

PERNYATAAN TADBIR URUS KORPORAT

STATEMENT ON
CORPORATE GOVERNANCE



SEBAGAI PEMEGANG AMANAH, LEMBAGA SENTIASA MENGUTAMAKAN INTEGRITI, KETELUSAN DAN PROFESIONALISME SEBAGAI PEGANGAN ASAS DALAM MENJALANKAN TANGGUNGJAWABNYA KEPADA AHLI. SEHUBUNGAN INI, LEMBAGA MENGAKUI BAHAWA AMALAN TADBIR URUS KORPORAT YANG BAIK ADALAH ASAS BAGI MENUNAIKAN TANGGUNGJAWABNYA. SUNGGUHPUN KOD TADBIR URUS KORPORAT MALAYSIA ADALAH TERPAKAI UNTUK SYARIKAT-SYARIKAT YANG TERSENARAI DI BURSA MALAYSIA, NAMUN LEMBAGA PERCAYA DENGAN MENERIMA PAKAI INTI PATI KOD INI IA BOLEH MEMACU KWSP KE ARAH KECEMERLANGAN. LEMBAGA JUGA PERCAYA DENGAN MENERIMA PAKAI KOD INI KEYAKINAN PEMEGANG KEPENTINGAN KWSP AKAN MENINGKAT TERHADAP ORGANISASI INI.

As a trustee, the Board has always emphasised integrity, transparency and professionalism as fundamental part of discharging the Board's responsibilities to members. In this regard, the Board acknowledges that good corporate governance practice is essential to execute its responsibilities. Although the Corporate Governance Code is directed towards those corporations subjected to Bursa Malaysia's Rules and Regulations, the Board believed that the adoption of the essence of the Code will drive the EPF towards excellence and boost stakeholders' confidence in the organisation.

MENERAJUI BADAN PEMEGANG SAHAM MINORITI (BPSM)

Lembaga KWSP telah memainkan peranan utama dalam penubuhan BPSM yang bertujuan untuk meningkatkan kecergasan di kalangan pemegang saham minoriti dengan menggalakkan amalan-amalan korporat yang baik di kalangan syarikat yang tersenarai di Bursa Malaysia. Sebagai peneraju Badan ini, Lembaga KWSP sendiri terlebih dahulu hendaklah mematuhi amalan-amalan terbaik yang termaktub di dalam Kod Tadbir Urus Korporat Malaysia.

LEMBAGA DAN PANEL PELABURAN

Tugas Utama dan Tanggungjawab Lembaga

Lembaga mempunyai beberapa tugas yang khusus seperti mengawal selia pelaksanaan kerja-kerja operasi dengan lancar dan betul, mengenal pasti bidang-bidang berisiko dan mengambil langkah-langkah yang sesuai untuk mengurus risiko tersebut serta mengkaji semula keutuhan dan kesempurnaan sistem kawalan dalaman dari semasa ke semasa.

Selain Lembaga, di bawah Akta KWSP 1991 peruntukan bagi penubuhan Panel Pelaburan yang menetapkan hala tuju strategik bagi semua perkara berkaitan dengan pelaburan KWSP. Ia menentukan dan meluluskan polisi serta panduan pelaburan, polisi risiko kawalan, peruntukan pelaburan dan hala tuju strategik pelaburan.

STEWARING MINORITY SHAREHOLDERS WATCHDOG BODY (MSWB)

The EPF Board had played an important role in the formation of the MSWB. The main objective of the Body is to enhance shareholders activism by promoting best practices amongst listed entities in the Bursa Malaysia. As a pioneer of the MSWB, it is only befitting that the EPF Board itself adheres to best practices enshrined in the Malaysia Code on Corporate Governance.

THE BOARD AND INVESTMENT PANEL

Main Duties and Responsibilities of the Board

The Board assumes a number of specific tasks such as overseeing the proper conduct of operations, identifying principle risks areas and ensuring the proper implementation of appropriate systems to manage these risks as well as reviewing the adequacy and integrity of the internal control systems.

Beside the Board, the EPF Act 1991 also provides for the establishment of an Investment Panel to provide strategic directions on investment matters. It determines and approves investment guidelines, policies on risk control, asset allocation and strategic direction on investment.

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Pelantikan Ahli Lembaga dan Panel Pelaburan

Menteri Kewangan adalah pihak berkuasa yang melantik semua ahli Lembaga dan Panel Pelaburan termasuk Ketua Pegawai Eksekutif. Dalam menjalankan tanggungjawab ini, Menteri hanya melantik mereka yang terbukti mempunyai rekod yang baik dari segi integriti, kebolehan dan kebolehpercayaan supaya mereka dapat menjalankan tanggungjawab dan obligasi terhadap KWSP secara berkesan. Tempoh pelantikan mereka adalah selama dua tahun dan Menteri akan menilai semula prestasi dan kecekapan mereka secara individu dan keseluruhan.

Komposisi Keahlian Lembaga dan Panel Pelaburan

Lembaga KWSP terdiri daripada 18 orang ahli yang tidak mempunyai kuasa eksekutif kecuali Ketua Pegawai Eksekutif. Selain Pengerusi dan Ketua Pegawai Eksekutif, keahlian Lembaga terdiri daripada empat wakil pekerja, empat wakil majikan dan lima wakil kerajaan. Selain itu, Lembaga juga mempunyai tiga wakil yang mempunyai kemahiran dalam bidang perniagaan, kewangan dan ekonomi. Ini bertujuan untuk meningkatkan kewibawaan Lembaga, memastikan kebebasan Lembaga dan membolehkan Lembaga menerima nasihat yang profesional dan objektif.

Panel Pelaburan pula diketuai oleh seorang Pengerusi dan mempunyai wakil daripada Bank Negara, Kementerian Kewangan dan tiga orang pakar kewangan. Pada masa ini, Pengerusi Panel Pelaburan adalah juga Pengerusi Lembaga. Ketua Pegawai Eksekutif menganggotai Panel Pelaburan sebagai ahli ex-officio. Komposisi keahlian Lembaga dan Panel Pelaburan ini menunjukkan Lembaga dan Panel Pelaburan dianggotai oleh ahli daripada pelbagai latar belakang yang membolehkan mereka melaksanakan tanggungjawab mereka dengan berkesan.

