

STATEMENT OF COMPLIANCE WITH THE MALAYSIAN CODE FOR INSTITUTIONAL INVESTORS

AmFunds Management Berhad (“**AFM**”) and Amlslamic Funds Management Sdn Bhd (“**AIFM**”) 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 sustainability vision is to be an inclusive and sustainable fund manager of choice. Through our investment activities, AFM and AIFM aspire to create a positive impact on society, contributing to a sustainable economy for the long-term benefit of our stakeholders and investors as they embark on their sustainable journey with us.

Principle 1: Disclosing Policies on Stewardship

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

We believe in bringing positive change through effective engagement and exercising our influence via proxy voting. AFM and AIFM’s stewardship approach is guided by the Fund Management Division’s (“**FMD**”) Sustainable Investment Guideline, which is built upon the principle of inclusion, aiming at bringing positive influence and supporting investee companies in their sustainability transition journey, where possible.

In 2024, we carried out 2,051 engagements, spanning across various sectors including power, oil & gas and property. These include 99 climate change-related engagements. During the period, we witnessed an overall improvement among investee companies especially on the awareness and disclosure fronts.

Principle 2: Monitoring Investee Companies

Institutional investors should monitor their investee companies.

Continuous surveillance and monitoring of financial performance, sustainability-related 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 through surveys and questionnaires, amongst others. These engagements serve as an avenue to communicate our expectations and concerns on investee companies’ material financial, non-financial and sustainability related performance.

We believe that collaborative efforts play a crucial role in creating awareness and driving change. This belief underlines our membership with collaborative institutions such as the IIC, including our active participation in sustainability-related surveys conducted by prominent not-for-profit organisations and regulators.

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 safeguard the interests of our investors, where personal interests may potentially 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.

Environmental, Social and Governance (“**ESG**”) assessment is an integral part of our investment process, from security screening, assessment, portfolio construction to continuous surveillance and engagement. We adopt an active investment style where portfolios are structured through a combination of top-down and bottom-up approach, taking into consideration the potential impact of ESG risks and opportunities of investee companies.

All our investee companies' ESG risks and strategies are assessed using our proprietary ESG Scoring Methodology, complemented by reputed external ESG ratings where applicable. Key issues assessed under each of the E, S and G pillars include:

- **Environmental:** Climate change, resources, pollution, waste management and biodiversity;
- **Social:** Customer satisfaction, health and safety, community engagements, data security, employee relations as well as human rights issues including labour standards;
- **Governance:** Corporate structure, risk management, board composition, separation of chairman and CEO and anti-bribery/corruption practices and policies.

The ESG scores serve as an important indicator in identifying companies that are comparatively more sustainable, while facilitating portfolio rebalancing of SRI-qualified funds to meet the Securities Commission Malaysia's two-thirds minimum asset allocation requirement.

In addition, we refrain from investing in companies that are involved in the following activities:

- Activities/operations that adversely affect the natural habitat or wetlands of any endangered species in the plant or animal kingdom, or violation of PERHILITAN (or similar guidelines);
- Activities/operations of products and services related to wildlife that are in violation of PERHILITAN (or similar guidelines);
- Activities/operations with adverse impact on any National/UNESCO World Heritage sites;
- Activities/operations with adverse impact on any indigenous/local communities;
- Activities/operations that involve harmful/exploitative forms of forced labour, child labour, modern slavery or human trafficking; and
- Activities/operations related to adult entertainment services (i.e. prostitution, strip and hostess clubs, pornography) and sex-related products and services.

Principle 6: Publishing Corporate Governance Policy and Voting Guidelines

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

We exercise our influence via proxy voting, guided by internal policies and the principle of “**best interest of investors**”, to foster good governance practices among investee companies.

Corporate governance is the key to transparency and accountability, outlining a company’s core principles, policies, practices and processes as part of daily operations. A robust corporate governance culture helps mitigate risks of fraudulent practices, regulatory breaches and provides for sustainable long-term value.

Our engagement strategy aims to deliver improvements in sustainability standards of investee companies. In the event that it does not, we exercise our voting discretion on key corporate resolutions, these include:

- **Appointment of Directors:** reputation and competency; board diversity, independence and length of service.
- **Capital-related Resolutions:** details of relevant Employee Share Options and/or Share Buy-back programmes including potential financial impact.
- **Material Corporate Transactions:** degree of disclosure, related-party transactions, pricing, potential financial impact, strategic rationale, ownership and control.

Principle 7: Collaborative Response on Corporate Governance and Sustainability Issues

Institutional investors should collaborate where applicable 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.

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 organisations, including IIC, and our active participation in sustainability and/or ESG-related surveys conducted by prominent non-for-profit organisations 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. 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.