

# ANNUAL REPORT 2022



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## ABOUT US

### INSTITUTIONAL INVESTORS COUNCIL MALAYSIA

(REGISTRATION NO: PPM-006-14-29122017)



## OBJECTIVES

It is the mission of the IIC to promote effective investors stewardship by influencing higher standards of corporate governance within institutional investors themselves and their investee companies through the implementation of the following objectives:



To represent the interests of institutional investors on matters affecting them and to act as a conduit between policymakers, regulators and institutional investors in relation to broader corporate governance issues;

## ESTABLISHMENT

THE Institutional Investors Council Malaysia (IIC) was formed on 3 July 2015 as an investor-led organisation following the launch of the Malaysian Code for Institutional Investors (MCII) on 27 June 2014.

The role played by the institutional investors has been recognised as critical in the governance ecosystem by the Securities Commission Malaysia (SC) and was encapsulated as one of the recommendations in the Corporate Governance Blueprint 2011.

The IIC plays an important role to represent the common interests of institutional investors in Malaysia. This industry-led initiative will be a platform to shape and influence a wider sphere of corporate governance culture through, among others, the effective adoption of the MCII.

The IIC was formally established under the Societies Act 1966 on 29 December 2017.



To provide vision and strategic direction in relation to the development of the Institutional Investors Council Malaysia (IIC) and future enhancement to the Malaysian Code for Institutional Investors (MCII);



To advocate, provide guidance and monitor the adoption of the MCII among institutional investors and encouraging institutional investors to become signatories of the MCII; and



To be the platform to influence good corporate governance culture by public listed companies as envisaged in the Corporate Governance Blueprint 2011.

## CORPORATE INFORMATION

### COUNCIL BOARD MEMBERS

**ROHAYA MOHAMMAD YUSOF**

Chairman

**NIK AMLIZAN MOHAMED**

Vice-Chairman

**LYA RAHMAN**

Secretary

*(Demise on 27 December 2022)*

**(Replaced by Rejina Rahim effective April 3, 2023)**

**HUSAINI HUSSIN**

Treasurer

**RIZAL RICKMAN RAMLI**

Council Member

**SUHANA DEWI SELAMAT**

Council Member

**SHARIFATUL LAILA SYED ALI**

Council Member

*(Appointed 31 May 2023)*

**MUHAMMAD FITRI OTHMAN**

Council Member

**FONG CHOON LIAN**

Council Member

**GERALD MICHAEL AMBROSE**

Council Member

**RAYMOND TANG CHEE KIN**

Council Member

**ISMITZ MATTHEW DE ALWIS**

Council Member

**SYHIFUL ZAMRI ABDUL AZID**

Council Member

**MUNIRAH KHAIRUDDIN**

Council Member

**MOHD FARID KAMARUDIN**

Council Member

### AUDITORS

PricewaterhouseCoopers PLT, Malaysia  
Level 10, 1 Sentral Jalan Rakyat  
Kuala Lumpur Sentral  
P O Box 10192  
50706 KUALA LUMPUR  
Tel: (603) 2173 1188  
Fax: (603) 2173 1288

### REGISTERED OFFICE

Institutional Investors Council Malaysia  
Level 13A Bangunan Tierra Crest  
No. 3A Jalan SS 6/3  
47301 Petaling Jaya  
Selangor  
Tel: +603 2705 2044  
Website: <http://www.iicm.org.my/>

### SECRETARIAT

Minority Shareholders Watch Group  
Contact Person: Noraida Maria Mohd Hatta  
Email: [noraida@mswg.org.my](mailto:noraida@mswg.org.my)

### BANKER

Malayan Banking Berhad  
Kuala Lumpur Main Branch  
1st Floor Menara Maybank  
100, Jalan Tun Perak  
50050 Kuala Lumpur



## THE MALAYSIAN CODE FOR INSTITUTIONAL INVESTORS COUNCIL (MCII)

**THE** Malaysian Code for Institutional Investors (MCII or the Code) which was first released in 2014, was a significant milestone for the country as it was the first of such a stewardship code in the ASEAN region. The Code is the codification of IIC's raison d'être and is intended to provide guidance to institutional investors on the effective exercise of stewardship responsibilities to ensure delivery of sustainable long-term value to our ultimate beneficiaries and/or clients.

In its latest iteration which was launched in September 2022, the Code, which is voluntary in nature, sets out **seven** key broad principles of effective stewardship by institutional investors, followed by guidance to help institutional investors understand and implement the principles with an **adopt or explain** stance to the signatories of the Code.

In addition to economic considerations, the MCII advocates institutional investors to ensure that they invest in a responsible manner by having regard for corporate governance and by ensuring that they emphasise sustainability in the course of their operations.

This Code requires institutional investors to explain how corporate governance has been adopted as an investment criteria and the measures that they have taken to influence, guide and monitor their investee companies.

Under the **seven** key principles, institutional investors are expected to:

- ➔ **Disclose** the policies on their stewardship responsibilities;
- ➔ **Monitor** their investee companies;
- ➔ **Engage** with investee companies as appropriate;
- ➔ **Adopt** a robust policy on managing conflicts of interest which should be publicly disclosed;
- ➔ **Incorporate** corporate governance and sustainability considerations into the investment decision-making process;
- ➔ **Publish** a voting policy; and
- ➔ **Collaborate** with regulators and other stakeholders to address corporate governance and sustainability concerns or risks emerging from such issues as sustainability reporting and investing.

The revised Code aims to further strengthen reporting by the signatories by providing sufficient information for better understanding on the application of the Code. It is hoped that the enhanced expectations in respect of the adoption of the principles of the Code will be able to raise the bar on how the stewardship activities are proactively managed and reported by the signatories.



Given our adopt or explain stance, although we recognise that institutional investors are not homogenous, in the spirit of greater transparency and accountability as well as in line with effective stewardship, signatories regardless of their size are expected to adopt the principles of the Code by highlighting areas of departure as well as measures that will or have been taken, and the time frame required for full adoption of the Code.

All Institutional investors are encouraged to be signatories of the MCII. Significant work was made to enhance the MCII and it was revised in September 2022 to enhance the recommended principles so as to promote better transparency and more effective stewardship responsibilities by creating a stronger baseline to be applied by the MCII signatories especially in the areas of active engagements with investee companies, ESG and sustainability considerations into the investment decision-making process including human rights issues, managing conflicts of interest, and voting policy and guidelines. We have taken an adopt or explain stance to better ensure that our expectations as asset owners and institutional investors are better served.

## SIGNATORIES TO THE MALAYSIAN CODE FOR INSTITUTIONAL INVESTORS (MCII)

As of 31 December 2022, there are 38 signatories to the Code compared to 27 signatories in 2020. The signatories are made up of the following institutions:

1	ABERDEEN STANDARD INVESTMENTS (MALAYSIA) SDN BHD (August 2014)
2	AFFIN HWANG ASSET MANAGEMENT BERHAD (March 2017)
3	AIIMAN ASSET MANAGEMENT SDN BHD (March 2017)
4	AMANAHRAYA INVESTMENT MANAGEMENT SDN BHD (January 2021)
5	AMFUNDS MANAGEMENT BHD (April 2021)
6	AMISLAMIC FUNDS MANAGEMENT SDN BHD (April 2021)
7	AMUNDI AALAM SDN BHD (March 2021)
8	AMUNDI MALAYSIA SDN BHD (March 2021)
9	BNP PARIBAS ASSET MANAGEMENT MALAYSIA SDN BHD (December 2014)
10	BNP PARIBAS ASSET MANAGEMENT NAJMAH MALAYSIA SDN BHD (December 2014)
11	EASTSPRING AL-WARA' INVESTMENTS BHD (March 2021)
12	EASTSPRING INVESTMENTS BHD (January 2021)
13	EMPLOYEES PROVIDENT FUND (January 2017)
14	FRANKLIN TEMPLETON ASSET MANAGEMENT (MALAYSIA) SDN BHD (July 2020)
15	FRANKLIN TEMPLETON GSC ASSET MANAGEMENT SDN BHD (July 2020)
16	KENANGA INVESTORS BERHAD (October 2017)
17	KENANGA ISLAMIC INVESTORS BERHAD (October 2017)
18	KHAZANAH NASIONAL BERHAD (January 2017)
19	KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (October 2015)
20	LEMBAGA TABUNG ANGKATAN TENTERA (July 2020)
21	LEMBAGA TABUNG HAJI (August 2020)
22	MAYBANK ASSET MANAGEMENT SDN BHD (November 2021)

<sup>1</sup> There is a new seventh principle that has been inserted after the second iteration of the MCII in 2022. In essence, Principle 7 revisits the advantages of a collaborative response to corporate governance and sustainability issues or emerging risks.



