



STATEMENT OF COMPLIANCE WITH

THE MALAYSIAN CODE FOR INSTITUTIONAL INVESTORS FOR THE YEAR 2024



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Introduction

The Statement of Compliance with the Malaysian Code for Institutional Investors (the Code) for the year 2024 supports the objectives of the Code, which are to enhance communication between institutional investors like EPF with their investee companies, and to help enhance long-term returns to shareholders.

As a signatory of the Malaysian Code for Institutional Investors (MCII), EPF continues to honour the commitment in adhering to the principles of the MCII. The Statement of Compliance with the Malaysian Code for Institutional Investors (the Code) for the year 2024 aligns with the objectives of the Code, which is to enhance communication between institutional investors and their investee companies, with the overarching goal of improving shareholders' returns. Accordingly, we believe that continuous efforts to encourage our investee companies to adopt the best governance practices and exercises our voting rights responsibly are crucial to align with these objectives. We hereby declare our compliance with the Seven (7) Principles of the Code.

- Principle 1: Disclosing Policies on Stewardship
- Principle 2: Monitoring Investee Companies
- Principle 3: Engaging Investee Companies
- Principle 4: Managing Conflicts of Interest
- Principle 5: Incorporating Sustainability Considerations
- Principle 6: Publishing Corporate Governance Policy and Voting Guidelines
- Principle 7: Collaborative Response on Corporate Governance and Sustainability Issues



Principle 1: Disclosing Policies on Their Stewardship

EPF recognises stewardship as a top priority to reinforce its active leadership role in driving sustainable investing and managing investee companies to provide sustainable returns. EPF strongly believes in and advocates for effective stewardship in creating long-term shareholder value.

Our stewardship philosophy is centred on four key activities:

Proxy Voting

Exercising our voting rights in the public-listed companies where we are substantial shareholders, based on EPF's latest Voting Guidelines, [here](#).

Corporate Surveillance

Monitoring of potential, material Environmental, Social and Governance (ESG) risks as well as opportunities across investment cycles. We maintain a close relationships with local and regional ESG champions to set common reporting requirements.

Active Engagement

Regular engagement with our investee companies to understand how best the companies are being managed from a financial / capital and ESG standpoint.

Collaborative Initiatives

Collaborating with other institutional investors, asset managers, policymakers and regulators to learn, share, and adopt best practices in our investment stewardship activities.



Principle 2: Monitoring Investee Companies

EPF places a strong emphasis on the timely monitoring of its investee companies. Our internal investment team conducts a periodic screening of our investment portfolios, including analysing annual reports and corporate announcements of our investee companies. It is also part of our process to schedule necessary meetings with the top management of the investee companies.

As part of the monitoring activities, EPF focuses on the business development and strategic action plans that the company is set to embark on, while reviewing its financial performance and relevant ESG issues. Any significant risks identified during the screening process are escalated and communicated to the relevant stakeholders.

If EPF believes that a proposed action or decision by the investee companies potentially brings a negative impact to the company in the long-term, we will escalate our concern through written queries, meetings, dialogues, or engagement with the top management and/or board of directors. This also includes exercising our shareholders' rights through voting on certain key business decisions.

EPF would then monitor the company's response to ensure that our concern is properly addressed, and specific measures are being taken to protect our value. However, if the response received is unsatisfactory, EPF will not hesitate to exercise its rights during the general meeting and/or extraordinary general meeting.

In 2024, we attended 86 AGMs and 13 EGMs held by our investee companies as part of our monitoring exercise covering a total of 780 resolutions.



Principle 3: Engaging Investee Companies

EPF strongly believes that the alignment of interests between long-term shareholders and companies will result in sustainable financial performance.

EPF regularly engages with its investee companies on matters related to the companies' financial performance, long-term strategic plans, and ESG issues. The engagement is usually conducted by the EPF investment team with the top management of investee companies. Further engagement is escalated over time according to the nature and severity of concerns and the responsiveness of the companies to the issues.

There are two approaches we adopt when conducting our engagement activities:

- 1 Engagement with the top management and board of directors of our investee companies on issues of ESG and long-term strategy with the objective of maximising long-term shareholder value. Throughout 2024, we conducted 123 engagement sessions with the top management, addressing concerns on the business outlook as well as exploring investment opportunities. During the corporate surveillance engagement, we highlighted our concerns on governance, diversity, related party transactions, shareholders' return, among others.
- 2 Engagement with the management of the investee companies by EPF's team of analysts on business models and financials with the objective of ongoing monitoring of the investee companies. In an effort to promote good ESG practices in line with our Sustainable Investment Policies, EPF engaged with 69 external stakeholders from domestic PLCs and bond issuers in 2024.



Principle 4: Managing Conflicts of Interest

EPF is committed to maintaining the highest standard of corporate governance throughout the organisation. EPF has implemented various policies to address potential conflicts of interest in relation to stewardship. This serves to safeguard the integrity of decision-makers in EPF when dealing and managing its investments.

In respect of conflicts of interest within the fund, members of the EPF Board, Investment Panel, and sub-committees are required to make declarations of interest prior to meetings and abstain from taking part in deliberations and decision-making. For example, if it concerns a related-party transaction in which a member of the EPF Investment Panel also sits on the public listed company's Board, the person will be excused from attending such discussions.

In addition, the following policies were also implemented to address possible conflicts of interest within EPF:



Chinese Wall Policy



Declaration of Listed
Equity Transactions
by Investment
Officers



Declaration of
Interest/Relationship
with Panel Equity
Brokers



Corruption-Free
Pledge



No Gift Policy



Staff Declaration of
Asset Ownership

Principle 5: Incorporating Sustainability Considerations

The EPF has been a signatory to the United Nations-supported Principles for Responsible Investment (“PRI”) since 2019 and we have fully adopted the six principles of the PRI. These include, among others, the incorporation of sustainability considerations into investment analysis and decision-making processes, as well as being an active owner by integrating sustainability issues into its ownership policies and practices.

