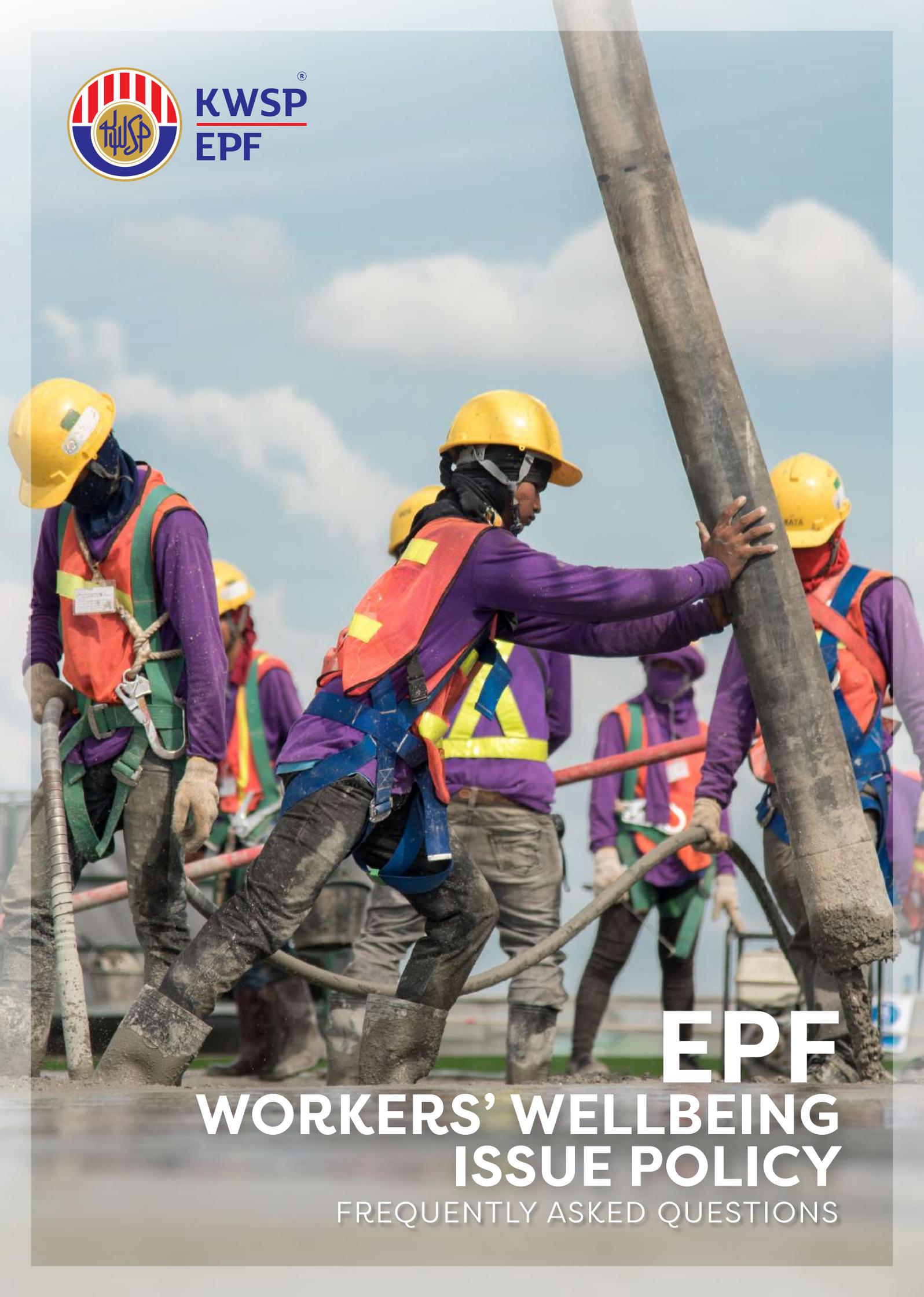




KWSP[®]
EPF



EPF

WORKERS' WELLBEING

ISSUE POLICY

FREQUENTLY ASKED QUESTIONS

FREQUENTLY ASKED QUESTIONS (FAQ)

1. Why are EPF's investee companies and external fund managers expected to address issues relating to Workers' Wellbeing?

EPF's views on Workers' Wellbeing as a critical issue to address is in line with national and global priorities. We believe Workers' Wellbeing has the potential to significantly impact business reputation, performance, and ultimately overall portfolio returns.

As such, as a long-term and global financial investor that aims to safeguard our members' savings and help them achieve a better future, EPF is committed to addressing the Workers' Wellbeing issues as an enterprise, as well as through our investments. With our Workers' Wellbeing policy, the set of expectations provide guidance to investee companies and external fund managers to address these issues in a meaningful manner.

