored to reduce the gap.
- **Regular Reporting**  
Adequate processes are in place to discuss issues on risk management and internal control deficiencies, which are reported regularly to the Management through various committees. The Management evaluates and communicates to 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 BAC and communicated to the Management. The Internal Audit Department maintains a follow-up process to monitor and help ensure 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.

## 5.0 ASSURANCE ON RISK MANAGEMENT AND INTERNAL CONTROL

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 BRMC, which meets a minimum of four times a year to oversee risk management activities.
- The BAC, which meets a minimum of 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 1 March 2017.

# BOARD AUDIT COMMITTEE REPORT

## 1. MEMBERSHIP

The Board Audit Committee consists of the following members:

(a) For the term from 1 June 2015 to 31 May 2017

No.	Board Audit Committee Members	Representative
i.	Datuk Thomas George M.S. George	Chairman – Professionals
ii.	Dato' Siti Zauyah Md Desa <i>(appointed on 4 April 2016)</i>	Deputy Chairman – Government
	Dr Yusof Ismail <i>(Alternate Member)</i> <i>(appointed on 15 May 2016)</i>	
	The late Datuk Dr Sundaran Annamalai <i>(completed service on 16 December 2015)</i>	
	Datuk Ahmad Badri Mohd Zahir <i>(Alternate Member)</i> <i>(completed service on 16 December 2015)</i>	
iii.	Datuk Abang Haji Abdul Karim Tun Abang Haji Openg	Employers
iv.	Datuk Lok Yim Pheng	Employees
v.	Zainal Abidin Kassim	Professionals

## 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 2016, the Board Audit Committee met nine times (three Special Board Audit Committee meetings, four 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 of Corporate Governance.

## 3. TERMS OF REFERENCE

The Board Audit Committee is governed by its own terms of reference. The terms of reference establish the authorities, duties and responsibilities of the Board Audit Committee, which were approved by the Board, and are accessible via EPF's official website at [www.kwsp.gov.my](http://www.kwsp.gov.my).

## 4. SUMMARY OF PRINCIPAL ACTIVITIES

During the financial year 2016, the Board Audit Committee carried out the following activities:

### 4.1 Internal Audit

- 4.1.1 Reviewed and approved 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 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.
- 4.1.6 Reviewed and endorsed the disclosures on the Statement on Internal Audit and Statement of Risk Management and Internal Control for inclusion in the Annual Report.

# BOARD AUDIT COMMITTEE REPORT

## 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.

## 4.3 Financial Reports

Reviewed the quarterly unaudited financial results and the annual audited financial statements of the EPF before recommending them for approval by the Board, focusing particularly on:

- The impact due to any changes to accounting policies and practices to the financial statements;
- Significant matters highlighted, including financial reporting issues, significant judgments made by the management, significant and unusual events or transactions, and how these matters were addressed; and
- Compliance with the applicable approved accounting standards in Malaysia and other legal regulatory requirements.

## 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:

No.	Programme
1.	International Social Security Conference 2016
2.	Board Study Visit to the Social Security Organisation In Australia
3.	Pension Summit 2016
4.	Corporate Directors Advanced Programme (CDAP) – Strategy & Risks: Managing Uncertainty
5.	Thought Leadership Session Programme: Nurturing Strategic, Innovative And Global Minds
6.	Audit Committee Conference 2016: Setting The Right Tone
7.	Regulatory Updates on Audit Committees Seminar 2016

## 6. INTERNAL AUDIT FUNCTION

6.1 The Board Audit Committee is supported by the Internal Audit Department in the discharge of its duties and responsibilities. The Internal Audit Department 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 improve and add value to 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 control and governance processes.

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

# STATEMENT ON INTERNAL AUDIT

## 1. OVERVIEW

The Internal Audit Department provides independent, objective assurance and consulting services designed to improve and add value to the EPF's operations. The 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. 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 of work and communication of results.

