



## Statement of Compliance with the Malaysian Code for Institutional Investors

Pheim Asset Management Sdn Bhd ("PHEIM") joined the Institutional Investors Council Malaysia ("IIC") as a member in January 2021, and became one of the signatories to the Malaysian Code for Institutional Investors ("Code") in the subsequent month.

As an asset manager with a fiduciary duty to clients, our focus at PHEIM is on how sustainability can maximize the return on our investors' assets. PHEIM is fully committed to the Code which is industry-driven to promote better communication between the institutional investors and the investee companies, and also aims to encourage good governance and appropriate behaviour among the investee companies to ensure delivery of sustainable long-term value.

PHEIM implements and stands guided by the seven broad principles of effective stewardship by institutional investors outlined by the Code.

### Principle 1

#### Disclosing Policies on their Stewardship

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

At PHEIM, we carry out all of our stewardship activities in-house through our dedicated ESG team, which is part of our Investments Committee, by integrating these responsibilities into our investment process.

We disclose our general investment strategy and policies to the clients and to the public, including on PHEIM's website at <https://www.pheim.com.my/>.

### Principle 2

#### Monitoring Investee Companies

**Institutional investors should monitor their investee companies.**

PHEIM monitors all of its investee companies as it relentlessly seeks validation of adherence to ESG policies by the investee companies where applicable to the client's mandate and ensure that the investee companies are conveying a promising statement.

PHEIM has developed its own internal ESG methodology by adopting ESG integration approach and incorporating ESG factors into its investment analysis and investment decisions. During its weekly meetings, PHEIM collectively considers whether any engagement should be commenced with the investee company to address its material risks.



## Principle 3

### Engaging Investee Companies

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

PHEIM constantly engages with the investee companies on matters such as strategy, performance, risk, capital structure, sustainability, corporate governance and other ESG factors to improve its understanding of their operation and make better investment decisions.

## Principle 4

### Managing Conflict of Interest

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

PHEIM practices and maintains a publicly disclosed policy for identifying and managing conflicts of interest with the aim of taking all reasonable steps to protect the interests of its beneficiaries and clients.

In order to avoid any conflict of interest within the company, PHEIM has put in place a few policies for its employees such as:

- Personal Trading Declaration Policy
- Anti-Bribery & Corruption Policy
- Code of Ethics
- Chinese Wall Policy
- Gift Policy

It is our duty to uphold the utmost integrity when discharging our fiduciary duties. All policies have been endorsed by the Board of Directors and made well known to all staff. An annual training is provided to all staff as a refresher course on all those policies.

## 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.**

PHEIM recognises the importance of the sustainability considerations and developed its own internal ESG rating policy to evaluate the investee companies. PHEIM will evaluate the investee companies in a holistic approach and table to the Investment Committee for consideration before making any final decision.

PHEIM evaluates the company's ESG score by assessing and making reference to the materiality of environmental, social and governance aspects of a company as suggested by the Sustainability Accounting Standard Board (SASB) and the Malaysian Code on Corporate Governance (MCCG). PHEIM also analyzes ESG ratings provided by the global rating agencies as a reference to complement PHEIM's internal ESG methodology.



## **Principle 6**

### **Publishing Corporate Governance Policy and Voting Guidelines**

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

PHEIM shall vote if its clients have granted it the authority to vote on their behalf. The voting policy provides guidance for PHEIM to evaluate whether the corporate governance of the investee company satisfies the Malaysian Code on Corporate Governance.

In particular, with regards to supporting management proposals at general meetings, PHEIM may apply additional sustainability requirements in relation to Board structures, directors' elections, remuneration, corporate restructuring and risk management.

Where PHEIM is bound by its client's voting and governance policy, PHEIM shall exercise its voting rights reasonably and in accordance with PHEIM's and investors' ESG power, appetite, and tolerance.

Where clients give PHEIM the instruction to participate in general meetings, such participation shall be done by way of physical meeting or by proxy as instructed by the clients.

## **Principle 7**

### **Collaborative Response on Corporate Governance and Sustainability Issues**

At PHEIM, we are committed to collaborating as necessary to address corporate governance and sustainability issues. By working together with other institutional investors, we aim to strengthen market integrity and encourage responsible growth.

We will actively review the governance and sustainability practices of the companies we invest in, communicate any concerns and our planned actions, and partner with regulators and other stakeholders to promote the adoption of effective governance and sustainability practices.

**4 September 2024**