23	MAYBANK ISLAMIC ASSET MANAGEMENT SDN BHD (November 2021)
24	NOMURA ASSET MANAGEMENT MALAYSIA SDN BHD (April 2017)
25	NOMURA ISLAMIC ASSET MANAGEMENT SDN BHD (April 2017)
26	PERMODALAN NASIONAL BERHAD (September 2019)
27	PERTUBUHAN KESELAMATAN SOSIAL (PERKESO) (June 2017)
28	PHEIM ASSET MANAGEMENT SDN BHD (February 2021)
29	PRINCIPAL ASSET MANAGEMENT BERHAD (May 2018)
30	PRINCIPAL ISLAMIC ASSET MANAGEMENT SDN BHD (May 2018)
31	PUBLIC MUTUAL BERHAD (December 2021)
32	RHB ASSET MANAGEMENT SDN BHD (August 2020)
33	RHB ISLAMIC INTERNATIONAL ASSET MANAGEMENT BHD (August 2020)
34	SATURNA SDN BHD (October 2020)
35	SINGULAR ASSET MANAGEMENT SDN BHD (August 2019)
36	HERMES EQUITY OWNERSHIP SERVICES (July 2014)
37	HERMES FUND MANAGERS (July 2014)
38	LEGAL & GENERAL INVESTMENT MANAGEMENT (November 2014)

All signatories are expected to report annually their application of the principles of the Code on their respective websites, annual reports or other accessible forms. Nevertheless, the signatories to the MCII are given a timeframe of one year from the date of them becoming signatories to publish their Compliance Statements.

## MEMBERSHIP

As of 31 December 2022, IIC has 30 members made up of the following institutions:

1	ABRDN MALAYSIA SDN BHD [formerly Aberdeen Standard Investments (M) Sdn Bhd]
2	AFFIN HWANG ASSET MANAGEMENT BHD
3	AIIMAN ASSET MANAGEMENT BHD
4	AMANAHRAYA INVESTMENT MANAGEMENT SDN BHD
5	AMFUNDS MANAGEMENT BHD
6	AMISLAMIC FUNDS MANAGEMENT SDN BHD
7	AMUNDI MALAYSIA SDN BHD
8	BNP PARIBAS ASSET MANAGEMENT MALAYSIA SDN BHD
9	EASTSPRING AL WARAH' INVESTMENTS BHD
10	EASTSPRING INVESTMENTS BHD
11	EMPLOYEES PROVIDENT FUND
12	FRANKLIN TEMPLETON ASSET MANAGEMENT (MALAYSIA) SDN BHD
13	KENANGA INVESTORS BHD
14	KHAZANAH NASIONAL BHD

15	KUMPULAN WANG PERSARAAN (DIPERBADANKAN)
16	LEMBAGA TABUNG ANGKATAN TENTERA
17	LEMBAGA TABUNG HAJI
18	LIFE INSURANCE ASSOCIATION OF MALAYSIA
19	MAYBANK ASSET MANAGEMENT SDN BHD
20	MAYBANK ISLAMIC ASSET MANAGEMENT SDN BHD
21	MINORITY SHAREHOLDERS WATCH GROUP
22	NOMURA ASSET MANAGEMENT MALAYSIA SDN BHD
23	PERMODALAN NASIONAL BHD
24	PHEIM ASSET MANAGEMENT SDN BHD
25	PRINCIPAL ASSET MANAGEMENT BERHAD
26	PRINCIPAL ISLAMIC ASSET MANAGEMENT SDN BHD
27	PRIVATE PENSION ADMINISTRATOR MALAYSIA
28	RHB ASSET MANAGEMENT SDN BHD
29	SATURNA SDN BHD
30	SOCIAL SECURITY ORGANISATION

## VALUE PROPOSITION FOR MEMBERS

Members of IIC are entitled to the following benefits and privileges:

### ***Opportunity to participate in IIC-led engagements***

- ➔ Jointly engage with public listed companies (PLCs)/investee companies in purposeful dialogue on the oversight of strategy, performance, relations with stakeholders, the management of risk, including shaping and influencing good CG practices in PLCs.
- ➔ Participate in engagements with regulators on market/industry issues.

### ***Opportunity to jointly promote common objectives, i.e. Environmental, Social and Corporate Governance (ESG) agenda/corporate governance (CG)***

- ➔ Exert influence on other institutional investors and asset managers to inculcate similar CG practices across the board in one platform.

### ***Platform for institutional investors***

- ➔ Access to knowledge sharing sessions conducted by institutional investors.
- ➔ Invitation to participate in conference/events organised by IIC/institutional investors at a special member rate.
- ➔ Access to networking opportunities with institutional investors from other countries as well as international CG bodies.

## MEMBERS OF THE COUNCIL BOARD (As of 31 December 2022)



**ROHAYA MOHAMMAD YUSOF**  
(Representing Employees Provident Fund)  
**Chairman**



**NIK AMLIZAN MOHAMED**  
[Representing Kumpulan Wang Persaraan (Diperbadankan)]  
**Vice-Chairman**



**LYA RAHMAN**  
(Adviser)  
**Secretary**  
(Demise on 27 December 2022)



**HUSAINI HUSSIN**  
(Representing Private Pension Administrator Malaysia)  
**Treasurer**



**RIZAL RICKMAN RAMLI**  
(Representing Permodalan Nasional Bhd)  
**Council Member**



**GERALD MICHAEL AMBROSE**  
(Representing abrdn Islamic Malaysia Sdn Bhd)  
**Council Member**



**MOHAMAD DAMSHAL AWANG DAMIT**  
(Representing Lembaga Tabung Haji)  
**Council Member**



**MUHAMMAD FITRI OTHMAN**  
(Representing Lembaga Tabung Angkatan Tentera)  
**Council Member**



**FONG CHOON LIAN**  
(Representing Social Security Organisation)  
**Council Member**



**SUHANA DEWI SELAMAT**  
(Representing Khazanah Nasional Bhd)  
**Council Member**



**RAYMOND TANG CHEE KIN**  
(Representing Eastspring Investments Bhd)  
**Council Member**



**ISMITZ MATTHEW DE ALWIS**  
(Representing Kenanga Investors Bhd)  
**Council Member**



**SYHIFUL ZAMRI ABDUL AZID**  
(Representing Maybank Asset Management Sdn Bhd)  
**Council Member**



**MUNIRAH KHAIRUDDIN**  
(Representing Principal Asset Management Bhd)  
**Council Member**



**MOHD FARID KAMARUDIN**  
(Representing RHB Islamic International Asset  
Management Bhd)  
**Council Member**



## MEMBERS OF THE WORKING COMMITTEE

**THE** Working Committee was established to undertake special tasks and/or projects under the instructions of the Members of the Council Board.

