



STATEMENT OF COMPLIANCE WITH **THE MALAYSIAN CODE OF INSTITUTIONAL INVESTORS (MCII)**

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INTRODUCTION

The Malaysian Code for Institutional Investors (MCII) was jointly launched by the Securities Commission Malaysia (SC) and Minority Shareholders Watch Group (MSWG) on 27 June 2014. This initiative was one of the recommendations of the Corporate Governance (CG) Blueprint 2011 by the SC for the formulation of an industry-driven code that is expected to strengthen the accountability of institutional investors towards their members and investors. The Code is a voluntary code which sets out the broad principles of effective stewardship by institutional investors, followed by guidance to help institutional investors understand and implement the principles.



ABOUT *LTAT*

Lembaga Tabung Angkatan Tentera (LTAT), established in August 1972 by the Tabung Angkatan Tentera Act 1973 (Act 101), is a government statutory body that provides benefits for officers and members of other ranks of the Malaysian Armed Forces (MAF) and volunteer forces to save for their retirement. The fund is currently managing close to RM9.7 billion of Asset Under Management (AUM) as of April 2021, with an investment portfolio spanning across various industries such as property development, plantation, pharmaceutical, banking, financial trading as well as heavy industries.

On 6 July 2020, the LTAT Board approved the proposal for LTAT to become a signatory of the MCII. This step towards early adoption of the MCII would be an affirmation of LTAT's commitment towards meeting all criteria as contained in the Code with the objective of achieving long-term sustainable investment returns and championing good corporate governance practices.

In line with LTAT's aspiration towards becoming a world class retirement fund by adopting a six (6) pillar transformation plan, it aims to strengthen corporate governance, provide sustainable and competitive investment returns, improve its service quality, improve the infrastructure of LTAT, and put in place an effective succession plan through a more comprehensive talent management programme.

We, at LTAT, declare our compliance to the Code and below are our approaches to the Six (6) Principles of the Code:



PRINCIPLE 1

DISCLOSING POLICIES ON STEWARDSHIP



LTAT is administered by the LTAT Board which shall be responsible for its administration and management as mandated by the Tabung Angkatan Tentera Act 1973 (Act 101). We seek to achieve long term sustainable growth to provide optimum returns to contributors within acceptable risk tolerance limits, as guided by its Strategic Asset Allocation framework as approved by the Board.

The Board, on the advice of the Investment Panel, is responsible for all matters pertaining to the investments of LTAT which is subject to the general policy provided under Section 15(1) of Tabung Angkatan Tentera Act 1973 (Act 101). The board also has adopted LTAT's Investment Policy and Guidelines, whereby all investment matters are presented at the management level through investment committee meetings and approved by the Investment Panel for recommendation to LTAT Board.

LTAT invests its funds into a portfolio of diversified asset classes comprising fixed-income instruments such as bonds and debt securities, private and public equities, money market instruments and real estate. LTAT has a commitment to adhere to disciplined corporate governance structures as well as structured investment procedures and approval processes.

The investment performance is evaluated at least quarterly and analysed relative to the target returns and the benchmark indices and reported to the Investment Committee, Investment Panel and the Board. The suitability of the respective benchmarks for each asset class and at the total fund level shall be reviewed from time to time in accordance with the investment objective.

LTAT appoints external fund managers (EFM) that exhibit superior professional management, with proven track records, robust risk management and internal controls and strong ethical behaviors. The selection criteria of EFMs are based on the quality of investment philosophies and processes, experience of the organisation and the team, consistency of financial performance as well as the organisation and board structure.

The EFMs essentially complement our existing internal capabilities, bolstering our funds' returns in certain asset classes where internal resources and skills are limited. In addition, their expertise can be used as an indicator or benchmark for performance.

PRINCIPLE 2

MONITORING INVESTEE COMPANIES



LTAT believes that monitoring is an integral component of the investment process. A structured and continuous approach to monitor the investee companies is essential to ensure good corporate governance practice is always upheld.