Jawatan Pengerusi dan Ketua Pegawai Eksekutif

Jawatan Pengerusi dan Ketua Pegawai Eksekutif adalah berasingan dan diisi oleh dua individu yang berlainan. Pengasingan fungsi dan tanggungjawab bagi kedua-dua jawatan tersebut adalah bagi memastikan keseimbangan kuasa dan autoriti serta kuasa tidak tertumpu pada seorang sahaja. Lembaga adalah bertanggungjawab terhadap keberkesanan keseluruhan organisasi. Ketua Pegawai Eksekutif dan Pengurusan Kanan pula adalah bertanggungjawab terhadap keseluruhan pentadbiran harian.

MESYUARAT LEMBAGA DAN PANEL PELABURAN

Lembaga bermesyuarat dua bulan sekali untuk mempertimbangkan, mengkaji semula, menilai polisi dan strategi serta memantau prestasi Pengurusan. Sepanjang tahun 2006, Lembaga telah bermesyuarat sebanyak lapan kali. Panel Pelaburan pula bermesyuarat dua minggu sekali untuk mempertimbang dan meluluskan perakuan pelaburan. Pada tahun ini, Panel Pelaburan telah bermesyuarat sebanyak lapan belas kali. Selaras dengan Kod Tadbir Urus Korporat, seseorang Ahli Lembaga atau Panel Pelaburan itu hendaklah menghadiri sekurang-kurangnya 50 peratus daripada mesyuarat yang diadakan. Berikut adalah butir-butir kehadiran mesyuarat Ahli Lembaga dan Panel Pelaburan:

Appointment To The Board and The Investment Panel

Board Members and the Investment Panel as well as the Chief Executive Officer are appointed by the Finance Minister. In exercising this task, the Minister appoints only those who have proven track record of integrity, ability and reliability to undertake the obligations with utmost diligence. Appointments are for a period of two years, the Minister of Finance will review the attributes and core competencies of the Board and Panel members and evaluate their performance individually and as a whole.

Composition of the Board and Investment Panel

There are 18 members sitting on the Board of EPF, all with non-executive powers except the Chief Executive Officer. Beside the Chairman and Chief Executive Officer, the Board's composition has representations from its stakeholders, that is, four employees' representatives, four employers' representatives and five representing the Government. To add credence and independence to the Board as well as to give the necessary professional advice, three Board members from the business, finance and economics background had been included.

The Investment Panel, headed by the Chairman of the EPF Board, has a representative from the Bank Negara, the Ministry of Finance and three independent financial experts. The Chief Executive Officer is the ex-officio board member. Members of the Board together with the Investment Panel, therefore, are from a wide spectrum of experience providing competence and strength in discharging their duties effectively.

The Position of the Chairman and Chief Executive Officer

The positions of the Chairman and the Chief Executive Officer are held by two different persons. The functions and the division of responsibilities were separated to ensure balance of power and authority, so that there will not be concentration of power in one person. Whilst the Board assumes the overall responsibility to lead and control the organisation, the day to day operations is the responsibility of the Chief Executive Officer and Senior Management.

THE BOARD AND INVESTMENT PANEL MEETINGS

The Board meets bimonthly to deliberate, review, evaluate policies and strategies, and monitor the performance of the Management. For the year 2006, the Board had held eight meetings. The Investment Panel meets fortnightly to deliberate and approve applications, proposals and recommendations with regard to investment. During the year, eighteen Panel meetings were held. In line with the Corporate Governance Code, the Board and Panel members are required to attend at least 50 per cent of the meetings held. Details of members' attendance at meetings are as follows:

KEHADIRAN AHLI LEMBAGA • ATTENDANCE OF BOARD MEMBERS

Jumlah mesyuarat yang telah diadakan ialah 8 kali • Total number of meetings held was 8

NAMA • NAME	KEHADIRAN • ATTENDANCE
1. Y.BHG. TAN SRI ABDUL HALIM B. ALI	8/8
Wakil Kerajaan • Government Representatives	
2. Y.BHG. DATO' DR. WAN ABDUL AZIZ WAN ABDULLAH	3/8
ENCIK IBRAHIM MAHALUDDIN (Mulai/From 1.6.2005) (Silih Ganti / <i>Alternate</i>)	1/8
3. Y.BHG. DATUK DR. P. MANOGRAN	2/5
Y.BHG. DATO' THOMAS GEORGE A/L M.S. GEORGE	2/2
ENCIK AZMI MOHD SANI (Mulai/From 1.5.2005) (Silih Ganti / <i>Alternate</i>)	-
ENCIK MOHD AZMAN ABDUL MUBIN (Mulai / From 13.5.2006) (Lantikan Baru / <i>Newly Appointed</i>)	-
4. Y.BHG. TAN SRI ISMAIL ADAM	3/8
Y.BHG. DATUK ABDUL WAHAB MULAJAT	-
Y.BHG. DATUK AB. KHALIL AB. HAMID (Mulai / From 26.1.2006) (Lantikan Baru / <i>Newly Appointed</i>)	1/1
5. Y.B. DATUK AMAR HJ. ABDUL AZIZ HJ. HUSAIN	1/8
Y.BHG. DATU ABDUL GHAFUR SHARIFF (Silih Ganti / <i>Alternate</i>)	4/8
6. Y.BHG. DATUK HJ. SUKARTI WAKIMAN	5/8
TUAN HJ. MASOOD HJ. SALLEH (Silih Ganti / <i>Alternate</i>)	2/8
Wakil Majikan • Employers Representatives	
7. TUAN HJ. MD. JAFAR ABDUL CARRIM	8/8
8. Y.BHG. DATUK HJ. AHMAD ALI LOPE ABDUL AZIZ	8/8
9. Y.BHG. DATUK MUSTAFA MANSUR	8/8
10. TUAN HJ. MAHMUD MOHD NOR	8/8
Wakil Pekerja • Employees Representatives	
11. TUAN SYED SHAHIR SYED MOHAMUD	7/8
12. Y.BHG. DATO' NORDIN ABDUL HAMID	5/6
ENCIK AHMAD SHAH MOHD ZIN (Mulai / From 23.10.2006) (Lantikan Baru / <i>Newly Appointed</i>)	2/2
13. ENCIK ANDREW LO KIAN NYAN	6/8
14. ENCIK ISMAIL YUSUF	8/8
Wakil Profesional • Professionals Representatives	
15. ENCIK CHEAH TEK KUANG	8/8
16. Y.BHG. DATO' MOHAMMED AZLAN HASHIM	7/8
17. Y.BHG. PROF. DATUK DR. ISMAIL MD. SALLEH	5/8
Ex-Officio	
18. Y.BHG. DATUK AZLAN ZAINOL	8/8