The current members of the Working Committee are as follows:



**LYA RAHMAN**  
(Representative of Institutional Investors  
Council Malaysia)  
**Chairperson**  
(Demise on 27 December 2022)



**GERALD MICHAEL AMBROSE**  
(Representative of abrdn Malaysia Sdn Bhd)



**NOR AZAM YAHYA**  
(Representative of Employees Provident Fund)



**AZHAR ABDUL LATIF**  
(Representative of Employees Provident Fund)



**DR ESMA NIZAM ABDUL SAMAD**  
(Representative of Khazanah Nasional Bhd)



**RIZAL MOHAMED ALI**  
[Representative of Kumpulan Wang Persaraan  
(Diperbadankan)]



**ELSA ATIRA NORIZAMSHAH**  
[Representative of Kumpulan Wang Persaraan  
(Diperbadankan)]





**SAIRA BANU CHARA DIN**  
(Representative of Lembaga Tabung Angkatan Tentera)



**ROSLIN SHAH HARIP SHAH**  
(Representative of Lembaga Tabung Angkatan Tentera)



**MADON MOHD JANI**  
(Representative of Lembaga Tabung Haji)



**KOH HUAT SOON**  
(Representative of Maybank Asset Management Sdn Bhd)



**MUAZZAM MOHAMAD**  
(Representative of Permodalan Nasional Bhd)



**AZRINA SULAIMAN**  
(Representative of Permodalan Nasional Bhd)



**IKMALUL AMANI ABDUL AZIZ**  
(Representative of Social Security Organisation)



**AHMAD NABIL NAZRI**  
(Representative of Social Security Organisation)

## CHAIRMAN'S STATEMENT

**I AM** pleased to present to you our annual report for the financial year 2022.

In this statement, I would like to highlight the significant strides that we have made in furthering our objective towards improving corporate governance within the Malaysian capital markets, notably those that enabled us to revise our Malaysian Code for Institutional Investors (MCII) 2022 which places a strong emphasis on sustainability, environmental, social, and governance (ESG) considerations as well as climate change.

At the IIC, we recognise that sustainable practices are crucial for the long-term success and resilience of our capital markets and in turn our investments within Malaysia.



ROHAYA MOHAMMAD YUSOF

We have actively engaged with our members and our investee companies to bring about a revised Code so as to ensure that institutional investors in Malaysia can benefit by aligning their investment practices with ESG factors which we hope will create sustainable value for all our stakeholders and the wider economy.

Sustainability must become an integral part of our investment approach, guiding our actions to ensure responsible and ethical investment practices.

Towards this end, we have placed a renewed focus on the assessment of ESG factors when evaluating potential investment opportunities. Our investment decisions must now be based not only on financial performance but also on the environmental and social impact of the companies in which we invest.

As part of our commitment to sustainability, we have strengthened our engagement with the companies in which we hold investments. We actively encourage our portfolio companies to adopt best practices in sustainability and to disclose relevant ESG information.

Through dialogue and collaboration, we aim to influence positive change in the behavior and practices of these companies, fostering sustainable growth and long-term value creation. Climate change is one of the most pressing challenges facing our world today.

We are cognisant of the risks and opportunities it presents, and we have embodied this within the Code to ensure that signatories consider climate-related factors, including the transition to a low-carbon economy, the physical risks associated with climate change, and the opportunities emerging from clean and sustainable technologies.

By incorporating climate change considerations into our investment decisions, we seek to contribute to the development of a more sustainable and resilient economy.

By embedding climate change as well as diversity within our Code's focus, we hope we can identify areas for improvement, set ambitious targets, and report transparently on our progress.

We believe that effective ESG management is essential for mitigating risks, seizing opportunities, and enhancing the overall value of our investments.

With the economy re-opening and with the resumption of migrant workers into the country, we intend to further strengthen our engagement activities with all stakeholders and regulatory bodies to ensure workers' standards and well-being are given the needed attention.

Lessons from the COVID-19 experience has resulted in the enhancement effort to the Code which was released in September 2022. The updated Code not only emphasises on more transparency among IIC's members about their stewardship policies, but has also added a new principle of active collaboration among IIC members on sustainability and governance issues.

In addition to the new Code, we were extremely proud that the new Code was officially launched by the then Finance Minister Tengku Datuk Seri Utama Zafrul Tengku Abdul Aziz during the Annual Corporate Governance conference with the Securities Industry Development Corporation (SIDC) which was held on 23 September 2022.

In conclusion, the IIC remains committed to upholding the principles outlined in the MCII 2022. We are dedicated to integrating sustainability, ESG factors, and climate change considerations into our investment approach.

By doing so, we aim to create long-term value for our shareholders, promote responsible investing, and contribute positively to the well-being of the environment and Malaysia.

On behalf of the Council members, I would like to express our sincere gratitude to our members and signatories for their unwavering support and a special mention to the late Puan Lya Rahman who was a driving force for IIC by raising the standard of corporate governance among corporate Malaysia. We cannot thank her enough and may her soul rest in peace.

Lastly I would like to introduce Rejina Rahim as the new Advisor for the Institutional Investors Council Malaysia (IIC). Rejina has over 25 years of experience in the investment management industry and has been actively involved in improving the professional standards of the fund management industry in Malaysia.

It is our hope that Rejina will bring in her experience to be the driving force and advocator of good and strong corporate governance in the Malaysian capital markets.

Thank you.



**ROHAYA MOHAMMAD YUSOF**

Chairperson

Institutional Investors Council Malaysia (IIC)

## REPORT OF THE COUNCIL BOARD MEMBERS

**IN** line with one of its strategic priorities to enhance corporate governance in the capital market, the IIC undertakes collective engagements with public listed companies (PLCs) via purposeful dialogue on the oversight of strategy, performance, governance, relations with stakeholders and risk management.

The company engagements are led by the Council Members whereby IIC engages with the board members of the PLCs, including the senior management. The first engagement took place in November 2017, with future company engagements being planned as part of IIC's activities.

Throughout the year 2022, two collective engagements was carried out with board members and senior management of the following PLCs:

### AMMB HOLDINGS BHD

*Date of engagement: 8 August 2022*

**THE** virtually-held engagement led by AMMB's Group CEO Dato' Sulaiman Mohd Tahir featured seven of the banking group's representatives while IIC which was led by its chairman Puan Rohaya Mohammad Yusof had 13 representatives on its side.

The focal point of the engagement session was to enable the institutional investors to share their issues and concerns pertaining to the corporate strategy, performance, risk management, governance as well as to seek clarification on various issues from the board of AMMB.



Of interest is that AMMB has fully settled its RM2.83 bil penalty to the Malaysian Government as part of its 1MDB (1Malaysia Development Bhd)-related global settlement on all outstanding claims and actions in relation to the AmBank Group's involvement in the 1MDB matter.

Following this, Dato' Sulaiman had shared during the engagement session that AMMB had initiated efforts to work with rating agencies for a re-rating exercise after its 1MDB settlement and following its improved financial performance as evident from the group's income of RM4.6 bil and profit before provision (PBP) of RM2.56 bil for its FY3/2022, an increase of 2% and 6% respectively from the previous corresponding period.

Additionally, Dato' Sulaiman also clarified that Tan Sri Azman Hashim had retired as Chairman of AMMB after the group's financial year ended March 31, 2022 but would continue to contribute as chairman emeritus and honorary advisor upon his retirement (not on the board's payroll) as well as would remain as a major shareholder of the group.

### BURSA MALAYSIA BHD

*Date of engagement: 12 August 2022*





## OTHER ENGAGEMENTS/DIALOGUES

### IIC-SIDC CORPORATE GOVERNANCE CONFERENCE 2022

*Date of engagement: 23 September 2022*



**CONSISTENT** with mandates of IIC and the Securities Industry Development Corporation (SIDC), the one-day event attempts to examine the opportunities and challenges faced by company directors in serving as effective stewards in fulfilling their fiduciary obligations which will eventually have an impact on the direction and pattern of the Malaysian corporate governance growth.

With increasing demand to incorporate the environmental, social and governance (ESG) considerations into investment strategies and decision making, institutional investors are now expected to place more emphasis in promoting effective stewardship through good corporate governance practices and sustainability culture to ensure delivery of sustainable long-term value.

Against the backdrop and rising importance of the sustainability vis-à-vis ESG agenda, the conference will explore to discuss and formulate resolutions in relations to the challenges and opportunities in major key areas.

