

CHAPTER

1

WE STAY TRUE TO OUR PURPOSE



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WHO WE ARE

Khazanah Nasional Berhad as Malaysia's sovereign wealth fund

Incorporated as a public limited company by shares on 3 September 1993 and commenced operations in 1994, we are owned by the Minister of Finance (Incorporated), with the exception of one share held by the Federal Lands Commissioner (Incorporated).

We invest across all levels of the Malaysian economy – from listed Malaysian companies to emerging sectors, as well as internationally across markets, asset classes, sectors and geographies. We report directly to the Government of Malaysia, with our Board of Directors chaired by the Prime Minister of Malaysia, YAB Dato' Seri Anwar Ibrahim.



[Click to watch the full video](#)

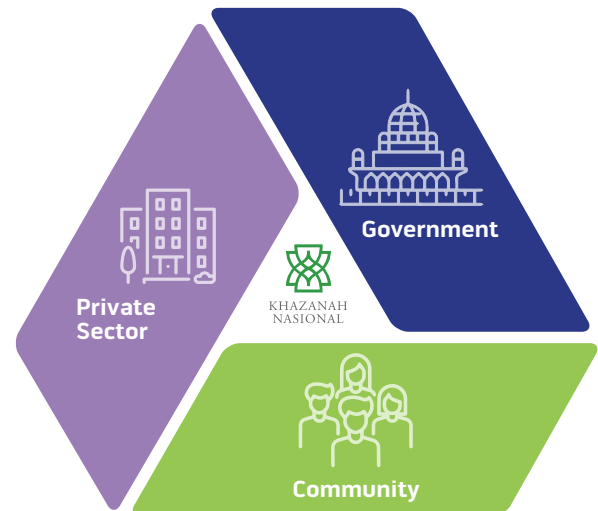
WHAT WE DO

OUR PURPOSE

Investing to deliver sustainable value for Malaysians

Sitting at the nexus of the Government, private sector and *rakyat* (community) of Malaysia, we play an important role in developing the nation, driven by our focus and strategy in *Advancing Malaysia*.

While our foremost aim is to deliver strong long-term risk-adjusted returns across our portfolio, the unique position we occupy in the nation endows us with a greater purpose. We also play a role in catalysing the growth of emerging sectors and companies within the nation, contributing towards the nation's long-term competitiveness and prosperity, and building more vibrant communities for all.



Ultimately, our activities and investments are anchored towards delivering long lasting impact towards a better Malaysia, responsibly.

OUR STRATEGY

Four Strategic Imperatives to deliver our purpose

Our Strategic Imperatives guide our thoughts and actions, providing steer towards fulfilling our purpose as Malaysia's sovereign wealth fund and a Government-Linked Investment Company (GLIC).

Investing to Deliver Sustainable Value for Malaysians



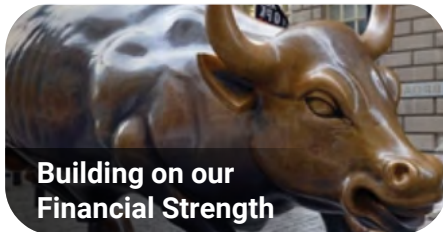
Strategic Imperatives

Active Corporate Player in Malaysia's capital markets, spurring economic growth

Dana Impak to invest in catalytic sectors that strengthen the country's resilience and open new growth opportunities

Global Investor to grow our portfolio, while finding opportunities to facilitate flows of knowledge, networks and investment opportunities into Malaysia

Focused on **Building Capacity and Vibrant Communities** for the benefit of Malaysians



Advancing Malaysia (Four Key Initiatives)

1 Active Corporate Player

We participate in Malaysia's capital markets as an active shareholder, encouraging our investee companies to create value by crowding-in new private investments and driving regulatory improvements, all while promoting the adoption of cutting-edge technologies, nurturing innovation and encouraging more sustainable practices. These actions are carried out with the overarching aim of spurring Malaysia's capital market and contributing to the nation's development.