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KEHADIRAN AHLI PANEL PELABURAN • ATTENDANCE OF INVESTMENT PANEL MEMBERS
Jumlah mesyuarat yang telah diadakan ialah 18 kali • Total number of meetings held was 18

NAMA • NAME	KEHADIRAN • ATTENDANCE
1. Y.BHG. TAN SRI ABDUL HALIM ALI (Pengerusi / <i>Chairman</i>)	18/18
2. Y.BHG. DATO' DR. WAN ABDUL AZIZ WAN ABDULLAH	9/18
3. Y.BHG. DATO' MOHD RAZIF ABD. KADIR	12/18
4. Y.BHG. DATUK AMIRSHAM ABD. AZIZ	11/18
5. Y.BHG. DATO' MOHAMMED NAZIR ABDUL RAZAK	12/18
6. Y.BHG. DATUK MOHD HASHIM HASSAN	12/18
7. Y.BHG. DATUK AZLAN ZAINOL	18/18

Pemberian Maklumat Kepada Lembaga

Semua Ahli Lembaga diberikan laporan dan cadangan lengkap mengenai perkara yang akan dibincangkan sebelum mereka menghadiri mesyuarat. Ini bertujuan membolehkan mereka mempertimbangkan perkara-perkara yang perlu dibincangkan dalam mesyuarat terlebih dahulu sebelum mesyuarat diadakan. Antara perkara yang penting dikemukakan kepada Lembaga untuk kelulusan ialah belanjawan tahunan dan perancangan strategik KWSP. Selain itu, Lembaga juga diberikan laporan rutin dan statistik penting berkaitan dengan pentadbiran dan pelaburan, penyata akaun bulanan, minit mesyuarat Jawatankuasa-jawatankuasa Lembaga dan lain-lain. Jika perlu, Lembaga boleh mendapatkan nasihat profesional yang bebas untuk melaksanakan tanggungjawabnya.

JAWATANKUASA LEMBAGA

Bagi memastikan Lembaga menunaikan tanggungjawabnya dengan cekap, Lembaga telah menubuhkan beberapa Jawatankuasa untuk mengawal selia perjalanan organisasi. Setiap Jawatankuasa menjalankan tugasnya berdasarkan terma rujukan yang jelas. Berikut adalah butir-butir kehadiran Ahli Jawatankuasa Lembaga pada tahun 2006 bersama terma rujukan mereka:

Supply of Information to the Board

All members of the Board will be provided with comprehensive reports, and proposals before Board meetings. This is to enable Board members to study and review the matters to be discussed. Among important recommendations tabled to the Board for approval are, the annual budget and strategic plan of EPF. Apart from this, the Board is also supplied with routine reports and important statistics on administration and investment, monthly accounts, minutes of Board Committees' meetings and others. Further, the Board can seek independent professional advice should the need arises.

BOARD COMMITTEES

To ensure the efficient discharge of its duties, the Board had formed various committees to oversee specific matters pertaining to the running of the organisation and each committee operates within clearly defined terms of reference. The Board's committees, their terms of reference and attendance of their meetings for 2006 are as follows:

KEHADIRAN AHLI MESYUARAT JAWATANKUASA AUDIT LEMBAGA •
ATTENDANCE OF MEETINGS OF BOARD AUDIT COMMITTEE

Jumlah mesyuarat yang telah diadakan ialah 7 kali • Total number of meetings held was 7

NAMA • NAME	KEHADIRAN • ATTENDANCE
1. TUAN HJ. MD. JAFAR ABDUL CARRIM (Pengerusi / <i>Chairman</i>)	7/7
2. Y.BHG. DATUK DR. P. MANOGRAN (Timbalan Pengerusi / <i>Vice Chairman</i>) Y.BHG. DATO' THOMAS GEORGE A/L M.S. GEORGE (Timbalan Pengerusi / <i>Vice Chairman</i>)(Mulai / <i>From</i> 26.06.2006)(Lantikan Baru / <i>Newly Appointed</i>)	0/3 0/0
3. Y.BHG. DATUK MUSTAFA MANSUR	3/7
4. Y.BHG. DATUK HJ. AHMAD ALI LOPE ABDUL AZIZ	7/7
5. ENCIK ANDREW LO KIAN NYAN	6/7
6. ENCIK ISMAIL YUSUF	7/7
7. Y.BHG. PROF. DATUK DR. ISMAIL MD. SALLEH	3/7
8. Y.BHG. DATUK AZLAN ZAINOL	7/7

KEHADIRAN AHLI MESYUARAT JAWATANKUASA KEWANGAN & PEMBANGUNAN •
ATTENDANCE OF MEETINGS OF FINANCE & DEVELOPMENT COMMITTEE

Jumlah mesyuarat yang telah diadakan ialah 7 kali • Total number of meetings held was 7

NAMA • NAME	KEHADIRAN • ATTENDANCE
1. Y.BHG. TAN SRI ABDUL HALIM ALI (Pengerusi / <i>Chairman</i>)	7/7
2. Y.BHG. DATO' DR. WAN ABDUL AZIZ WAN ABDULLAH	4/7
3. Y.B. DATUK AMAR HJ. ABDUL AZIZ HJ. HUSAIN Y.BHG. DATU ABDUL GHAFUR SHARIFF (Silih Ganti / <i>Alternate</i>)	2/7 3/7
4. TUAN HJ. MD. JAFAR ABDUL CARRIM	7/7
5. Y.BHG. DATUK MUSTAFA MANSUR	5/7
6. TUAN SYED SHAHIR SYED MOHAMUD	5/7
7. ENCIK ANDREW LO KIAN NYAN	5/7
8. ENCIK CHEAH TEK KUANG	6/7
9. Y.BHG. DATO' MOHAMMED AZLAN HASHIM	7/7
10. Y.BHG. DATUK AZLAN ZAINOL	7/7

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KEHADIRAN AHLI MESYUARAT JAWATANKUASA PERJAWATAN, PELANTIKAN & PERKHIDMATAN •
ATTENDANCE OF MEETINGS OF BOARD ESTABLISHMENT, APPOINTMENT AND SERVICE COMMITTEE
Jumlah mesyuarat yang telah diadakan ialah 3 kali • Total number of meetings held was 3