Guests of honour at the event were the Securities Commission Malaysia executive chairman Datuk Seri Awang Adek Hussin and the then Finance Minister Senator Tengku Datuk Seri Zafrul Tengku Abdul Aziz.



## 2022 SUSTAINABLE INVESTMENT PLATFORM (SIP) ENGAGEMENTS

### Workshop 1:

27 April 2022

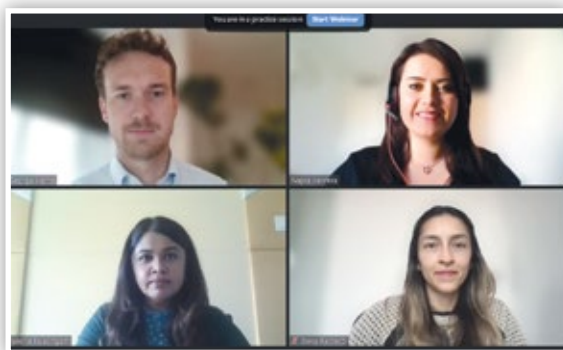
### PACTA: Measuring Investment Portfolio Alignment to Climate Scenarios

**THE** signing of the Paris Agreement has led to a growing number of climate-related risk analyses, methodologies and tools. One of these is the PACTA (Paris Agreement Capital Transition Assessment) portfolio alignment methodology which measures the short-term (mis)alignment of investment portfolios with <2°C scenarios and the related potential exposure of financial institutions in case of a disruptive transition.

Led by George Harris, Daisy Johana Pacheco Bernal, and Nayra Herrera Patiño, the webinar had deep dived into the main accounting principles of the methodology, the data used for the analysis, and the types of results that can be obtained through its implementation. This was the first from a series of four webinars aimed at discussing the practicalities of the methodology and its different use cases.

A collaboration between Capital Markets Malaysia and the Institutional Investors Council Malaysia, the Sustainable Investment Platform (SIP) was pleased to support 2° Investing Initiative (2DII), WWF-Malaysia and the UK PACT in the delivery of this series.

#### Registered Participants: 42



### Workshop 2:

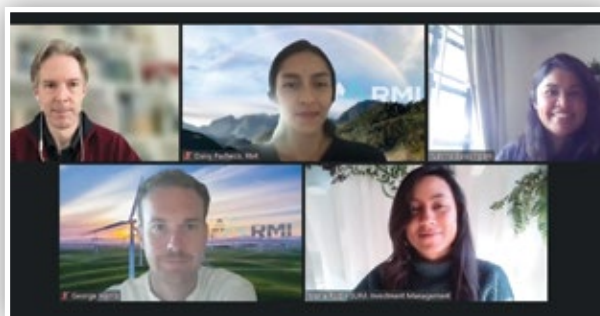
6 July 2022

### Fair Treatment, Worker Rights, Diversity and Inclusion

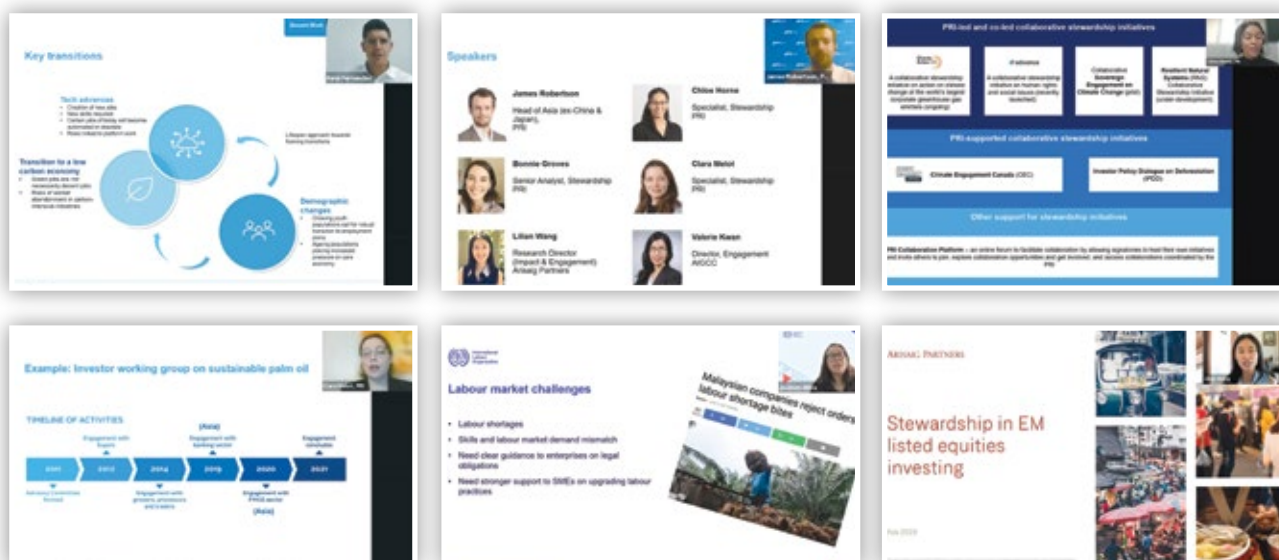
**THE** SIP brought a very timely webinar focusing on the social pillar of ESG by highlighting what investors need to know about responsible business practices within their investee companies and their respective supply chains.

At this workshop, subject matter experts from PRI (United Nations' Principles for Responsible Investment) and the International Labour Organization (ILO) discussed global standards and best practices on the fair treatment of workers, worker rights and diversity and inclusion.

#### Registered Participants: 109







### Workshop 3: 16 September 2022 PACTA Practical Implementation

**THIS** webinar focused on the practicalities of the PACTA methodology. It covered an explanation of the Capital Transition Monitor platform which embeds a free software that calculates the extent to which corporate capital expenditures and industrial assets behind a financed through equity, bond, or investment fund are aligned with various climate scenarios.

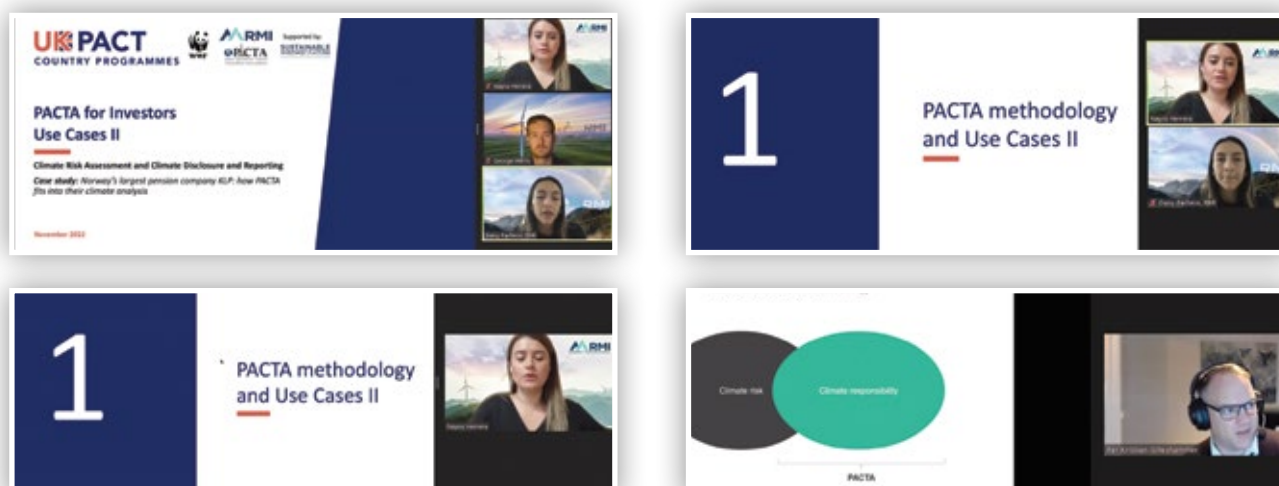
The explanation of the tool showed how it can be applied by asset owners, asset managers, retail investors, researchers or anyone with a list of ISINs.

