

PANEL: SUSTAINABILITY IS NO LONGER AN OPTION

Datuk Seri Amir Hamzah Azizan

25 June 2021 | Sustainability Centre, EPF

EPF AT A GLANCE

VISION

Helping members achieve
A BETTER FUTURE

MISSION

SAFEGUARDING
members' savings and
DELIVER
excellent services

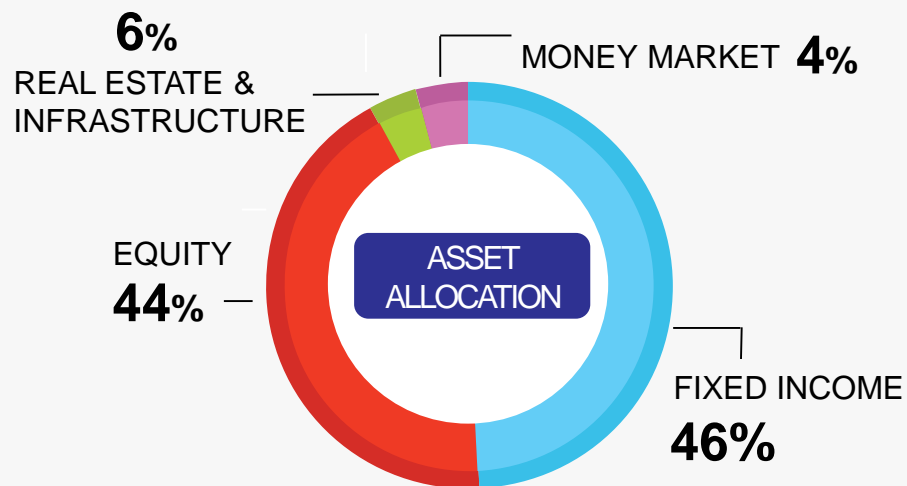


DIVERSIFICATION OF EPF'S INVESTMENTS

RM1.02T
INVESTMENT ASSETS

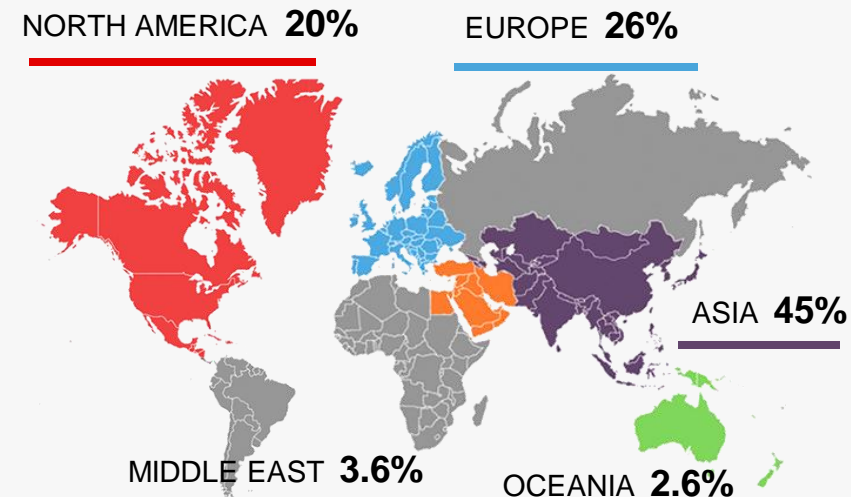
RM47.6B
DIVIDEND PAYOUT

ACROSS ASSET CLASSES



Source: EPF Internal Data, as at end March 2021

ACROSS COUNTRIES*



*unaudited figures, subject to change



KWSP | EPF®



Joint Committee
on Climate Change

SUSTAINABLE INVESTMENT AS A SOLUTION

ESG factors are not just 'nice to have' but a need to drive outperformance

1

SAFEGUARDING MEMBERS' SAVINGS



Superior Risk Management



Value Creation

2

BEYOND FINANCIAL RETURNS



HEALTHCARE

125,000 Malaysians benefitted from private healthcare services at an affordable RM5 in 2019 through KPJ's community outreach programmes.



MOBILITY

NSE is the longest expressway in Malaysia which links many major cities and towns in western Peninsular Malaysia, acting as the '**backbone**' of the west coast of the peninsula.



AFFORDABLE HOUSING

Upon full completion of KWASA Damansara, the township will have a total of **9,956** affordable housing for Malaysians.



KWSP | EPF®



Joint Committee
on Climate Change

THE ADVOCACY OF SUSTAINABILITY

Doing it the EPF way

Current **STRATEGIES**



Negative Screening

Exclude unethical stocks



Engagement

Investee companies, regulators & asset managers



Voting Policy

Guidelines for voting AGM resolutions



ESG Rating Tool

To assess quality of ESG aspects among investee companies

Implementing **NEW STRATEGIES**



Negative Screening

Expand controversial business & country list



Positive Screening

Investing in best-in-class ESG stocks



Engagement

Expansion beyond listed equities



Thematic

Focus on issues that are material to EPF

EXPECTATIONS on investee companies



Better **disclosure & transparency** on ESG data



Look beyond **short-term returns**



Incorporate sustainability parameters into **KPIs of Board & management**



KWSP | EPF®



Joint Committee
on Climate Change

NON-COMPLIANCE CAN BE DAMAGING

Consequences to companies with unsustainable practices

Major trends during recent AGM season:

1

Heightened shareholder activism for material ESG issues

2

Shareholders forming coalition to have greater negotiating power

ExxonMobil

ExxonMobil **lost three director seats to a hedge fund activist** over failure to set a strategy for a low-carbon future



Majority of Chevron's shareholders **voted in favour of cutting its Scope 3 emissions**



Shell is **forced to cut its carbon emissions by 45%** in the next 10 years after losing a court battle



HSBC **plans to phase out coal financing by 2040** after bowing to investor's pressure



Tesco **agreed to increase healthy food options** after investors filed a shareholder resolution



Top Glove's director re-election was **voted against by Blackrock** due to mishandling of labour issues



KWSP | EPF®



Joint Committee on Climate Change



HELPING MEMBERS ACHIEVE A BETTER FUTURE

The content of this presentation is confidential and intended for the use of the EMPLOYEES PROVIDENT FUND® (EPF®) of Malaysia. It shall not be distributed, downloaded, printed, published or reproduced by any means without the consent of the EPF®.

This information is correct as of 25 June 2021 and not for public circulation.

© 2021 EMPLOYEES PROVIDENT FUND® (EPF®) of Malaysia. All Rights Reserved.