NAMA • NAME	KEHADIRAN • ATTENDANCE
1. Y.BHG. TAN SRI ISMAIL ADAM (Pengerusi / <i>Chairman</i>)	3/3
2. Y.BHG. DATUK HJ. SUKARTI WAKIMAN (Timbalan Pengerusi / <i>Vice Chairman</i>)	0/3
3. Y.B. DATUK AMAR HJ. ABDUL AZIZ HJ. HUSAIN Y.BHG. DATU ABDUL GHAFUR SHARIFF (Silih Ganti / <i>Alternate</i>)	1/3 1/3
4. Y.BHG. DATUK MUSTAFA MANSUR	2/3
5. TUAN HJ. MAHMUD MOHD NOR	1/3
6. Y.BHG. DATO' NORDIN ABDUL HAMID ENCIK AHMAD SHAH MOHD ZIN (Mulai / <i>From</i> 23.10.2006) (Lantikan Baru / <i>Newly Appointed</i>)	3/3 -
7. ENCIK ISMAIL YUSUF	3/3
8. Y.BHG. PROF DATUK DR. ISMAIL MD. SALLEH	0/3
9. Y.BHG. DATUK AZLAN ZAINOL	2/3

KEHADIRAN AHLI MESYUARAT JAWATANKUASA TATATERTIB LEMBAGA •
ATTENDANCE OF MEETINGS OF BOARD DISCIPLINARY COMMITTEE
Jumlah mesyuarat yang telah diadakan ialah 2 kali • Total number of meetings held was 2

NAMA • NAME	KEHADIRAN • ATTENDANCE
1. Y.BHG. DATUK DR. P. MANOGRAN (Pengerusi / <i>Chairman</i>) Y.BHG. DATO' THOMAS GEORGE A/L M.S. GEORGE (Pengerusi / <i>Chairman</i>)	1/2
2. Y.BHG. DATUK HJ. SUKARTI WAKIMAN (Timbalan Pengerusi / <i>Vice Chairman</i>)	1/2
3. Y.BHG. DATUK HJ. AHMAD ALI LOPE ABDUL AZIZ	2/2
4. TUAN SYED SHAHIR SYED MOHAMUD	2/2
5. Y.BHG. DATO' MOHAMMED AZLAN HASHIM	2/2
6. Y.BHG. DATUK AZLAN ZAINOL	2/2

KEHADIRAN AHLI-AHLI JAWATANKUASA PENGURUSAN RISIKO LEMBAGA •
ATTENDANCE OF MEETINGS OF BOARD RISK MANAGEMENT

Jumlah mesyuarat yang telah diadakan ialah 5 kali • Total number of meetings held was 5

NAMA • NAME	KEHADIRAN • ATTENDANCE
1. ENCIK CHEAH TEK KUANG (Pengerusi / <i>Chairman</i>)	5/5
2. Y.BHG. DATUK HJ. SUKARTI WAKIMAN	3/5
3. TUAN HJ. MAHMUD MOHD NOR	5/5
4. TUAN SYED SHAHIR SYED MOHAMUD	4/5
5. Y. BHG. DATUK AZLAN ZAINOL	5/5

KEHADIRAN AHLI-AHLI JAWATANKUASA LEMBAGA PENGURUSAN PRESTASI •

ATTENDANCE OF MEETINGS OF BOARD PERFORMANCE MANAGEMENT COMMITTEE

Jumlah mesyuarat yang telah diadakan ialah 2 kali • Total number of meetings held was 2

NAMA • NAME	KEHADIRAN • ATTENDANCE
1. Y. BHG. TAN SRI ISMAIL ADAM (Pengerusi / <i>Chairman</i>)	2/2
2. TUAN HJ. MD JAFAR ABDUL CARRIM	2/2
3. TUAN SYED SHAHIR SYED MOHAMUD	2/2
4. Y. BHG. DATO' MOHAMMED AZLAN HASHIM	2/2
5. Y. BHG. DATUK AZLAN ZAINOL	2/2

KEHADIRAN AHLI-AHLI JAWATANKUASA RISIKO PANEL PELABURAN •

ATTENDANCE OF MEETINGS OF INVESTMENT PANEL RISK MANAGEMENT COMMITTEE

Jumlah mesyuarat yang telah diadakan ialah 3 kali • Total number of meetings held was 3

NAMA • NAME	KEHADIRAN • ATTENDANCE
1. Y. BHG. DATUK MOHAMMED NAZIR ABDUL RAZAK (Pengerusi / <i>Chairman</i>)	3/3
2. Y. BHG. DATO' MOHD RAZIF ABD. KADIR	3/3
3. Y. BHG. DATUK AZLAN ZAINOL	3/3

JAWATANKUASA LEMBAGA: TERMA RUJUKAN

Jawatankuasa Audit

Jawatankuasa ini bertanggungjawab untuk membantu Lembaga menilai keberkesanan Jabatan Audit Dalam. Selain itu, Jawatankuasa ini juga menilai keberkesanan dan kecukupan polisi operasi dan sistem kawalan dalaman termasuk polisi perakaunan, prosedur kewangan dan pengurusan akaun.

Jawatankuasa Kewangan dan Pembangunan

Jawatankuasa ini bertanggungjawab terhadap perkara-perkara berkaitan dengan perolehan aset, pelupusan harta Lembaga dan pelantikan pakar runding untuk pembangunan harta Lembaga. Selain itu, Jawatankuasa ini juga bertanggungjawab terhadap perkara berkaitan dengan kewangan termasuk pembukaan akaun bank, kawalan perbelanjaan dan belanjawan.

Jawatankuasa Perjawatan, Pelantikan dan Perkhidmatan

Jawatankuasa ini adalah bertanggungjawab terhadap perkara-perkara berkaitan dengan pewujudan jawatan dalam organisasi, terma syarat perkhidmatan, struktur gaji, perantikan pegawai atau perkhidmatan Lembaga dan perkara-perkara lain yang berkaitan.

Jawatankuasa Tatatertib

Jawatankuasa ini bertanggungjawab berhubung dengan tindakan tatatertib termasuk tindakan buang kerja dan turun pangkat terhadap pegawai dan pekhidmat Lembaga.

Jawatankuasa Kenaikan Pangkat

Bertanggungjawab terhadap perkara-perkara yang berkaitan dengan kenaikan pangkat pegawai-pegawai dan pekhidmat Lembaga.