2. What are the boundaries of "workers" as set out in EPF's Workers' Wellbeing Issue Policy?

"Workers" are defined as those who hold paid employment jobs offered by an organisation, which cover both regular employees (i.e. direct employees) and contract employees (e.g. contractors, contingent workforce), regardless of citizenship (i.e. including migrant workers).

3. There are some sub-issues that may not necessarily be significant / relevant to my business / sector. Are investee companies and external fund managers expected to address all of EPF's Workers' Wellbeing sub-issues?

EPF recognises that some sectors / businesses are more exposed to certain sub-issues than others. Hence, investee companies and external fund managers are expected to perform a materiality assessment and engage with EPF in a dialogue on the applicability of the sub-issues and accompanying expectations to their respective businesses.

According to GRI Standards, conducting a materiality assessment entails identifying the materials ESG issues that "represent the company's most significant impacts on the economy, environment, and people, including impacts on their human rights". Understanding a company's material ESG issues enables better identification of ESG risks and opportunities that the company is exposed to, and hence providing a directional steer on the priority areas that need to be addressed.

For more details, companies may refer to GRI Standards for guidance on approaching the materiality assessment.

4. Are EPF's expectations on Workers' Wellbeing aligned with global ESG standards and frameworks?

EPF's list of ESG expectations are aligned with internally recognised ESG standards and frameworks. Investee companies and external fund managers can refer to the global standards below to identify the materiality of sub-issues / expectations, as well as the key activities and tasks that can be introduced to meet EPF's expectation list.

No.	ESG Standards	Description	Type	Link
1	SASB Materiality Map	A leading sustainability accounting standard for investors and companies; endorsed by top global investors such as Blackrock	Disclosures	https://www.sasb.org/standards/materiality-map/
2	GRI Standards	First global standards for sustainability reporting and currently the most widely used ESG reporting standards by companies	Metrics, Disclosures	https://www.globalreporting.org/how-to-use-the-gri-standards/gri-standards-english-language/
3	UN SDGs Map	17 sustainability goals defined by the UN and adopted across 193 countries; commonly used by companies and investors to derive their ESG focus area	Metrics, Disclosures	https://sdgs.un.org/goals
4	ILO Standards	Specialised agency of the United Nations to set global standards on labour rights to advance social justice and promote decent work	Disclosures	https://www.ilo.org/global/standards/lang--en/index.htm



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No.	ESG Standards	Description	Type	Link
5	Bloomberg	Leading data aggregator that compiles ESG sub-issues, metrics and data points from established sources such as RobecoSAM and SASB	Metrics	https://www.bloomberg.com/professional/dataset/global-environmental-social-governance-data/
6	UN PRI	Principle-based framework by a network of UN-supported international investors to integrate sustainability into investments	Disclosures	https://www.unpri.org/sustainability-issues/environmental-social-and-governance-issues/environmental-issues
7	UN Global Compact	Largest corporate sustainability initiative by the UN that sets key principles surrounding environment, labour and human rights	Disclosures	https://www.unglobalcompact.org/what-is-gc/our-work/environment
8	UN Principles on Business and Human Rights	Guiding principles on human rights set by the United Nations for states and businesses globally to adopt	Disclosures	https://www.ohchr.org/documents/publications/guidingprinciplesbusinesshr_en.pdf
9	WEF IBC	A set of common sustainability metrics and recommended disclosures that are aligned with existing standards and can be applied across industry sectors and countries	Metrics, Disclosures	https://www3.weforum.org/docs/WEF_IBC_ESG_Metrics_Discussion_Paper.pdf

5. EPF has introduced different types of expectations ie core requirements, best practices and voluntary in its phased approach. What is the intention behind this approach?

One of EPF’s investment philosophies is to uplift our investee companies and external fund managers on their respective ESG pursuits. Hence, the different types of expectations are set out to be implemented in a phased approach, with the purpose of encouraging companies to progressively enhance their ESG responses overtime, starting with implementing the foundational core requirements in the immediate term. Nonetheless, for companies that are already fairly mature in their ESG pursuits, they are encouraged to adopt EPF’s best practices and voluntary expectations, even in the immediate term, to advance further on their ESG journey.

6. How does EPF intend to monitor performance against the expectations set out in the Workers’ Wellbeing Issue Policy? Would the disclosures in my company’s annual sustainability reporting suffice?

Companies’ sustainability reporting would be one of the reference points for EPF to monitor performance against EPF’s expectations. EPF may also leverage on external ESG data providers for additional information. Nonetheless, we acknowledge the data limitations of publicly available information, and hence we may reach out directly to companies to validate our findings and / or request for additional ESG data relating to the expectations in the Workers’ Wellbeing Issue Policy.

7. Is there a point contact from EPF whom I can reach out to for further clarifications on the Workers’ Wellbeing Issue Policy?

Kindly reach out to EPF’s dedicated Sustainability Centre Office at sustainability@epf.gov.my.