Guided by LTAT's internal Investment Policy and Guidelines, the monitoring process includes active involvement by our investment team, encompassing the following:



KEEP TRACK

Keeping track of the investee company's financial results at least on a quarterly basis with proper benchmarking against industry peers



INTERACTION

Regular interaction with the company's Management via meetings and site visits to keep abreast of the company's operations, overall development, and future plans

ENHANCED MONITORING

For investee companies in which LTAT holds strategic or substantial stakes, enhanced monitoring, and alignment of interest via Nominee Directors on the Board to participate in strategic matters



PRINCIPLE 3

ENGAGING INVESTEE COMPANIES



LTAT believes that a clear engagement strategy and process will facilitate a meaningful and effective dialogue with investee companies, help address company-specific issues and raise any concerns that may impact the long-term value of our investments. We conduct periodic meetings and engagement sessions with the Board, the management team and our nominee Directors as well as conduct company visits on a regular basis.



The nature of the engagements undertaken throughout the year includes quarterly report analysis, attending general meetings, brokers and analyst briefings, bilateral meetings with management and frequent interactions with other substantial shareholders. In undertaking these engagements, due care is exercised by LTAT to ensure that all engagements are in accordance with the relevant rules and regulations.

PRINCIPLE 4

MANAGING CONFLICT OF INTEREST

LTAT strives to create a culture of ethics and trust to avoid, mitigate and control any potential conflicts of interest that may arise while conducting investment activities. We believe that the key to successfully managing conflicts of interest is setting the right tone at the top and establishment of adequate policies. We are cognizant that conflicts of interest present a source of risk to the attainment of our vision and mission.

We are committed to protect the best interests of our contributors by ensuring all key initiatives and policies to manage conflicts of interest are publicly disclosed in LTAT's annual report and website:



DECLARATION OF INTEREST

LTAT requires declaration of interest by the Board to ensure that individuals included in the investment decision-making process are free from any influences either external, personal, or fiduciary.



CHINESE WALL POLICY

LTAT manages the flow of confidential price sensitive information arising from activities of the Investment Division and ensures actions or work is performed in a proper and orderly manner through implementation of Chinese Wall Policy and Procedures.



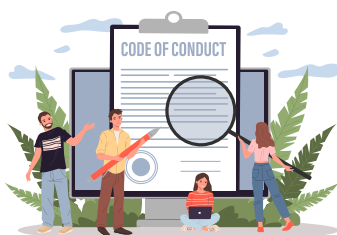
NO GIFT POLICY

LTAT establishes No Gift Policy to avoid situations which may influence the staff's judgment in their decision-making process or put the staffs in a position of conflict or obligation.



LETTER OF UNDERTAKING

LTAT assures that all staff abide by all conditions of employment and fulfil the job obligation in the best interest of the organisation as stipulated in the Letter of Undertaking (Surat Aku Janji).



ADHERE TO CODE OF CONDUCT

LTAT requires staff to observe proper conducts and comply with the specific requirements to avoid conflicts of interest and promote an ethical work environment.



ASSET DECLARATION

LTAT imposes an Asset Declaration practice on a frequent basis to prevent corruption and detect illicit enrichment as the tool plays a crucial role by uncovering irregularities and triggering formal verification of declarations among its staff.



DISCLOSURE OF CONFLICT OF INTEREST

LTAT encourages disclosure of conflicts of interest and/or existing relationships by both staff and external service providers as one of the initiatives to strengthen the procurement process with respect to integrity and anti-corruption.

PRINCIPLE 5

INCORPORATING SUSTAINABILITY CONSIDERATIONS

Corporate governance and sustainability considerations are incorporated into LTAT's investment decision-making processes through the following:

Corporate Governance and Voting Guidelines

- LTAT encourages its investee companies to generate sustainable shareholder value in the long term. We also promote good corporate governance (CG) practices amongst our investee companies, as well as encourage them to effectively manage ESG components to ensure sustainability across every aspect of their business, especially financials and operations.
- The objective of the CG practices is to enhance the overall governance of its investee companies via the setting up of board committees (including recommendations on the committees' roles and composition). It also promotes good corporate governance practices amongst its investee companies via the effective use of LTAT's voting rights as a shareholder.

Investment Policy and Guidelines

- LTAT Board has adopted the Investment Policy and Guidelines (IPG) with the objective to set out the policies and guidelines to govern the investment activities of LTAT in a holistic and comprehensive manner.



PRINCIPLE 6

PUBLISHING VOTING POLICY

LTAT's Corporate Governance Principles and Voting Guidelines is addressed in LTAT's Investment Policy and Guidelines and shall serve as a guideline in the manner that LTAT votes in AGM/EGMs in all its applicable investments. Our Voting Policy covers areas such as suitability and performance of directors, issuance of capital and other corporate exercises by the investee companies.





MyWIRA



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