BAYARAN HONORARIUM / ELAUN KEHADIRAN AHLI LEMBAGA DAN PANEL PELABURAN

Ahli Lembaga menerima elaun honorarium tetap sebanyak RM1,400.00 sebulan. Manakala, Ahli Lembaga Silih Ganti pula menerima elaun kehadiran mesyuarat sebanyak RM400.00 setiap kali mereka menghadiri Mesyuarat Lembaga dan RM250.00 setiap kali menghadiri Mesyuarat Jawatankuasa Lembaga. Ahli Panel Pelaburan dibayar elaun tetap RM1,000.00 setiap bulan dan bagi Ahli Panel Pelaburan yang juga menjadi Ahli Lembaga, dibayar elaun kehadiran mesyuarat sebanyak RM400.00 setiap kali menghadiri mesyuarat. Pengerusi Mesyuarat Jawatankuasa pula menerima elaun Pengerusi sebanyak RM500.00 setiap kali mereka mempengerusikan mesyuarat.

BOARD COMMITTEES: TERMS OF REFERENCE

Audit Committee

The Committee is responsible to assist the Board in assessing the effectiveness of the Internal Audit Department. In addition, the Committee also evaluates the adequacy and effectiveness of operations policies, internal control system, which includes accounting policies, financial procedures and management of account.

Finance and Development Committee

The Committee is responsible to the acquiring and disposing of assets and properties of the Board and in appointing consultants for the development of the Board's properties. In addition, the Committee also deals with financial matters which includes opening of bank account, control of expenses and annual budget.

Establishment, Appointment and Service Committee

The Committee is responsible to deal with matters related to the establishment of positions in the organisation, terms and conditions of service, salary structure of the offices and servants of the Board and other related matters.

Disciplinary Committee

The Disciplinary Committee is the disciplinary authority of the Board in respect officers and servants, which includes dismissal and demotion of officers and servants of the Board.

Promotion Committee

The Committee is responsible for matters relating to the promotion of the officers and servants of the Board.

PAYMENT OF HONORARIUM AND ATTENDANCE ALLOWANCE OF BOARD AND INVESTMENT PANEL MEMBERS

The Board members receive a monthly fixed honorarium payment of RM1,400.00 and the alternate Board members receive an attendance allowance of RM400.00 for every meeting that they attended and RM250.00 for every committee meeting they attended. The Investment Panel members receive a monthly fixed honorarium of RM1,000.00 while Investment Panel members who are also Board members receive attendance allowance of RM400.00 for every meeting they attended. The Chairman of board committees receives a Chairman allowance of RM500.00 for every meeting chaired.

BAYARAN ELAUN HONORARIUM DAN ELAUN KEHADIRAN MESYUARAT •
HONORARIUM AND ATTENDANCE ALLOWANCE

NAMA NAME	ELAUN TETAP FIXED ALLOWANCE	←---- ELAUN/ALLOWANCE ----→			KEHADIRAN MESYUARAT J/KUASA/ COMMITTEE MEETINGS ATTENDANCE	JUMLAH/ TOTAL (RM)
		KEHADIRAN AHLI LEMBAGA KE PANEL PELABURAN/ INVESTMENT PANEL BOARD MEMBERS ATTENDANCE	PENGERUSI MESYUARAT/ CHAIRMAN OF MEETING			
1. Ahli Lembaga/Board Members	272,000.00	3,600.00	10,000.00	21,500.00	307,100.00	
2. Silih Ganti/Alternate Members	-	-	-	1,150.00	1,150.00	
3. Panel Pelaburan/Investment Panel	48,900.00	-	-	-	48,900.00	
JUMLAH/TOTAL	320,900.00	3,600.00	10,000.00	22,650.00	357,150.00	

EMOLUMEN PENGURUSAN TERTINGGI •
TOP MANAGEMENT'S EMOLUMENT

JAWATAN/POSITION	GAJI TAHUNAN/ANNUAL SALARY
Ketua Pegawai Eksekutif/Timbalan Ketua Pegawai Eksekutif (Pembangunan Organisasi)/ Timbalan Ketua Pegawai Eksekutif (Pelaburan) Chief Executive Officer/Deputy Chief Officer (Organisational Development)/ Deputy Executive Officer (Investment)	RM1,284,164.00

KOMUNIKASI DENGAN PEMEGANG KEPENTINGAN

Lembaga mengakui ia perlu bersikap telus dengan pemegang kepentingan khususnya ahli. Semua maklumat yang perlu mereka ketahui serta perkembangan penting yang berkaitan dengan liabiliti mencarum, pengeluaran dan manfaat, prosedur, saluran perkhidmatan baru serta perkara-perkara lain yang berkaitan sentiasa dimaklumkan kepada ahli dari semasa ke semasa.

KWSP sebagai institusi pelaburan yang terbesar di Malaysia, seperti tahun yang sebelumnya, telah mengadakan sesi taklimat dengan syarikat-syarikat yang KWSP memegang saham yang substantial. Pada tahun 2006, KWSP telah mengadakan 34 lawatan syarikat. KWSP juga telah menghadiri serta mengundi secara cergas dalam 180 Mesyuarat Agung Tahunan dan 92 Mesyuarat Agung Luar Biasa. Pada masa yang sama, KWSP telah membangkitkan beberapa isu serta telah membantah terhadap beberapa resolusi berkaitan dengan tadbir urus korporat, elaun pengarah, pemilihan pengarah, pemerolehan dan penggabungan, polisi dividen, pembelian semua saham dan skim pilihan saham pekerja.

Seperti pada tahun 2006, KWSP terus memainkan peranan aktif sebagai pelabur portfolio dengan mengekalkan wakilnya dalam Lembaga Pengarah syarikat-syarikat yang tersenarai dan yang tidak tersenarai. Sehingga 31 Disember 2006, KWSP mempunyai wakilnya dalam Lembaga Pengarah 15 syarikat yang tersenarai.

STAKEHOLDERS COMMUNICATION

The Board acknowledges the need to be transparent to its stakeholders particularly members. All major developments and material information such as changes in liability to contribute, withdrawals and benefits, procedures, new service delivery channels and other related matters are communicated to its members on a regular basis.

As the biggest institutional investor in Malaysia, the EPF as in the previous year, had held dialogue with companies the EPF held substantial stocks. In 2006, the Fund had visited 34 companies. Beside this, the EPF also attended and voted actively in 180 Annual General Meetings and 92 Extraordinary Annual General Meetings of these companies. The EPF also raised concerns and voted against a number of resolutions in the AGMs and EGMs of these companies including matters pertaining to corporate governance, directors remuneration, election of directors, mergers/acquisitions, dividend policy, share buy-back and employees share option scheme.