The first-of-its-kind software taps into a vast climate-related financial database which covers more than 30,000 securities, 40,000 companies and 230,000 energy-related physical assets.

Since it was launched, more than 4,500 individuals from more than 3,000 institutions have used it to conduct over 18,000 tests with an average of 600+ tests per month. Overall, the total assets under management of financial institutions using the tools amounts to more than US\$106 tril.

This webinar was led by Daisy Pacheco, Associate at the PACTA team in the Rocky Mountain Institute (RMI) and is the second out of a series of four webinars in which the PACTA methodology was explained as well as its different use cases and some case studies.

### Registered Participants: 45



**Workshop 4:**  
**29 September 2022**  
**PACTA: Use Cases on Utilising Alignment Results**

**THE** signing of the Paris Agreement has led to a growing number of climate-related risk analyses, methodologies and tools. One of these is the PACTA portfolio alignment methodology which measures the short-term (mis)alignment of investment portfolios with <2°C scenarios, and the related potential exposure of financial institutions in case of a disruptive transition.

The focus of the webinar was to deep dive into the use cases of PACTA for investors seeking to use alignment results to design investment strategies and inform investor engagements.

A key highlight of the webinar was a case study on how one of the largest pension funds in Latin America has utilised PACTA to assess the overall alignment of their portfolios with various climate scenarios and with the Paris Agreement.

**Registered Participants: 105**

**Workshop 5**  
**23 November 2022**  
**PACTA for Investors**

**THE** signing of the Paris Agreement has led to a growing number of climate-related risk analyses, methodologies and tools.

One of these is the PACTA portfolio alignment methodology which measures the short-term (mis)alignment of investment portfolios with <2°C scenarios, and the related potential exposure of financial institutions in case of a disruptive transition.

The webinar dived deeply into the use cases of PACTA for investors seeking to use alignment results to design investment strategies and inform investor engagements.

A key highlight of the webinar was a case study on how Norway's largest pension companies, KIP, has utilised PACTA to assess the overall alignment of their portfolios with various climate scenarios and with the Paris Agreement.

**Registered Participants: 40**

**Workshop 6:**  
**25 November 2022**  
**Net Zero Goals for Institutional Investors, Asset Owners and Asset Managers**

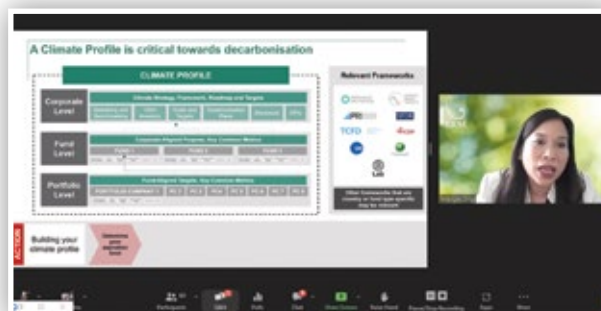
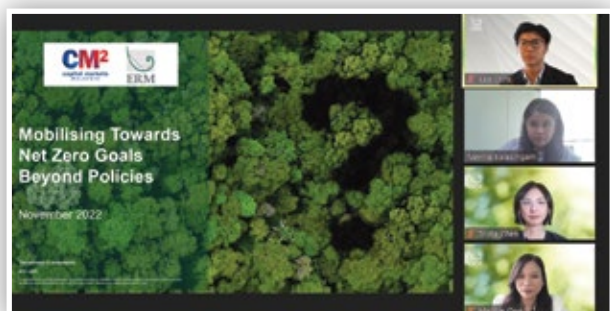
**THE** Sustainable Investment Platform organised a webinar designed to discuss net zero goals for asset owners, asset managers and institutional investors.

The sustainability conversation for institutional investors, asset owners and asset managers has moved beyond the need for sweeping policies and screening measures. Their far-reaching impact can now be well measured, planned and executed in contributing significantly towards reduced emissions in a low carbon economy.

Led by subject matter experts Trista Chen, Margie Ong and Kee Vern Lai from ERM, key discussion areas included:

- NetZero Goals: What are the latest regional developments among asset owners and asset managers?
- Beyond Policy Setting: How do asset owners manage their carbon footprint?
- Understanding Emissions: What are the key frameworks and how do we measure?

**Registered Participants: 95**



## MOVING FORWARD



**THE** Institutional Investors Council Malaysia (IICM) was formed on 3 July 2015 as an investor-led organisation following the launch of the Malaysian Code for Institutional Investors (MCII) on 27 June 2014.

The role played by the institutional investors has been recognised as critical in the governance ecosystem by the Securities Commission Malaysia (SC) and was encapsulated as one of the recommendations in the Corporate Governance Blueprint 2011.

The IIC is envisaged to play an important role to represent the common interests of institutional investors in Malaysia. This industry-led initiative will be a platform to shape and influence a wider sphere of corporate governance culture through, among others, the effective adoption of the MCII.

The IIC was formally established under the Societies Act 1966 on 29 December 2017.

In the last five years since our establishment, we have achieved the following:

- Grown from 14 to 29 members and one observer (the Minority Shareholders Watch Group or MSWG), representing a significant portion of the Malaysian assets under management industry (with over RM2 trillion in assets under management or more than 120% of Bursa Malaysia's market capitalisation);
- Released two (2) iterations of the Malaysian Code for Institutional Investors with 39 signatories to date;
- Increased awareness of the need for enhanced engagement between asset owners, institutional investors and their investee companies leading to better reporting disclosures;
- Increased collaborative efforts on governance and sustainability issues among our members;
- Increased the level of governance in public listed companies (PLCs) including and not limited to ensuring limitations of politically exposed persons (PEP) appointments to PLC boards and number of women on boards; and
- Put the climate change and Diversity and Inclusion (D&I) agenda on the forefront of our stewardship concerns among others.

The world has moved significantly towards a more transparent stakeholder economy in an increasing VUCA (volatility, uncertainty, complexity, and ambiguity) world.

In addition to this mix, there is the growing competitiveness of the global markets where 20 years ago, Malaysia's weighting in the MSCI Asia Pacific ex Japan index was 7% and now we only represent 1.7% in the same index.

In order for the Malaysian capital markets to remain a viable investment destination, the role of the IIC is made even more pertinent today. Our role should not only be focused towards increasing the level of corporate governance but also galvanise our membership to change capital market behaviour for the better.

In light of this, we will strongly support companies that have definitive plans on energy transition and a clear path to zero emission. We will continue advocating sustainability as our priority agenda.

Furthermore, we are looking to institutionalise the IIC to help the IIC realise its objective in enhancing Malaysia's corporate governance status and improving its attractiveness as an investment destination.

## REPORT OF THE TREASURER FOR THE FINANCIAL YEAR 2022

### FINANCIAL STATEMENTS

**THE** Council Board is responsible for the preparation and fair presentation of the financial statements of the Institutional Investors Council Malaysia (IIC) in accordance with the provisions of the Malaysian Financial Reporting Standards (MFRS), International Financial Reporting Standards (IFRS) and the requirements of the Societies Act 1966.

### FINANCIAL PERFORMANCE

**FOR** the Financial Year 2022, IIC recorded the total revenue of RM630,000 derived from joining and membership fees from its members, and from members' sponsorship for the Corporate Governance Conference held on 23 September 2022

During the financial year, IIC incurred operating expenditure amounting to RM407,036, which comprised mainly of event management and professional fees, particularly for adviser fee, secretarial services, external audit fees and tax compliance service fees.

On the overall, during its fifth year of operation, IIC generated a net surplus of RM222,964, and reported a cash balance of RM515,150 at the year end.

In this regard, to further broaden the revenue base, the Council Board will step up its effort to increase the number of members through the membership drive programme as well as through organising events on governance related matters and other revenue-generating activities.

Society No.

