

14 August 2023

Statement of Compliance with the Malaysian Code for Institutional Investors

PRINCIPLE 1

Disclosing Policies on Stewardship

Institutional investors should disclose the policies on their stewardship responsibilities and review the effectiveness of their policy.

We carry out our active ownership responsibilities through proxy voting and engagement with investee companies. Our voting policy follows best practice in carrying out our duties as a responsible investor. We use an independent, third party global governance services provider as a source of information.

PRINCIPLE 2

Monitoring Investee Companies

Institutional investors should monitor their investee companies.

In our investment process, we research our investee companies extensively. They form part of our weekly security discussions. ESG considerations are integrated into the fundamental analysis of a security and is the responsibility of the sector analyst. Material risks are highlighted in the security research paper and thought emails.

PRINCIPLE 3

Engaging Investee Companies

Institutional investors should engage with investee companies as appropriate and collaborate with other investors to enhance engagement outcomes.

We engage regularly with our investee companies in carrying out company research. Our engagement dialogue covers a number of topics, as is relevant for a particular sustainability risk issue(s) or opportunity relating to the company. Engagements are conducted by the respective sector analysts. They are based on material or controversial issues, clarification on their disclosures (or lack of disclosures), client priority issues in high risk sectors, etc.

PRINCIPLE 4

Managing Conflicts of Interest

Institutional investors should adopt a robust policy on managing conflicts of interest which should be publicly disclosed.

To avoid any conflicts of interests, our Code of Conduct includes the following policies for our employees:

- Policy on “Chinese Walls”;

The company implemented “Chinese Walls” in between departments whether by physical or information flow to prohibit communications of information that could cause conflicts of interest. For example, only dealing personnel have access to the dealing room, to prevent other employees from being exposed to sensitive real-time investment decisions.

- **Policy on cross trades;**
Cross trades between the employee’s personal account and the client’s account are strictly prohibited. Cross trades can be done between portfolios subject to investment guidelines stated in the fund prospectus and the client’s investment management agreement. The investment team must ensure the cross trades are executed at a fair price and is for the best interest of funds/clients.
- **Policy on personal investments;**
The policy states that directors/employees need to disclose to the company their interest and holdings of the assets/securities and seek approval from the company before performing any personal investments. This is to avoid conflicts of interests between directors/employees with funds/clients. Employees are required to declare their personal securities transactions on an annual basis. Employees that hold the Capital Markets and Services Representative License are required to update their personal securities transaction within 7 working days after the transactions were conducted. In addition, our Code of Conduct prohibits any Personal Investment on securities or similar shares that funds/mandates are trading during the “Blackout Period”. The “Blackout Period” covers 3 calendar days before, on the trade day and 3 calendar days after the trade is performed for clients’ or funds’ accounts.
- **Policy on insider trading;**
Directors/employees are prohibited from trading in securities either personally or on behalf of clients/funds using material non-public and price sensitive information. Directors/employees that have access to material non-public and price sensitive information, shall not influence any third party in dealing in any transactions and communicate such information for the benefit of himself/herself/other persons. Directors/employees must be aware that they are subject to the civil and criminal penalties under Malaysia’s securities laws for “insider trading”.
- **Policy on outside appointments including directorships; and**
Employees are expected to devote their full working time to the company. If employees wish to accept external employment such as directorships, consultancy or other interest in companies or firms, they will need to get approval from the Managing Director / Deputy Managing Director.
- **Policy on gift and entertainment declaration**
Employees are prohibited from accepting/giving gifts/entertainment to any individuals that will create a sense of obligation. If the gift/entertainment is presented in good faith, offered during festive seasons and for ordinary business entertainment, employees can accept/give and will need to submit a declaration to the company if the gift value is equal or more than RM300. The maximum value that an employee can give is not more than RM2,000. Employees are required to submit their declaration on gift and entertainment on a monthly basis, if any.

We have a policy on execution and trade allocation. The policies are detailed in our Investment Manual.

We do not have any investments or businesses that will result in the firm being involved in the board of the investee company.

PRINCIPLE 5

Incorporating Sustainability Considerations

Institutional investors should incorporate corporate governance and sustainability considerations, including climate-related matters into their investment decision-making process while seeking to deliver sustainable returns in the long-term interest of their beneficiaries or clients.

Our investment process incorporates both financial and non-financial considerations. Our policy is to maximise investment returns for our clients while managing governance risks (and where relevant, environment and social risks). We monitor the carbon intensity score of our equity portfolios. Some of the asset owners and the regulators will have raised issues relating to the urgency of certain sustainability issues. This informs our engagement activities. In our engagement with investee companies, we discuss their decarbonisation and/or transition plans.

PRINCIPLE 6

Publishing Corporate Governance Policy and Voting Guidelines

Institutional investors should publicly disclose their corporate governance policy and voting guidelines.

Starting 1 January 2018, we are committed to actively vote wherever possible and practicable. We have appointed Glass Lewis & Co. (Glass Lewis), an independent provider of global governance services to assist us with this goal. Glass Lewis provides research reports and recommendations for every upcoming shareholders' meetings and a platform that simplifies the voting process. The materials provided supplements our existing investment research and help portfolio managers to reach a clear decision either in favour or against management proposals. We consider many stakeholders and aim to vote in a manner that is not detrimental to shareholder value.

However, we would not carry out proxy voting only in the following instances where:

- the investment management agreement dis-allows proxy voting entirely;
- there is a cost associated with voting (only applies to a few selected portfolios that have foreign exposure for two custodians);
- the custodian does not provide the service for voting in individual sub accounts that is tagged under the omnibus accounts;
- the in-house investment team is not involved in the research on the stocks we hold for the funds. The funds include ETFs, third party and sub advised funds.

PRINCIPLE 7

Collaborative Response on Corporate Governance and Sustainability Issues

Institutional investors should collaborate where appropriate to respond to corporate governance and sustainability concerns or risks. The collective voice and views of institutional investors are important levers in shaping behaviour and promoting good corporate governance, in particular on emerging issues such as sustainability reporting and investing.

In our engagement with companies, we are committed to tracking the investee companies' progress towards good or best practice and to communicate investors' expectations. We also work collaboratively with other asset owners as members of the Institutional Investors Council. We support industry, regulatory or client initiatives to promote these 7 principles.

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