As in 2006, the EPF continued with its approach of a more active portfolio investor by maintaining its nominees on the Board of listed and unlisted companies. As at 31 December 2006, the Board had nominees in 15 listed companies.

KEBERTANGGUNGJAWABAN DAN PENGAUDITAN

KWSP sebagai sebuah badan berkanun adalah dikehendaki untuk mengemukakan akaunnya kepada Pejabat Ketua Audit Negara bagi tujuan pengauditan setiap tahun sebelum dibentangkan di Parlimen. Lembaga juga menentukan rekod perakaunan dinyatakan dengan ketepatan yang berpatutan mengenai kedudukan kewangan organisasi untuk memberi pandangan berhubung status KWSP setakat akhir tahun kewangan yang benar dan saksama berdasarkan standard perakaunan yang diguna pakai.

Berhubung dengan kawalan dalaman, Lembaga telah mengambil langkah-langkah yang perlu untuk mengelak dan mengesan penipuan dan penyelewengan. Antaranya ialah pewujudan Jabatan Pengurusan Risiko bertujuan membantu Pengurusan melaksanakan sistem kawalan dalaman yang berkesan. Pada masa yang sama, ia juga telah menyediakan rangka kerja tadbir urus risiko untuk membolehkan Pengurusan memantau fungsi-fungsi yang kritikal serta mengesan dan mengurangkan risiko yang terlibat untuk melaksanakan fungsi tersebut. Di peringkat ini, Lembaga berpendapat bahawa kawalan dalaman yang telah diwujudkan di KWSP adalah mantap dan berkesan. Bagaimanapun, kajian semula semua prosedur kawalannya akan diteruskan bagi memastikan keberkesanan dan kesempurnaan sistem yang sedia ada.

ACCOUNTABILITY AND AUDIT

As a Statutory Body, the EPF is required to submit its accounts to be audited by the Auditor General's Office every year before it is tabled at the Parliament for adoption. The Board had taken appropriate steps to present a clear and balanced assessment of its consolidated financial position through the annual financial statements in the Annual Report. The Board also ensures that the accounting records disclosed with reasonable accuracy on the financial position of the organisation to give a true and fair view of the state of affairs of EPF at the end of the financial year based on applicable accounting standards.

In connection with internal controls, the Board took necessary steps to prevent and detect fraud and other irregularities in order to safeguard its assets. Among them were the establishment of a Risk Management Department to assist the Management in its effective implementation of an internal control system, providing a management framework and monitoring of critical areas, which is designed to identify and mitigate risks. At this juncture, the Board is of the view that the systems of internal controls being instituted throughout the organisation are sound and effective. Notwithstanding this, reviews of all control procedures will be continuously carried out to ensure the ongoing effectiveness and adequacy of the system.



PERNYATAAN KAWALAN DALAMAN STATEMENT ON INTERNAL CONTROL

TANGGUNGJAWAB

Lembaga mengakui bahawa KWSP adalah bertanggungjawab terhadap sistem kawalan dalaman dan rangka kerja pengurusan risiko operasinya. Tujuan sistem kawalan dalaman KWSP bukanlah untuk menghapus risiko sebaliknya adalah untuk mengurus risiko berkaitan dengan pencapaian polisi dan matlamat organisasi. Oleh itu, sistem kawalan dalaman hanya dapat memberikan jaminan keberkesanan organisasi yang munasabah dan bukan secara mutlak.

CIRI-CIRI UTAMA KAWALAN DALAMAN

Berikut adalah ciri-ciri utama kawalan dalaman yang sedia ada di KWSP:

- Terma rujukan yang jelas yang menggariskan peranan dan tanggungjawab semua Jawatankuasa Lembaga dan Panel Pelaburan.
- Struktur organisasi KWSP yang mempunyai panduan yang jelas mengenai kebertanggungjawaban, penurunan kuasa dan tanggungjawab di semua peringkat urusan perniagaan organisasi. Pengurusan juga tertakluk kepada panduan polisi dan had penurunan kuasa dalam melaksanakan operasi harian, pelaburan, perolehan dan pelupusan aset.

RESPONSIBILITY

The Board acknowledges that it is responsible for the EPF's system of internal controls and operational risk management framework. The system of internal controls is designed to manage rather than to eliminate all risk of failure in achieving the organisation's policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness.

KEY ELEMENTS OF INTERNAL CONTROL

The key elements of internal controls that are in place in EPF include the following:

- Clearly defined terms of reference that outlines the role and responsibilities of all committees of the Board and Investment Panel.
- Organisation structure with clearly defined lines of accountability, delegation of responsibility and levels of authorisation for all aspects of the business. There are policy guidelines and delegated authority limits imposed on management in respect of day-to-day operations, investments, acquisitions and disposal of assets.