2 Dana Impak

Dana Impak (our impact fund) is a RM6 billion commitment over five years to invest in catalytic sectors that will increase the nation's competitiveness and build its resilience.

Investments under Dana Impak are guided by six themes:

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

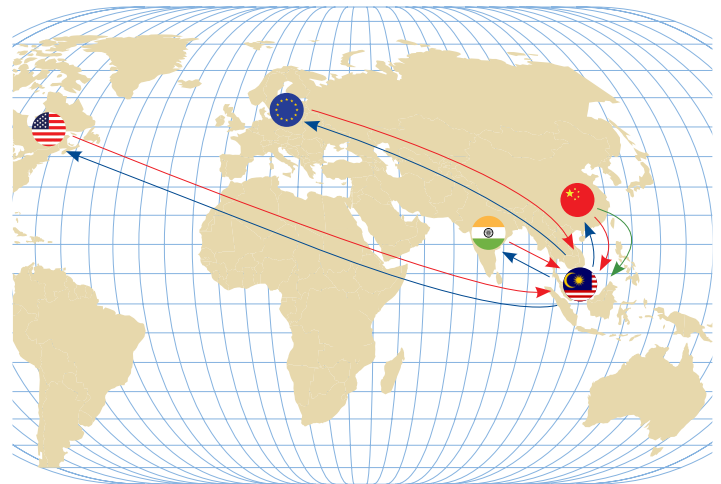
With a focus on driving long-term societal value, we introduced the SEMARAK framework, an impact assessment tool that will enable us to qualify the impact of our investments beyond their financial returns, in June 2023.



Learn more about Dana Impak by reading the **Chapter 5 – And Deliver Value for All** section on page 51 of this report.

3 Global Investor

Our international investments span a wide range of asset classes and markets. We strategically align these investments with global megatrends and emerging technologies, serving the twin goals of growing our portfolio value and facilitating flows of knowledge, networks and investment opportunities to Malaysia.



- Deployed investments and networking
- Knowledge and information transfer, co-investment flows
- Attracted investments to Malaysia

4 Building Capacity and Vibrant Communities

We continue to impact Malaysian society via our affiliated entities, including Yayasan Hasanah, Yayasan Khazanah, Khazanah Research Institute, Taman Tugu and Think City, to build capacity and nurture more resilient communities.

We deliver societal value across the pillars of:



Learn more about our efforts in Building Capacity and Vibrant Communities by reading the **Delivering Societal Value** chapter on page 78 of this report.



Building on our Financial Strength

By investing in a diversified portfolio and practicing prudent management of debt and liquidity, we position ourselves to meet our long-term risk-adjusted return targets. We are cognisant of the shifting macroeconomic and geopolitical environment, which underlies the importance of continuing our rebalancing efforts in achieving our target Strategic Asset Allocation (SAA), improving diversification and portfolio resilience.

Creating a Sustainable Future

We recognise our role in shaping an equitable and responsible transition for Corporate Malaysia in the adoption of sustainability practices. Our Sustainability Framework guides our approach to deliver sustainable value as both an enterprise and investor, and our medium and long-term commitments are outlined in our Environment, Social and Governance (ESG) Targets.

Developing a Winning Team

Our people are a key enabler of our success. By upholding a culture of high performance and collaboration, providing talent development opportunities and maintaining diverse and inclusive work environments, we support them in reaching their full potential, thereby building a digitally-savvy and future-ready Khazanah.

In developing a winning team, we are guided by our Core Values, which emphasise on the importance of holding ourselves accountable, respecting different viewpoints and supporting one another at all times.

