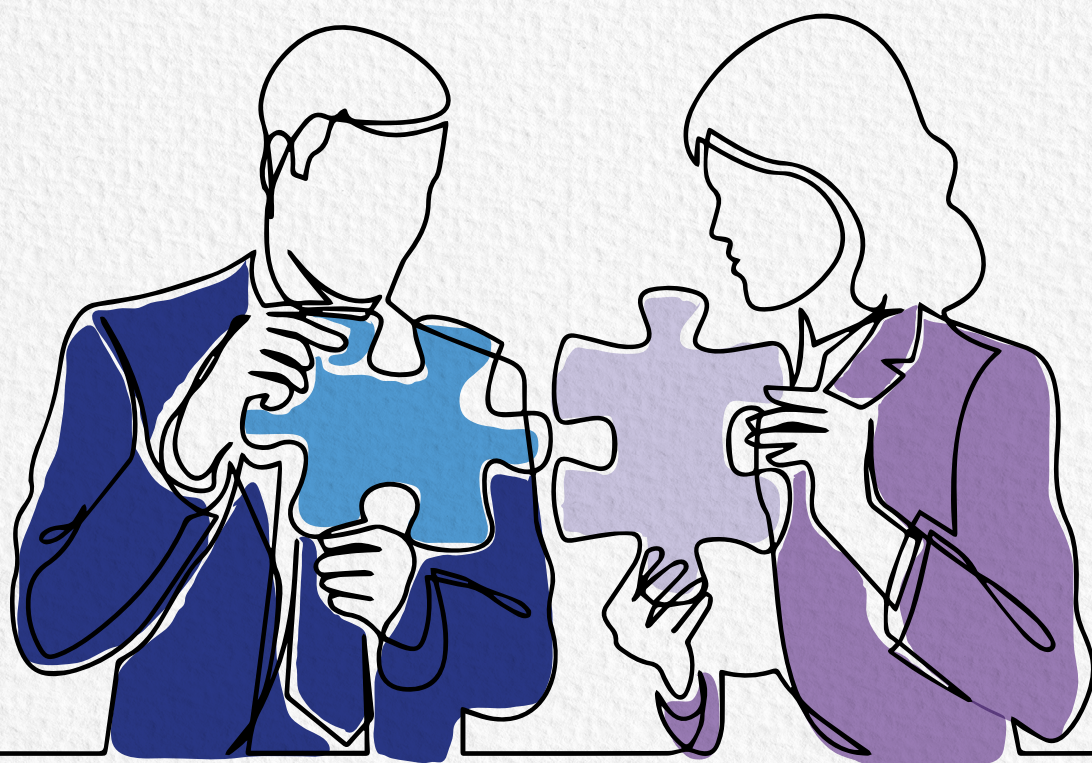


# DRIVEN BY A SINGULAR FOCUS



32 Message from Our Chairman

35 Message from Our Managing Director



## MESSAGE FROM OUR CHAIRMAN

“

2022 was a year of significant challenges, both in Malaysia and around the world, with ongoing geopolitical conflicts compounded by a fragile macroeconomic situation. Against this backdrop, my immediate priority was to ensure collective action by all in driving the nation's recovery efforts.”

Khazanah, together with other Government-Linked Investment Companies (GLICs) and Government-Linked Companies (GLCs) in Malaysia, will bring forth a mandate to forge a fair and inclusive Malaysia that embraces advanced technology, innovation and seeks new growth areas while meeting the needs of all Malaysians, equitably.

As the nation's sovereign wealth fund, Khazanah is in a position to play a central role in reaching these aspirations. Through targeted investments in national champions and startups, across key and emerging sectors alike, Khazanah is working on the country's continued recovery and laying the groundwork for a stronger and more sustainable future.



**Dato' Seri Anwar Ibrahim**

## Building A Stronger Nation

To steer Malaysia into becoming a more prosperous and developed nation, a new vision and framework for national development was introduced by the government, termed as Malaysia MADANI and pillared against six core values of Sustainability, Care and Compassion, Respect, Innovation, Prosperity, and Trust.

Malaysia MADANI signifies an inclusive view of what matters to our progress as a nation – including non-financial matters – with GLICs and GLCs playing significant roles in realising its aspiration. I am pleased that Khazanah is playing an active role in carrying out nation building initiatives through key national priorities and advancing the country towards reaching its potential.

It is important for Khazanah to work hand-in-hand with other GLICs and GLCs in establishing Malaysia as a nation that is globally competitive, delivers on its growth targets and stands as an attractive destination for foreign investment.



► Dato' Seri Anwar Ibrahim with Datuk Seri Aminudin Shari, Menteri Besar of Selangor and Hamdan Majeed, Managing Director of Think City sharing a light moment with youth representatives from PPR Kg Hicom, Shah Alam during the launch of Kita-Untuk-Kita (K2K) Programme on 8 April 2023



► Dato' Seri Anwar Ibrahim at the Khazanah Board Meeting, May 2023

“

**I am pleased with the active role played by Khazanah as an investor that empowers local companies to adopt innovation and technology while driving skilled job creation and enhancing the sustainability of the talent pool in Malaysia.”**

## Khazanah's Unique Position

With its unique position as a bridge between the Government, the private sector and the *rakyat* (community), Khazanah's role is to deliver long-term, sustainable impact for the country. This can only be achieved through collective support and by driving meaningful collaboration between the nation's key stakeholders, thereby creating shared solutions that enable progress for all.