PERNYATAAN KAWALAN DALAMAN STATEMENT ON INTERNAL CONTROL

- Mesyuarat Jawatankuasa Pengurusan diadakan secara berkala untuk mengenal pasti, membincang dan memutuskan isu-isu utama pengurusan, operasi, kewangan dan pelaburan. Lazimnya, Lembaga dan Panel Pelaburan menerima dan mengkaji semula laporan daripada Pengurusan. Terma rujukan Lembaga dan Panel Pelaburan serta Jawatankuasa Lembaga berkaitan dicatatkan dalam Penyataan Tadbir Urus Korporat.
- Pelan perniagaan dan belanjawan tahunan adalah disediakan oleh unit-unit operasi dan dikaji semula oleh Jawatankuasa Pengurusan yang berkaitan dan Lembaga meluluskannya. KWSP mempunyai proses pelan perniagaan dan belanjawan tahunan yang terperinci dan formal yang mengambil kira matlamat jangka pendek dan jangka sederhana organisasi.
- Panduan yang teratur mengenai pengambilan dan pemecatan kakitangan, program latihan kakitangan, penilaian prestasi tahunan dan prosedur-prosedur lain yang relevan bagi memastikan kakitangan adalah kompeten dan mempunyai latihan mencukupi untuk melaksanakan tugas dan tanggungjawab mereka.
- Dokumentasi polisi dan prosedur yang jelas bagi memastikan pematuhan terhadap kawalan dalaman seperti pengasingan peranan dan tanggungjawab, penyemakan secara bebas pengesahan proses, kawalan capaian sistem dan lain-lain yang dikemaskinikan dari semasa ke semasa.
- Fungsi audit dalaman yang secara bebas melakukan penilaian terhadap kecukupan dan keutuhan sistem kawalan dalaman. Fungsi audit dalaman mengkaji semula sistem kawalan dalaman terhadap aktiviti-aktiviti utama perniagaan KWSP berdasarkan pelan audit dalam tahunan. Jawatankuasa Audit Lembaga meluluskan pelan tahunan audit dalaman.
- Dokumen Polisi Keselamatan Komunikasi dan Teknologi Maklumat yang mengariskan dasar-dasar dan prosedur yang perlu bagi memastikan kerahsiaan, keutuhan dan ketersediaan maklumat, data serta aplikasinya dalam organisasi.
- Rangka kerja Pengurusan Risiko Operasi bagi membantu pengurusan dan pemilik risiko mengenal pasti, menilai dan mengkaji semula risiko-risiko penting serta menilai kecukupan kawalan dalaman bagi mengurangkan risiko. Fungsi pengurusan risiko operasi juga menyokong Jawatankuasa Lembaga Pengurusan Risiko dalam mengawasi aktiviti-aktiviti pengurusan risiko di KWSP. Pemilik risiko dan kawalan juga memberikan pengesahan digital berhubung dengan keberkesanan risiko dan kawalan milik mereka.
- Management committee meetings are held on a regular basis to identify, discuss and resolve operational, financial, investment and key management issues. The Board and Investment Panel, receive and review reports from management on a regular basis. The conduct of the Board and Investment Panel and their respective committees for the year are noted in the Statement on Corporate Governance.
- Annual business plans and budgets are prepared by the operating units, reviewed by the relevant management committees and approved by the Board. There is a detailed and formalised annual business and budget planning process in place that looks at both the immediate and medium-term objectives of the organisation.
- Proper guidelines within the organisation for hiring and termination of staff, formal staff training programmes, annual performance appraisals and other relevant procedures are in place to ensure that staff are competent and adequately trained in carrying out their responsibilities.
- Clearly documented policies and procedures to ensure compliance with internal controls such as segregation of duties, independent checks and verification processes, system access controls and are updated from time to time.
- An internal audit function that provides an independent assessment on the adequacy and integrity of the system of internal controls. The internal audit function reviews the internal controls in the key activities of EPF's businesses based on the annual internal audit plan, which is presented to the Board Audit Committee for approval.
- A Documented ICT Security Policy, which outlines the necessary policies and procedures to ensure confidentiality, integrity and availability of information, data and application within the organisation.
- An operational risk management ("ORM") function that facilitates the Management and risk owners to identify, assess and review significant risks as well as assess the adequacy of internal controls to mitigate it. The ORM function also supports the Board Risk Management Committee in overseeing risk management activities of EPF. Risks and controls owners also provide digital assurance on the effective management of risks and controls under their ownership.



PERANCANGAN MASA DEPAN

KWSP akan menguji Program Kesenambungan Perniagaan pada tahun 2007 bagi memastikan KWSP dapat bertindak secara berkesan terhadap gangguan operasi dan memulihkan aktiviti operasi utama dalam tempoh masa yang ditetapkan bagi meminimumkan kos kerosakan akibat gangguan operasi yang disebabkan oleh bencana.

Jabatan Audit Dalam telah melaksanakan pengauditan berdasarkan risiko selaras dengan pembangunan sistem pengurusan risiko yang dijangka selesai pada akhir tahun 2007. Selaras dengan amalan terbaik pengauditan berdasarkan risiko, Jabatan Audit Dalam akan memastikan aktiviti-aktiviti operasi yang berisiko tinggi akan diaudit secara terperinci dan menyeluruh bagi menjamin keberkesanan munasabah sistem kawalan dalaman yang sedia ada.

KESIMPULAN

Lembaga adalah yakin bahawa sistem kawalan dalaman KWSP adalah mantap dan mencukupi bagi melindungi kepentingan ahli. Kajian semula Lembaga terhadap keberkesanan kawalan dalaman adalah disokong oleh:

- Jawatankuasa Lembaga Pengurusan Risiko bermesyuarat sekurang-kurangnya empat kali setahun untuk mengawasi aktiviti pengurusan risiko KWSP.
- Jawatankuasa Audit Lembaga bermesyuarat sekurang-kurangnya empat kali setahun untuk mengkaji semula penemuan dan perakuan yang dikemukakan oleh juruaudit dalaman dan juruaudit kerajaan; dan
- Pejabat Ketua Audit Negara memberikan sijil audit tahunan terhadap akaun kewangan dan laporan pengurusan.

Penyataan ini adalah dibuat berdasarkan resolusi semua ahli Lembaga bertarikh 26 Mac 2007.

FUTURE DEVELOPMENTS

EPF will test its Business Continuity Programme in 2007 to ensure it could effectively respond to business disruptions and resume essential operations within the required timeframes to minimise cost of damage and interruptions to its operations from the effects of disasters.

The Internal Audit Department has implemented risk based auditing, in tandem with the development of the corporate risk system which is anticipated to complete by the end of 2007. In line with the implementation of risk based auditing as a best practice, Internal Audit Department will ensure that higher risk operational activities are audited more comprehensively to provide reasonable assurance on the effectiveness of the current internal control system in place.

CONCLUSION

The Board is assured that the system of internal controls in place within EPF is sound and sufficient to safeguard the interests of members. The Board's review of the effectiveness of the system of internal controls is supported by:

- The Board Risk Management Committee which meets at the minimum four times a year to oversee risk management activities of EPF;
- The Board Audit Committee which meets at the minimum four times a year and reviews the findings and recommendations of the internal and government auditor; and
- The Auditor General's Office via the annual audit certificate on the financial accounts and management reports.

This statement is made in accordance with the resolution of the members of the Board dated 26 March 2007.



PERNYATAAN PENGURUSAN RISIKO PELABURAN

STATEMENT ON INVESTMENT RISK MANAGEMENT

TANGGUNGJAWAB

Berdasarkan Sekyen 18(1) Akta Kumpulan Wang Simpanan Pekerja 1991, Panel Pelaburan adalah bertanggungjawab terhadap perkara-perkara berkaitan dengan pelaburan KWSP dan ia sedar akan tanggungjawabnya terhadap rangka pengurusan risiko pelaburan. Rangka pengurusan risiko ini bukan bertujuan menghapuskan risiko salah nyata atau kerugian yang dialami dalam melaksanakan polisi dan matlamat pelaburan organisasi. Oleh itu, ia hanya dapat memberikan jaminan yang munasabah terhadap keberkesanan organisasi dan bukan secara mutlak.

