

Statement of Compliance with the Malaysian Code for Institutional Investors

AmFunds Management Berhad and Amlslamic Funds Management Sdn Bhd became signatories to the Malaysian Code for Institutional Investors (MCII) in April 2021 and are committed to carry out the principles of effective stewardship to provide sustainable and long-term value to our investors.

Our Environmental, Social and Governance (ESG) vision is to be an inclusive and sustainable fund manager of choice. Our responsible investment philosophy is built upon the principle of inclusion, aiming at bringing positive influence and supporting investee companies in their sustainability transition journey, where possible.

Principle 1: Disclosing Policies on Stewardship

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

Our stewardship responsibilities are firmly embedded in our work practices and policies. Our stewardship approach is guided by our Sustainable Investment Guideline and is anchored by two core components, namely, active-ownership and engagement. We believe in bringing positive change to the real world through effective engagement and exercising our influence via proxy voting. Our internal guidelines and procedures are reviewed regularly to ensure their relevance and effectiveness.

Principle 2: Monitoring Investee Companies

Institutional investors should monitor their investee companies.

Continuous surveillance and monitoring of financial performance, sustainability matters and major corporate developments of our investee companies is an integral part of our investment decision-making process. We perform detailed investment analysis, including ESG assessment, of our investee companies on both a regular and ad-hoc basis, taking into consideration macroeconomic developments, sectoral dynamics and trends as well as investee companies' overall business strategies.

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 our investee companies regularly via company visits and briefings, meetings with management, attending general meetings as well as survey and questionnaire, amongst others, to communicate our concerns and expectations on investee companies' financial, non-financial and sustainability related performance that are deemed material. Some of these engagement activities are carried out together with other investors.

Principle 4: Managing Conflicts of Interest

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

We have in place robust procedures and policies to manage conflicts of interest to protect the interests of our investors, where potential for personal interests may clash with fiduciary duties. This includes policies governing bribery and corruption, gift, personal account dealing, as well as market conduct. Dealings on behalf of our investors always take precedence and to be made at arm's length basis.

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.

We are committed to be an inclusive and sustainable fund manager of choice and have incorporated ESG considerations into our investment decision-making process, from security screening, assessment, portfolio construction to continuous surveillance and engagement. Each investee company will go through a robust investment analysis including a detailed ESG assessment before being considered for inclusion in our authorized investment list (AIL). In addition, progress made by investee companies on the ESG and/or sustainability front is also monitored and assessed constantly. It is also worth noting that during the preliminary screening process, companies that fall under our Negative List would not be considered for inclusion in our AIL and this includes company operating or engaging in the following activities:

- Weapons, firearms, explosives;
- Harm natural habitat in violation of PERHILITAN;
- Harm wildlife in violation of PERHILITAN;
- Engage forced labour or child labour;
- Sex-related products or services or adult entertainment;
- Harm National / World / UNESCO heritage sites.

For the avoidance of doubt, our Negative List is not a static list and would be updated as and when required.

Principle 6: Publishing Corporate Governance Policy and Voting Guidelines

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

We have the appropriate internal policies and procedures in place to safeguard the interests of our stakeholders. We exercise our voting rights as guided by the principle of "in the best interest of our investors" while simultaneously balancing the objectives of delivering sustainable long-term returns to them. Our voting principles govern our voting actions on key corporate governance issues, Board composition, material corporate exercises and ESG related resolutions, where applicable, amongst others.

Principle 7: Collaborative Response on Corporate Governance and Sustainability Issues

We believe that collaborative response plays a crucial role in creating awareness, driving positive change and bringing innovative solutions to sustainability issues. This belief underlines our membership with various collaborative organizations, including IIC, and our active participation in sustainability and/or ESG-related surveys conducted by prominent non-for-profit organizations and regulators. We also take part in company-specific engagement activities, together with asset owners and other asset managers, for conducive conversation with senior management of investee companies, focusing mainly on investee companies operating in the hard-to-abate sectors at this juncture. These two-way communications allow both parties to exchange views on sustainability related concerns and expectations as we work closely together to accelerate sustainability transition.