PPM-006-14-29122017

## INSTITUTIONAL INVESTORS COUNCIL MALAYSIA

(Registered under the Societies Act, 1966)

### REPORTS AND FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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Society No.

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## INSTITUTIONAL INVESTORS COUNCIL MALAYSIA

(Registered under the Societies Act, 1966)

### COUNCIL BOARD MEMBERS' REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

The Council Board Members hereby submit the report and the audited financial statements of the Institutional Investors Council Malaysia (the "Council") for the financial year ended 31 December 2022.

#### PRINCIPAL ACTIVITIES

The principal activities of the Council, which was formed on 3 July 2015, is to represent the interests of institutional investors on matters affecting them and to act as a conduit between policy makers, regulators and institutional investors in relation to broader corporate governance issues by providing vision and strategic direction in relation to the development of the Institutional Investors Council and future enhancement to the Malaysian Code for Institutional Investors ("MCII"). The Council also advocates, provides guidance and monitors the adoption of the MCII among institutional investors, encourages institutional investors to become signatories of the MCII as well as to be the platform to influence good corporate governance culture by public listed companies. The Council was formally established under the Societies Act 1966 on 29 December 2017.

#### FINANCIAL RESULTS

	RM
Net surplus for the financial year	<u>222,964</u>

#### COUNCIL BOARD MEMBERS

The Council Board Members who served the Council during the financial year and during the period from the end of the financial year to the date of the report are:

Rohaya Mohammad Yusof	Chairman
Nik Amlizan Mohamed	Vice Chairman
Lya Rahman	Secretary
<i>(Demised on 27 December 2022)</i>	
Rejina Rahim	Secretary
<i>(Appointed on 3 April 2023)</i>	
Husaini Bin Hussin	Treasurer
Rizal Rickman Ramli	Council Member
Mohamad Damshal bin Awang Damit	Council Member
Fong Choon Lian	Council Member
Muhammad Fitri bin Othman	Council Member
Suhana Dewi Selamat	Council Member
Raymond Tang Chee Kin	Council Member
Gerald Michael Ambrose	Council Member
Ismitz Matthew De Alwis	Council Member
Syhiful Zamri Abdul Aziz	Council Member
Munirah Khairuddin	Council Member
Mohd Farid Kamarudin	Council Member

Society No.

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## INSTITUTIONAL INVESTORS COUNCIL MALAYSIA

(Registered under the Societies Act, 1966)

### COUNCIL BOARD MEMBERS' REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

#### OTHER STATUTORY INFORMATION

- (a) Before the financial statements of the Council were prepared, the Council Board Members took reasonable steps:
  - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
  - (ii) to ensure that any current assets, which were unlikely to be realised in the ordinary course of business including the values of current assets as shown in the accounting records of the Council had been written down to an amount which the current assets might be expected so to realise.
- (b) At the date of this report, the Council Board Members are not aware of any circumstances:
  - (i) which would render the amounts written off for bad debts or the amount of the provision for doubtful debts inadequate to any substantial extent; or
  - (ii) which would render the values attributed to current assets in the financial statements of the Council misleading; or
  - (iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Council misleading or inappropriate.
- (c) At the date of this report:
  - (i) there are no charges on the assets of the Council which have arisen since the end of the financial year which secures the liabilities of any other person; and
  - (ii) there are no contingent liabilities in the Council which have arisen since the end of the financial year.
- (d) No contingent or other liability of the Council has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Council Board Members, will or may affect the ability of the Council to meet its obligations when they fall due.
- (e) At the date of this report, the Council Board Members are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Council which would render any amount stated in the respective financial statements misleading.
- (f) In the opinion of the Council Board Members:
  - (i) the results of the operations of the Council during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
  - (ii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Council for the financial year in which this report is made.

Society No.

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## INSTITUTIONAL INVESTORS COUNCIL MALAYSIA

(Registered under the Societies Act, 1966)

### COUNCIL BOARD MEMBERS' REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

#### AUDITORS' REMUNERATION

The amount of statutory audit fee amounted to RM5,000 for the financial period ended 31 December 2022.

#### AUDITORS

The auditors, PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146), have expressed their willingness to accept the appointment as auditors.

This report was approved by the Council Board Members on 21 June 2023. Signed on behalf of the Council Board Members:



ROHAYA MOHAMMAD YUSOF  
COUNCIL BOARD MEMBER



NIK AMLIZAN MOHAMED  
COUNCIL BOARD MEMBER

Kuala Lumpur

Society No.

PPM-006-14-29122017

## INSTITUTIONAL INVESTORS COUNCIL MALAYSIA

(Registered under the Societies Act, 1966)

STATEMENT OF COMPREHENSIVE INCOME  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	<u>Note</u>	<u>2022</u> RM	<u>2021</u> RM
REVENUE			
Joining fees		-	21,000
Membership fees		320,000	125,000
Contribution/Commission from events	3	310,000	-
Total revenue		<u>630,000</u>	<u>146,000</u>
LESS: EXPENSES			
Operating expenses	4	<u>(407,036)</u>	<u>(188,258)</u>
Total expenses		<u>(407,036)</u>	<u>(188,258)</u>
Surplus/(Deficit) before taxation		222,964	(42,258)
Tax expense	5	<u>-</u>	<u>-</u>
Net surplus/(deficit) for the financial year		<u><u>222,964</u></u>	<u><u>(42,258)</u></u>

Society No.

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## INSTITUTIONAL INVESTORS COUNCIL MALAYSIA

(Registered under the Societies Act, 1966)

STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2022

	<u>Note</u>	<u>2022</u> RM	<u>2021</u> RM
CURRENT ASSET			
Cash and cash equivalents		515,150	106,731
Receivables	6	20,000	-
		<u>535,150</u>	<u>106,731</u>
LESS: CURRENT LIABILITIES			
Payables	7	233,122	27,667
		<u>233,122</u>	<u>27,667</u>
NET ASSETS		<u>302,028</u>	<u>79,064</u>
FINANCED BY:			
Accumulated funds		<u>302,028</u>	<u>79,064</u>

Society No.

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## INSTITUTIONAL INVESTORS COUNCIL MALAYSIA

(Registered under the Societies Act, 1966)

STATEMENT OF CHANGES IN ACCUMULATED FUNDS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	<u>Total</u> RM
As at 1 January 2022	79,064
Net surplus for the financial year	222,964
	<hr/>
As at 31 December 2022	302,028
	<hr/> <hr/>
As at 1 January 2021	121,322
Net deficit for the financial year	(42,258)
	<hr/>
As at 31 December 2021	79,064
	<hr/> <hr/>



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## INSTITUTIONAL INVESTORS COUNCIL MALAYSIA

(Registered under the Societies Act, 1966)

STATEMENT OF CASH FLOWS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	<u>2022</u> RM	<u>2021</u> RM
Cash flows from operating activities		
Membership and Joining fees received	290,833	150,251
Contribution received	310,000	-
Payment for advisor fee	(109,600)	(76,500)
Payment for meeting expenses	(861)	(770)
Payment for professional expenses	(53,325)	(107,515)
Payment for ICGN membership	(6,352)	(3,237)
Payment for website maintenance	(2,800)	(2,800)
Payment for material and supplies	(1,757)	(2,888)
Payment for event management	(8,000)	-
Payment for rental expenses	(9,638)	-
Bank charges	(81)	(63)
Net cash flows generated from/(used in) from operating activities	<u>408,419</u>	<u>(43,522)</u>
Net increase/(decrease) in cash and cash equivalents	408,419	(43,522)
Cash and cash equivalents at the beginning of the financial year	<u>106,731</u>	<u>150,253</u>
Cash and cash equivalents at the end of the financial year	<u><u>515,150</u></u>	<u><u>106,731</u></u>

Society No.

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## INSTITUTIONAL INVESTORS COUNCIL MALAYSIA

(Registered under the Societies Act, 1966)

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

#### 1 GENERAL INFORMATION

The Council is incorporated and domiciled in Malaysia under the Societies Act 1966 on 29 December 2017.