2022 IN REVIEW

2 MAR Reporting

Khazanah Annual Review 2022



11-13 MAR Outreach

GLC Open Day 2022



22 MAR Investment

Successful IPO of Farm Fresh with a valuation of RM2.51 billion – one of the largest IPOs on Bursa Malaysia in 2022



13 MAY Building Capacity & Vibrant Communities

Think City and partners break ground with the historic Esplanade seawall and public promenade in Penang



20 MAY Partnership

Strategic partnership formed with SK ecoplant to accelerate Cenviro's growth into a regional resource management champion



30 MAY Reporting

Yayasan Hasanah publishes The Hasanah Report 2021



5 JUN Building Capacity & Vibrant Communities

Taman Tugu celebrates World Environment Day with the handover of the Taman Tugu land agreement from Kuala Lumpur City Hall to Amanah Warisan Negara (AWAN)



10 JUN Sustainability

Launch of the Khazanah Sustainability Framework and Targets: Investing in a Sustainable Transition 2022



16 JUN Building Capacity & Vibrant Communities

Think City presents Rights to the City, the first Public Housing Liveability Conference



24 AUG**Building Capacity & Vibrant Communities**

Launch of our virtual art gallery, Galeri Khazanah, with an accompanying mini exhibition

**9 SEP****Building Capacity & Vibrant Communities**

Yayasan Khazanah Scholarship Awards Day

**3-4 OCT****Outreach**

Khazanah Megatrends Forum 2022

**1 NOV****Building Capacity & Vibrant Communities**

Think City and partners launch Atlas of Climate Resilient Trees to document climate resilient tree species

**celcomdigi****30 NOV****Investment**

Completion of the Celcom-Digi merger, forming the largest telecommunications company on Bursa Malaysia

**NOV-DEC****Building Capacity & Vibrant Communities**

Yayasan Hasanah launches *Arts for all Seasons*

**2 DEC****Research**

Khazanah Research Institute launches *The Paddy and Rice Industry of Sabah and Sarawak: Status and Potential*

**5 DEC****Sustainability**

Launch of Khazanah's Shareholder Expectations and Investment Stewardship statement

**23 DEC****Research**

Khazanah Research Institute launches *Residential Settlements and Spatial Inequality: A Study of Greater Kuala Lumpur Neighbourhoods*

SUSTAINABILITY AT KHAZANAH

As Malaysia's sovereign wealth fund, we have a duty to create value beyond just monetary terms. Through our reach and influence, we actively engage with our portfolio companies to drive the adoption of sustainable practices that deliver long-term benefits for the nation, communities and natural environments.