As the largest institutional investor in Malaysia and the 13th largest retirement fund in the world, we recognize the significance of our role in driving the integration of sustainability in the Malaysian capital markets specifically and the global markets in general. While this update to the Malaysian Code for Institutional Investors covers the year ended 2024, the EPF has made notable progress in the first half of 2025. On 18 June 2025, the EPF announced its first public sustainability commitments to reinforce our commitment to achieve a resilient portfolio, in support of our purpose to build a better retirement future for Malaysia.

Our approach to Sustainable Investing (“SI”) is anchored in three core Sustainability Pillars namely: 1) Environmental Action; 2) Social Impact; and 3) Culture and Governance. These pillars guide our investment strategies and stewardship priorities, with each pillar underpinned by clear commitments that drive our aspiration to accelerate positive change towards a sustainable future through a just transition.

In response to the escalating urgency of the global climate crisis, EPF has also committed to achieve a Net Zero investment portfolio by 2050, in line with global best practices and the Paris Agreement’s goal. This represents a significant milestone in our sustainability journey and reflects EPF’s role as a responsible investor and key institutional investor in Malaysia’s economic ecosystem.

To support this ambition, EPF has established two interim targets to be achieved by 2030:

1. 40% reduction in financed emission investment intensity (tCO₂e/RM Mn invested) by 2030, relative to a 2023 baseline. This target focuses on lowering the carbon intensity of our investments, particularly in emissions-intensive sectors.
2. 75% of our portfolio emissions to be covered by investee companies with credible net zero targets by 2030. This requires a significant proportion of our financed emissions are linked to investee companies with clear, science-based net zero pathways, backed by measurable actions and transparent disclosures. To evaluate the credibility of investee companies’ climate strategies, EPF applies its alignment guide and climate change requirements as stipulated in its revised Climate Change Policy.

To further operationalize these commitments and respond to evolving global sustainability developments, EPF has also revised its suite of SI policies. These policies set out clear expectations and requirements for investee companies in managing material sustainability risks and opportunities. Updates to the Policies include the disclosure of EPF's sustainability governance and renewed ESG expectations and requirements based on evolving standards and regulations. The following SI policies are publicly available on EPF's website, [here](#):

1. Sustainable Investment Policy
2. Climate Change Policy
3. Workers' Wellbeing Policy
4. Priority Sectors Policy – covering six sectors namely palm oil, oil and gas, mining, utilities, construction and banking
5. SI Stewardship Policy

We recognize that strong governance is fundamental to the delivery of long-term, sustainable outcomes. The updated Sustainable Investment Policy, the Climate Change Policy and the SI Stewardship Policy include the sustainability governance at EPF, which is anchored by clear accountability at both management, investment panel and Board levels, ensuring that sustainability considerations are consistently monitored, evaluated and acted upon across all asset classes. This integrated approach enables the EPF to safeguard our members' savings, manage sustainability-related risks, and contribute to positive impact through our investment activities.

Sustainability considerations are systematically integrated across our investment decision-making processes. At the pre-investment stage, negative screening is applied by excluding investments in sectors deemed unethical, including tobacco, gambling, and weapons. In addition, all new investment proposals are subject to an independent sustainability assessment conducted by Corporate Sustainability Department ("CSD") and presented to MIC and/or IP for final deliberation.

During the ownership phase, ongoing monitoring and engagements are jointly conducted by the CSD and respective investment departments to ensure continuous alignment with EPF's sustainability objectives.

Key areas assessed and monitored include, but are not limited to:

1. Compliance with EPF's Sustainable Investment Policies;
2. Involvement in material sustainability controversies;
3. Alignment with EPF's Net Zero commitment, including emissions performance and transition planning; and
4. Management of other material sustainability risks and opportunities

In certain instances, an enhanced due diligence via our external fund manager and/or General Partner(s) and/or investee companies may be required depending on amongst others the frequency, severity, materiality of the issue/incident.

Principle 6: Publishing Our Voting Decisions

EPF values the voting rights attached to its equity holdings in Malaysian listed companies and always exercises those rights to ensure that its economic interest is protected. The latest EPF Corporate Governance Principles and Voting Guidelines are available for public viewing [here](#). The guidelines are reviewed and updated, as necessary.



As part of EPF's efforts to promote transparency and shareholder activism, we also publish our voting decisions at AGMs and EGMs 5 days prior to the meeting date. Our previous voting decisions can be found [here](#).

EPF's external asset managers are required to vote in accordance with the latest policy in EPF's Corporate Governance Principles and Voting Guidelines.

Principle 7: Collaborative Response on Corporate Governance & Sustainability Issues

EPF fully supports the addition of Principle 7 into the Code. EPF firmly believes that fostering collaborative efforts will result in a greater impact when addressing ESG concerns.

EPF regularly meets with other institutional investors, asset managers, policymakers, and regulatory bodies to discuss challenges, propose solutions, and share best practices and thought leadership in the ESG space.

As a key member of the Institutional Investors Council (IIC), EPF actively participates in meetings with investee companies, regulators, and other stakeholders where a range of financial and ESG issues are discussed at length.

In 2024, EPF was involved in various collaborative initiatives with external stakeholders such as regulators and other peer investors, to promote the advancement of sustainability practices within the local capital market. This was achieved through participation in various external roundtable discussions, working groups, as well as guest speaking at various forums and seminars.





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