The principal activities of the Council are to represent the interests of institutional investors on matters affecting them and to act as a conduit between policy makers, regulators and institutional investors in relation to broader corporate governance issues by providing vision and strategic direction in relation to the development of the Institutional Investors Council and future enhancement to the Malaysian Code for Institutional Investors ("MCII"). The Council also advocates, provides guidance and monitors the adoption of the MCII among institutional investors, encourages institutional investors to become signatories of the MCII as well as to be the platform to influence good corporate governance culture by public listed companies.

The address of the registered office of the Council is 11th Floor, Bangunan KWSP, No.3 Changkat Raja Chulan, Off Jalan Raja Chulan, 50200 Kuala Lumpur.

#### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Unless otherwise stated, the following accounting policies have been applied consistently in dealing with items that are considered material in relation to the financial statements.

##### (a) Basis of preparation of the financial statements

The financial statements of the Council have been prepared in accordance with the provisions of the Malaysian Financial Reporting Standards ("MFRS") and International Financial Reporting Standards ("IFRS").

The financial statements have been prepared under the historical cost convention, as modified by financial assets at fair value through profit or loss.

The financial statements are presented in Ringgit Malaysia ("RM"), unless otherwise stated.

The preparation of financial statements in conformity with MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period.

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## INSTITUTIONAL INVESTORS COUNCIL MALAYSIA

(Registered under the Societies Act, 1966)

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

#### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### (a) Basis of preparation of the financial statements (continued)

##### (i) Standards, amendments to published standards and interpretations that are effective

- Amendments to MFRS 3 ‘Reference to Conceptual Framework’ (effective 1 January 2022) replace the reference to Framework for Preparation and Presentation of Financial Statements with 2018 Conceptual Framework. The amendments did not change the current accounting for business combinations on acquisition date.

The amendments provide an exception for the recognition of liabilities and contingent liabilities should be in accordance with the principles of MFRS 137 ‘Provisions, contingent liabilities and contingent assets’ and IC Interpretation 21 ‘Levies’ when falls within their scope. It also clarifies that contingent assets should not be recognised at the acquisition date.

The amendments shall be applied prospectively.

- Amendments to MFRS 137 ‘Onerous Contracts—Cost of Fulfilling a Contract’ (effective 1 January 2022) clarify that direct costs of fulfilling a contract include both the incremental cost of fulfilling the contract as well as an allocation of other costs directly related to fulfilling contracts. The amendments also clarify that before recognising a separate provision for an onerous contract, impairment loss that has occurred on assets used in fulfilling the contract should be recognised.

These amendments had no impact on the amounts recognised in the current or prior period as the Council had not identified any contracts as being onerous.

- Amendments to MFRS 101 ‘Classification of Liabilities as Current or Non-current’ (effective 1 January 2023) clarify that a liability is classified as non-current if an entity has a substantive right at the end of the reporting period to defer settlement for at least 12 months after the reporting period. If the right to defer settlement of a liability is subject to the entity complying with specified conditions (for example, debt covenants), the right exists at the end of the reporting period only if the entity complies with those conditions at that date. The amendments further clarify that the entity must comply with the conditions at the end of the reporting period even if the lender does not test compliance until a later date.

The amendments shall be applied retrospectively but comparatives are not restated.

The adoption of the above standards, amendments to standards or interpretations did not have a material effect on the financial statements of the Council.

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## INSTITUTIONAL INVESTORS COUNCIL MALAYSIA

(Registered under the Societies Act, 1966)

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

## (a) Basis of preparation of the financial statements (continued)

## (ii) Standards and amendments that have been issued but not yet effective (continued)

- Amendments to MFRS 101 - Classification of liabilities as current or noncurrent (effective 1 January 2024) clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the entity's expectations or events after the reporting date (e.g. the receipt of a waiver or a breach of covenant).

In addition, the amendments clarify that when a liability could be settled by the transfer of an entity's own equity instruments (e.g. a conversion option in a convertible bond), conversion option meeting the definition of an equity instrument in MFRS 132 'Financial Instruments: Presentation' does not impact the current or non-current classification of the convertible instrument.

The amendments shall be applied retrospectively.

- Amendments to MFRS 101 - Non-current liabilities with covenants (effective 1 January 2024) specify that covenants of loan arrangements which an entity must comply with only after the reporting date would not affect classification of a liability as current or non-current at the reporting date. However, those covenants that an entity is required to comply with on or before the reporting date would affect classification of a liability as current or non-current, even if the covenant is only assessed after the reporting date.

The amendments shall be applied retrospectively.

The adoption of the above standards, amendments to standards or interpretations is not expected to have a material effect on the financial statements of the Council.

## (b) Financial instruments

## (i) Classification

The Council classifies its financial assets as those to be measured at amortised cost.

The Council classifies its financial assets based on both the Council's business model for managing those financial assets and the contractual cash flow characteristics of the financial assets.

The Council classifies cash and cash equivalents and receivables as financial assets at amortised cost as these financial assets are held to collect contractual cash flows consisting of the amount outstanding.

The Council classifies payables and provision of taxation as financial liabilities measured at amortised cost.

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## INSTITUTIONAL INVESTORS COUNCIL MALAYSIA

(Registered under the Societies Act, 1966)

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

#### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### (b) Financial instruments (continued)

##### (ii) Recognition and measurement

Financial liabilities, within the scope of MFRS 9, are recognised in the statement of financial position when, and only when, the Council becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Council has transferred substantially all risks and rewards of ownership.

Financial liabilities are derecognised when it is extinguished, i.e. when the obligation specified in the contract is discharged or cancelled or expired.

Financial assets at amortised cost and other financial liabilities are subsequently carried at amortised cost using the effective interest method.

##### (iii) Impairment

The Council measures credit risk and expected credit losses using probability of default and loss given default. Management considers both historical analysis and forward looking information in determining any expected credit loss. Management considers the probability of default to be close to zero as these instruments have a low risk of default and the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognised based on 12 month expected credit losses as any such impairment would be wholly insignificant to the Council.

##### Significant increase in credit risk

A significant increase in credit risk is defined by management as any contractual payment which is more than 30 days past due or a counterparty credit rating which has fallen below BBB/Baa.

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## INSTITUTIONAL INVESTORS COUNCIL MALAYSIA

(Registered under the Societies Act, 1966)

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

## (b) Financial instruments (continued)

## (iii) Impairment (continued)

Definition of default and credit-impaired financial assets

The Council defines a financial instrument as default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

- (i) Quantitative criteria:  
Any contractual payment which is more than 90 days past due is considered credit impaired.
- (ii) Qualitative criteria:  
The debtor meets unlikeliness to pay criteria, which indicates the debtor is in significant financial difficulty. The Fund considers the following instances:
  - the debtor is in breach of financial covenants
  - concessions have been made by the lender relating to the debtor's financial difficulty
  - it is becoming probable that the debtor will enter bankruptcy or other financial reorganisation
  - the debtor is insolvent

Write-off

The Council writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. The assessment of no reasonable expectation of recovery is based on unavailability of debtor's sources of income or assets to generate sufficient future cash flows to repay the amount. The Council may write-off financial assets that are still subject to enforcement activity. Subsequent recoveries of amounts previously written off will result in impairment gains. There are no write-offs/recoveries during the financial year.

## (c) Income Taxes

Current tax expense is determined according to Malaysian tax laws and includes all taxes based upon the taxable profits.

## (d) Cash and cash equivalents

Cash and cash equivalents consist of cash at bank.

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## INSTITUTIONAL INVESTORS COUNCIL MALAYSIA

(Registered under the Societies Act, 1966)

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

#### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### (e) Payables

Payables are recognised initially at fair value and subsequently measured at amortised cost using effective interest method.

##### (f) Revenue Recognition

The Council recognises revenue when the amount of revenue can be reliably measured, and when it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Council's activities as described below.