Our Sustainability Principles



Do Good

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



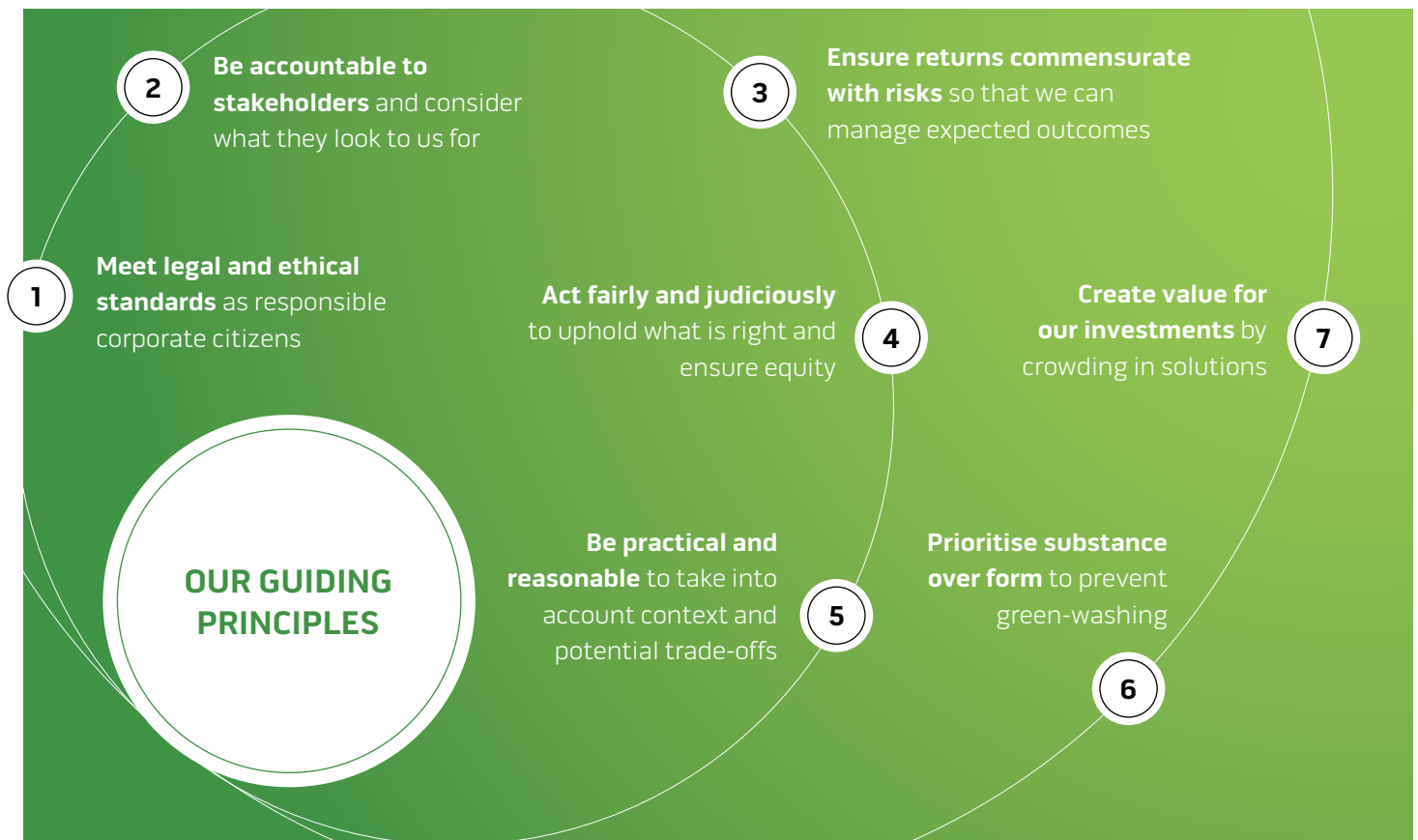
Do Better

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



Do No Harm

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



Our Environmental, Social and Governance (ESG) Framework

Launched in June 2022, our ESG Framework sets out an approach to sustainability that is anchored on the three pillars of ESG.

The focus areas we have identified within our framework are determined based on issues that are most material to our investment portfolio, business and mandate.














Note:

¹ Material ESG issues highlighted are Khazanah's primary focus issues

To guide and focus our sustainability efforts over the coming years, we have also committed to the following short, medium, and long-term targets across our three pillars. These targets align our aspirations with our stakeholders, including the Government of Malaysia, as well as other national institutions.

We acknowledge that the ESG space is evolving at a fast pace, and in response we will continue to adapt our targets and actions to ensure they remain relevant for the long-term.

OUR ESG TARGETS

Environmental	Social	Governance
<p>We aim to reduce environmental impact of our operations and support the transition to a lower-carbon economy</p>   <p>Net Zero emissions by 2050</p>  <p>Carbon neutral operations by 2023</p>	<p>We aim to develop a productive and inclusive workforce and drive societal impact</p>   <p>30% women in Board and senior leadership by 2025</p>  <p>Enhance diversity, equity and inclusion framework and programmes by 2023</p>  <p>Measurable socio-economic impact targets by 2023</p>	<p>We aim to promote good governance and effective engagements with stakeholders and portfolio companies</p>   <p>Enhance Board competencies (including sustainability) at our portfolio companies by 2024</p>  <p>Disclose general voting principles by 2022</p>  <p>Include ESG-linked KPIs for key leadership positions for our portfolio companies by 2023</p>