RANGKA KERJA PENGURUSAN RISIKO PELABURAN

Sungguhpun KWSP mempunyai polisi dan prosedur serta penurunan had kuasa tadbir urus proses pelaburan, Pengurusan dan Panel Pelaburan mengakui bahawa KWSP memerlukan rangka kerja pengurusan risiko yang menyeluruh selaras dengan standard industri kewangan. Pada tahun 2004, KWSP telah melantik perunding bagi membantu Jabatan Pengurusan Risiko untuk membangunkan rangka kerja Pengurusan risiko kredit dan pasaran. Rangka kerja pengurusan risiko menggariskan perakuan berkaitan dengan struktur tadbir urus risiko, pengukuran risiko dan risiko kaedah peruntukan modal serta polisi risiko termasuk proses dan had. Pelaksanaan rangka kerja pengurusan risiko telah selesai pada bulan Jun 2006.

RESPONSIBILITY

In accordance with Section 18(1) of the Employees Provident Fund Act 1991, the Investment Panel is responsible for matters pertaining to the investments of the Fund; and it acknowledges responsibility for the investment risk management framework. The framework is designed to manage rather than to eliminate the risk of mis-statement or loss in carrying out the organisation's investment policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness.

INVESTMENT RISK MANAGEMENT FRAMEWORK

While there exist policies, procedures and limits that govern the investment process, the Management and Investment Panel recognised the need for a more comprehensive investment risk management framework, that is, in line with standards in the financial industry. In 2004, the EPF had appointed a consultant to assist the Risk Management Department in the development of such a framework, with emphasis on market and credit risk. The investment risk framework outlines recommendations for a risk governance structure, risk measurement and risk capital allocation methodologies, and risk policies, processes and limits. The implementation of the framework was completed in June 2006.

Struktur tadbir urus risiko pelaburan telah ditingkatkan dengan penubuhan Jawatankuasa Risiko Panel Pelaburan yang terdiri daripada tiga orang ahli Panel Pelaburan. Jawatankuasa Risiko Panel Pelaburan ini bertanggungjawab untuk mengawasi pengurusan risiko berkaitan dengan membuat keputusan pelaburan KWSP. Jawatankuasa Risiko Pengurusan yang dipengerusikan oleh Ketua Pegawai Eksekutif bertanggungjawab untuk mentadbir aktiviti pengurusan risiko harian dan membantu Jawatankuasa Risiko Panel Pelaburan. Selain itu, terdapat juga satu bahagian khas yang ditempatkan di Jabatan Pengurusan Risiko yang mengukur, memantau dan melaporkan secara bebas mengenai risiko pelaburan KWSP untuk pertimbangan Pengurusan dan Jawatankuasa Risiko Panel Pelaburan.

Pernyataan tahap risiko yang boleh diterima yang diluluskan oleh Panel Pelaburan secara umumnya menggariskan tahap risiko yang boleh diterima oleh KWSP dan ini menjadi asas bagi pendekatan peruntukan dana yang diterima pakai oleh KWSP. Pernyataan ini juga menjadi garis panduan bagi mentadbir batasan risiko yang ditetapkan bagi semua peruntukan pelaburan.

Jawatankuasa Risiko Panel Pelaburan telah mewujudkan beberapa polisi dan had bagi memastikan penetapan tahap risiko yang berpatutan bagi setiap peruntukan pelaburan. Selain itu, bagi mengukuhkan pengukuran risiko bersistemik, Sistem Pengurusan Risiko Pasaran dan Model Portfolio Kredit telah diadakan.

Panel Pelaburan menerusi Jawatankuasa Risiko Panel Pelaburan mengkaji semula dari semasa ke semasa pengukuran risiko dan kaedah peruntukan model risiko, polisi-polisi yang berkaitan dengan risiko serta semua proses dan had bagi memastikan keberkesanan yang berterusan.

KESIMPULAN

Panel Pelaburan yakin bahawa amalan pengurusan risiko pelaburan di KWSP adalah mantap dan memadai untuk melindungi pelaburan KWSP. Hasil kajian semula Panel Pelaburan terhadap keberkesanan Rangka Kerja Pengurusan Risiko Pelaburan KWSP adalah disokong oleh Jawatankuasa Risiko Panel Pelaburan yang bermesyuarat sekurang-kurangnya empat kali setahun untuk mengkaji semula risiko dan laporan pematuhannya daripada Seksyen Risiko Pelaburan.

Penyataan ini adalah dibuat berdasarkan resolusi semua ahli Panel Pelaburan bertarikh 19 Mac 2007.

The investment risk governance structure was enhanced with the formation of an Investment Panel Risk Committee comprising three members from the Investment Panel. This committee of the Investment Panel is responsible for overseeing risk management in making EPF's investment decisions. A Management Risk Committee, chaired by the CEO, is responsible for administering the day-to-day risk management activities and assists the Investment Panel Risk Committee. There is also a dedicated Investment Risk Management Division, within the Risk Management Department, that provides independent measurement, monitoring and reporting of EPF's investment risk exposures for the review of Management and the Investment Panel Risk Committee.

The Risk Appetite Statements approved by the Investment Panel, broadly outline the level of risks that EPF is willing to tolerate and form the basis for the top-down funds allocation approach adopted by EPF. The statements also governs the risk limits set for various asset classes.

The Investment Panel Risk Committee has put in place various policies and limits to ensure the appropriate amount of risks are assigned to each asset class. To complement the policies and limits, Market risks Management System and a Credit Portfolio Model are installed to ensure the risks are systematically measured.

The Investment Panel through the Investment Panel Risk Committee regularly reviews the risk measurement and risk capital allocation methodologies, risk policies, processes and limits to ensure their continued effectiveness.

CONCLUSION

The Investment Panel is assured that the investment risk management practices in place within EPF are sound and sufficient to safeguard the investments of the EPF. The Investment Panel's review of the effectiveness of the investment risk management framework is supported by the Investment Panel Risk Committee, which meets at the minimum four times a year and reviews risk and compliance reports from the Investment Risk Section.

This statement is made in accordance with the resolution of the members of the Investment Panel dated 19 March 2007.