Khazanah's holistic and humanistic approach to national development is encompassed by *Advancing Malaysia*, a strategy that guides its diverse investment activities and is aligned with the aspirations of Malaysia MADANI.



On this note, I am pleased with the active role played by Khazanah as an investor, whereby they empower local companies to adopt innovation and technology while driving skilled job creation and enhancing the sustainability of the talent pool in Malaysia. Specifically, Khazanah's determination in setting clear expectations on the adoption of sustainability by its portfolio companies allows these companies to achieve global standards in sustainability and enhance their international competitiveness.

It is also heartening to see the focus placed on other longer-term and community-based channels such as Yayasan Hasanah, which has to date reached 2.4 million people through its programmes, Khazanah's partnership with Sunway Education Group through 42 Malaysia – an innovative P2P computer science school driving digital upskilling for Malaysians of all ages – and the allocation of RM150 million for nature-based carbon credit projects. These initiatives are true reflection of what a better Malaysia means, and positions Khazanah as a foundational driver of the nation's development.



► Dato' Seri Anwar Ibrahim at the Aidilfitri gathering with Khazanah employees and Board Members



► Dato' Seri Anwar Ibrahim with Dato' Feisal at the Youth Empowerment Fair (YEF2023) in Kuala Lumpur

## Advancing the Nation

Even amidst the challenges of the past year, Khazanah has continued to maintain a strong investment cadence, channeling financial support into initiatives and ideas that will form the basis of a brighter future for the country.

On this note, it is my hope that Khazanah will continue to prioritise nation building initiatives through key national priorities, advancing the nation towards reaching its fullest potential, *Insha Allah*.

## Acknowledgement

I would like to take this opportunity to convey my heartfelt appreciation to the past and current Board Members of Khazanah for constantly being responsible and accountable in their decisions and actions, and therefore ensuring the overall good governance and performance of Khazanah. My appreciation also goes to the senior management and employees of Khazanah, led by Dato' Amirul Feisal, for their hard work and dedication towards ensuring that Khazanah remains on track with its purpose of delivering sustainable economic and societal benefits for the *rakyat* (community) and a better future for Malaysia.



## MESSAGE FROM OUR MANAGING DIRECTOR

“

As I write this statement, the world is still reeling from the aftereffects of the pandemic. Geopolitical turbulence has increased the propensity for global inflation and disrupted supply chains, while the uncertainty brought about by macroeconomic challenges has been compounded by the acceleration of advanced digital technology. With this confluence of factors, it is easy to conclude that, in our modern world, change has become the only constant.

2022 was indeed challenging but true as this may be, at Khazanah, we remain guided by a purpose that remains necessarily unchanged – to deliver sustainable value for Malaysians and build the nation for a better tomorrow.”



Dato' Amirul Feisal Wan Zahir



► Dato' Feisal with the Khazanah Megatrends Forum (KMF2022) organising team

## Advancing Malaysia for the Long-Term

Our diverse investments and initiatives are underpinned by our main imperative: *Advancing Malaysia*. This means delivering strong returns through our portfolio of investments and in doing so, it is vital that we remain guided by a sustainable approach that puts long-term value first.

2022 was undeniably challenging not only for Khazanah but also other domestic and international institutional investors and asset owners. The volatility that shook global markets brought upon an uncertain macroeconomic environment where we saw a negative 5.7% Net Asset Value return for our Investments Portfolio.

I would like to take this opportunity to extend my appreciation to the team here in Khazanah, as through collective effort and commitment, we navigated the downturn by remaining invested, being disciplined in deploying and monetising across asset classes and upholding active stewardship of our portfolio companies, keeping our value creation objectives on track and positioning us to rebound strongly in the future.

*Advancing Malaysia* also includes looking beyond financial returns. As part of nation-building, our mandate is to drive socio-economic value and impact by developing new growth areas for Malaysia, thereby driving the competitiveness and performance of key companies to grow them into national champions. This in turn spurs innovation across the corporate landscape.

An example is Farm Fresh, one of our long-term portfolio companies. Farm Fresh was a small but ambitious dairy player in 2010, on a mission to disrupt the industry by imploring new methodologies to increase yield and pioneering an innovative distribution method through its home dealer network, enabling access to fresh dairy for rural communities. Fast forward to 12 years later, they have executed one of the most successful IPOs in Malaysia's history, putting the company in a position to expand their presence internationally.

This success story, among others, is a testament to the value of adopting a longer-term view towards investments; an approach which will continue to guide our strategies and actions.



## Building A Better Malaysia, in line with Malaysia MADANI

Our continued commitment to deliver long-term value for Malaysians is governed by the foundations of good governance, in line with the aspirations of Malaysia MADANI.