##### (i) Joining fees

Joining fees are recognised upon approval of admission to the Council by the Council Board of which the fees are based on the size of Asset Under Management ("AUM") of the approved member as stipulated in the Constitution.

##### (ii) Membership fees

Annual subscription on fees charged to all members are recognised on an accrual basis. Such fees are determined by the Council Board as stipulated in the Constitution.

##### (iii) Contribution/Commission from event fees

Income earned from contribution made by any of the members of the Council and income received from the Council's activities and events are recognised when such income received.



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## INSTITUTIONAL INVESTORS COUNCIL MALAYSIA

(Registered under the Societies Act, 1966)

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

## 3 CONTRIBUTION/COMMISSION FROM EVENTS

	<u>2022</u> RM	<u>2021</u> RM
Contribution from IIC-SIDC Governance	310,000	-
	<u>310,000</u>	<u>-</u>

## 4 OPERATING EXPENSES

	<u>2022</u> RM	<u>2021</u> RM
Tax agent fee	2,500	2,500
Audit fee	5,000	5,000
Secretariat Fee #	41,757	84,000
Material & Supplies	2,152	2,888
Adviser Fee *	156,800	77,000
Preparation of the IIC Annual Report	12,500	10,000
IGCN Membership	6,352	3,237
Other operating expenses	3,808	3,633
Event management	165,175	-
Office rental expenses	10,992	-
	<u>407,036</u>	<u>188,258</u>

# MSWG being one of the members of the Council, provides basic secretariat services to the Council at pre-agreed terms between both parties. The arrangement was mutually ended by 31 March 2022.

\* Adviser fee paid to the advisor of the Council who was re-appointed on 1 March 2022 which was approved by the Council Board Members.

## 5 TAXATION

The Council was established for the purpose of represent the interests of institutional investors on matters affecting them and to act as a conduit between policy makers, regulators and institutional investors in relation to broader corporate governance issues by providing vision and strategic direction in relation to the development of the Institutional Investors Council and future enhancement to the MCII. Pursuant to the subsection 53A(2) of the Income Tax Act 1967, income arising from the transaction with members is not subject to taxation.

The Council's income for financial year ended 31 December 2022 and 31 December 2021 is not subject to taxation, as they arise from transactions with members.

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## INSTITUTIONAL INVESTORS COUNCIL MALAYSIA

(Registered under the Societies Act, 1966)

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

6	RECEIVABLES		
		<u>2022</u>	<u>2021</u>
		RM	RM
	Membership fee receivable	20,000	-
		<u>          </u>	<u>          </u>
7	PAYABLES		
		<u>2022</u>	<u>2021</u>
		RM	RM
	Professional fees payable	17,500	18,500
	Other payable*	215,622	9,167
		<u>          </u>	<u>          </u>
		233,122	27,667
		<u>          </u>	<u>          </u>

\* Includes membership fees received in advance of nil. (2021: RM9,167).

## 8 AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

The financial statements have been authorised for issue in accordance with a resolution of the Council Board Members on 21 June 2023.

Society No.

PPM-006-14-29122017

## INSTITUTIONAL INVESTORS COUNCIL MALAYSIA

(Registered under the Societies Act, 1966)

## STATEMENT BY COUNCIL BOARD MEMBERS

We, Rohaya Mohammad Yusof and Nik Amlizan Mohamed, two of the Council Board Members of Institutional Investors Council Malaysia, do hereby state that, in the opinion of the Council Board Members, the accompanying financial statements set out on pages 4 to 15 are drawn up so as to give a true and fair view of the financial position of the Council as at 31 December 2022 and financial performance of the Council for the financial year ended 31 December 2022 in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirement of the Societies Act, 1966 in Malaysia.

Signed on behalf of the Council Board Members in accordance with a resolution of the Council dated 21 June 2023.



ROHAYA MOHAMMAD YUSOF  
COUNCIL BOARD MEMBER



NIK AMLIZAN MOHAMED  
COUNCIL BOARD MEMBER

Kuala Lumpur

## STATUTORY DECLARATION BY TREASURER

I, Husaini Bin Hussin, being the Officer primarily responsible for the financial management of Institutional Investors Council Malaysia, do solemnly and sincerely declare that the financial statements set out on pages 4 to 15 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.



HUSAINI BIN HUSSIN

Petaling Jaya Selangor

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur, Malaysia on 21 June 2023.

Before me,



COMMISSIONER FOR OATHS

No. 21A, 1st floor,  
Jalan SS8/12,  
Kelana Jaya,  
47301 Petaling Jaya,  
Selangor Darul Ehsan.



**INDEPENDENT AUDITORS' REPORT**  
**TO THE MEMBERS OF THE INSTITUTIONAL INVESTORS COUNCIL MALAYSIA**  
 (Registered under the Societies Act, 1966)  
 (Society No. PPM-006-14-29122017)

**REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

**Our opinion**

In our opinion, the financial statements of Institutional Investors Council Malaysia ("the Council") give a true and fair view of the financial position of the Council as at 31 December 2022, and of its financial performance and its cash flows for the financial year ended 31 December 2022 in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Societies Act, 1966 in Malaysia.

**What we have audited**

We have audited the financial statements of the Council, which comprise the statement of financial position as at 31 December 2022, and the statement of comprehensive income, statement of changes in accumulated funds and statement of cash flows for the financial year ended 31 December 2022, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 4 to 15.

**Basis for opinion**

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the "Auditors' responsibilities for the audit of the financial statements" section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

***Independence and other ethical responsibilities***

We are independent of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

*PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146), Chartered Accountants, Level 10, Menara TH 1 Sentral, Jalan Rakyat, Kuala Lumpur Sentral, P.O. Box 10192, 50706 Kuala Lumpur, Malaysia  
 T: +60 (3) 2173 1188, F: +60 (3) 2173 1288, [www.pwc.com/my](http://www.pwc.com/my)*



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**TO THE MEMBERS OF THE INSTITUTIONAL INVESTORS COUNCIL MALAYSIA**  
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**REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)**

**Information other than the financial statements and auditors' report thereon**

The Council Board Members are responsible for the other information. The other information comprises Council Board Members' Report, but does not include the financial statements of the Council and our auditors' report thereon.

Our opinion on the financial statements of the Council does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Council, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Council or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Responsibilities of the Council Board Members for the financial statements**

The Council Board Members are responsible for the preparation of the financial statements of the Council that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Societies Act, 1966 in Malaysia. The Council Board Members is also responsible for such internal control as the Council Board Members determine is necessary to enable the preparation of financial statements of the Council that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Council, the Council Board Members are responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Council Board Members either intend to liquidate the Council or to cease operations, or have no realistic alternative but to do so.



**INDEPENDENT AUDITORS' REPORT**  
**TO THE MEMBERS OF THE INSTITUTIONAL INVESTORS COUNCIL MALAYSIA**  
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**REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)**

**Auditors' responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements of the Council as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- (a) Identify and assess the risks of material misstatement of the financial statements of the Council, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council Board Members.
- (d) Conclude on the appropriateness of the Council Board Members' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Council's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Council or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Council to cease to continue as a going concern.
- (e) Evaluate the overall presentation, structure and content of the financial statements of the Council, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



INDEPENDENT AUDITORS' REPORT  
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REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Auditors' responsibilities for the audit of the financial statements (continued)

We communicate with the Council Board Members regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

OTHER MATTERS

This report is made solely to the members of the Council, as a body, in accordance with the Societies Act, 1966 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

A handwritten signature in black ink, appearing to read 'PricewaterhouseCoopers PLT'.

PRICEWATERHOUSECOOPERS PLT  
LLP0014401-LCA & AF 1146  
Chartered Accountants

A handwritten signature in black ink, appearing to read 'Kelvin'.

LEE TZE WOON KELVIN  
03482/01/2024 J  
Chartered Accountant

Kuala Lumpur  
21 June 2023



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**INSTITUTIONAL INVESTORS COUNCIL MALAYSIA SECRETARIAT**

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