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

## 3. SCOPE OF WORK

3.1 The Internal Audit Department's functions include the auditing 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, management information systems and governance processes, as designed and represented by the management, are adequate and functioning in a manner to ensure:

- 3.1.1 risks are appropriately identified and managed;
- 3.1.2 resources are acquired economically, and employed effectively and efficiently;
- 3.1.3 assets are safeguarded;
- 3.1.4 significant management, financial and operating information are accurate, reliable and timely;
- 3.1.5 applicable laws and regulations, policies, standards and procedures are complied with; and
- 3.1.6 established objectives and goals are achieved.

3.2 The Internal Audit Department's secondary scope of work encompasses the following:

- 3.2.1 carrying out special investigations as requested by the management/Board Audit Committee;
- 3.2.2 coordinating with external auditors to ensure adequate audit coverage and minimal duplication of work; and
- 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.

3.3 The Internal Audit Department develops 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.

3.4 In 2016, a total of 114 reports were presented to the Board Audit Committee.

## 4. INTERNAL AUDIT RESOURCES

As at 31 December 2016, the total Internal Audit Department headcount stood at 88, of whom 14 auditors are professionally qualified in their respective fields. The Board Audit Committee reviews and approves the department's human resource requirements to ensure the department is adequately equipped with competent internal auditors.

In the list below, the auditors are categorised according to their fields of expertise as at 31 December 2016:

No.	Field of Expertise	No. of Auditors	Percentage
1.	Finance and Accounting	64	73%
2.	Information Technology	16	18%
3.	Management	6	7%
4.	Engineering	1	1%
5.	Quantity Surveying	1	1%

## STATEMENT ON INTERNAL AUDIT

## 5. TRAINING

Internal auditors attend courses, seminars and conferences to keep abreast of industry knowledge and best practices. The list of courses attended are as follows:

No.	Courses
<b>(A) In-House Training</b>	
1.	Audit Tools and Techniques for Non-Executives
2.	Essential Skills for Today's Internal Auditors
3.	Shariah Compliance Review, Audit and Governance for Islamic Investment
4.	Control Self-Assessment
<b>(B) External Training</b>	
1.	The Institute of Internal Auditors (IIA): National Conference 2016: Navigate Waves of the Digital Revolution
2.	Audit Committee Conference 2016: Setting the Right Tone
3.	ACIA CAE Leadership Forum: Navigating Uncharted Frontiers
4.	Regulatory Updates on Audit Committees Seminar 2016
5.	8 <sup>th</sup> Annual IT Best Practice Conference & Exhibition
6.	Technical Network Audit Workshop
7.	Cybersecurity Nexus Fundamental Training
8.	Fundamentals of Investigation – Departments/External Agencies (Series 1)
9.	Shariah Governance, Audit, Risk Management and Reporting
10.	Best Practices to Manage Procurement Frauds
11.	CIA Review Seminar
12.	ISO 9001:2015 Internal Audit Training
13.	Investment Accounting
14.	Investment Academy
15.	Real Estate Academy
16.	Managing External Fund Managers
17.	Simulation Lean Six Sigma
18.	Fundamentals of Strategic Planning
19.	Fundamentals of Strategic Management
20.	Thought Leadership Session
21.	Strategic Leadership Alignment
22.	Value Based Ambassador

## 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 department. This programme includes periodic internal and external quality assessments and ongoing internal monitoring.

Internal assessments 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 2014.

6.3 Based on the review by KPMG Management and Risk Consulting Sdn Bhd, the Internal Audit Department has generally conformed with all of 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 to be held in 2019.

# STATEMENT ON INVESTMENT RISK MANAGEMENT

## RESPONSIBILITY

In accordance with Section 18(1) of the Employees Provident Fund Act 1991, the Investment Panel (IP) is responsible for matters pertaining to the EPF'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 organisation's governance structure, risk appetite, asset allocation, policies and processes. It is reviewed regularly to ensure relevance and effectiveness.

## INVESTMENT RISK MANAGEMENT STRUCTURE

The 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.

## RISK CONTROLS

The Risk Appetite Statements, as approved by the IP, broadly outline the levels 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. Risk and Performance Systems have been installed and continuously enhanced to ensure that risks are systematically measured and monitored.

## CONCLUSION

The IP is of the opinion that the investment risk management practices in place are 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 has been made in accordance with the resolution of members of the IP dated 23 February 2017.