To illustrate, the *Advancing Malaysia* strategy is like building a house. The floor of the house represents us building national resilience while the ceiling represents the competitiveness and growth of the nation. In terms of *Advancing Malaysia*, Khazanah as the builder of the house endeavours to strengthen the floor and raise the ceiling in a sustainable manner and with proper governance.

We are energised by the prospect of working with the government to drive the nation's growth and development.

## Catalysing Growth Sustainably

We have made firm progress on Dana Impak, a RM6 billion allocation earmarked specifically to invest in areas that aim to increase Malaysia's economic competitiveness and build national resilience.

In 2022, RM500 million worth of new projects were identified to deliver socio-economic benefits to Malaysians, spanning various impact areas including digital upskilling, boosting investments in local entrepreneurs as well as the venture capital ecosystem and agrifood sectors. Our various initiatives aimed to support the local start-up ecosystem of entrepreneurs, start-ups, venture capital and corporate venture programmes are captured under the *Future Malaysia Programme* banner, which involves collaboration with both domestic and international partners.



► Key personnel from Khazanah and 42 Malaysia (42MY) at the Dana Impak x 42MY booth at the Youth Empowerment Fair 2023 (YEF2023)

In line with this effort, we are working with various partners such as venture capital funds, accelerator programmes and global innovation platforms to create a vibrant local start-up ecosystem.

To complement this, we have partnered with Sunway Education Group under Dana Impak to establish 42 Malaysia, an innovative peer-to-peer computer science school that provides Malaysians with a unique education opportunity, free-of-charge. With the goal of developing 10,000 skilled tech talents nationwide within the next 10 years, 42 Malaysia will provide Malaysians with in demand skills for access to high quality jobs, leading to improved livelihood while spurring a competitive industry landscape that would drive the economic growth for Malaysia.



► Khazanah Annual Review (KAR2023) media briefing

Through the lasting social impact it seeks to create, the Dana Impak portfolio embodies our overarching focus on sustainability, continuing a longstanding journey that started in 2005 with our GLC Transformation (GLCT) Programme, evolved to include sustainability-themed investment opportunities, and now sees us playing a leading role in driving ESG adoption across Malaysia's corporate landscape. In 2022, we launched our Shareholder Expectations and Investment Stewardship statement, detailing six core expectations of our portfolio companies, including their adoption of sustainable business practices.

With the aspiration of shaping an equitable and responsible transition towards a sustainable future for Malaysia, Khazanah's Sustainability Targets outlines eight time-based targets across the ESG spectrum which includes 30% representation of women in our Board and senior leadership by 2025, enhancing the competencies of our investee companies' Boards by 2024 and achieving Net Zero emissions by 2050.

The execution of our strategy to create sustainable value is guided by the principles of Just Transition, Khazanah's Sustainability Framework and our own Guiding Principles for sustainability to ensure that everything we do from investment strategies to internal practices achieves positive and improved outcomes that will not only benefit the economy but society as a whole.

“

**With the goal of developing 10,000 skilled tech talents nationwide within the next 10 years, 42 Malaysia will play a crucial role in elevating the nation's growing technology ecosystem, preparing Malaysians to thrive in the digital age.”**





- 42 Malaysia, an innovative peer-to-peer computer science school that provides Malaysians with a unique education opportunity free-of-charge

## Towards A Sustainable Future

Casting an eye towards the future, there is strong reason to believe that macroeconomic and geopolitical uncertainties will persist through 2023. This equates to a challenging investment environment across asset classes that will continue to threaten our short-term performance.

Amidst these uncertainties, we will remain focused on portfolio rebalancing towards enhancing diversification, to achieve an improved risk-return profile, while continuing to monitor global markets for opportunities in public equity, private equity and real assets. This is our strategy to build portfolio resilience while we continue our value creation and stewardship of our key portfolio companies, with the intention to grow Khazanah's portfolio for the long-term and place Khazanah on firmer footing and higher capacity to fund our mandate.

Nevertheless, the turbulent operating environment sharpens our focus on investing in opportunities that have the potential to deliver long-term growth, irrespective of current market conditions.

Ultimately, our strategy of *Advancing Malaysia* will provide clarity to our actions, guiding our investments in catalytic sectors, the Malaysian and global capital markets as well as local communities, united by the imperative of building a stronger and more sustainable nation for the benefit of all Malaysians.

## Acknowledgement

On behalf of the Khazanah family, I would like to extend our warmest welcome to our new Chairman, Dato' Seri Anwar Ibrahim. It is an honour to have the Prime Minister chair our Board. I would also like to take this opportunity to convey my sincerest gratitude to the Chairman and the Board for their continued guidance and wisdom.

Together, we at Khazanah are excited to play a part in strengthening the nation, in line with the Malaysia MADANI aspirations.



- As part of its efforts in preserving Malaysia's national heritage, Khazanah plans to restore and rejuvenate historic heritage buildings such as the Sultan Abdul Samad Building and Carcosa Sri Negara. This will be executed under a public-private partnership initiative and in collaboration with Think City.