

Live Life Now

BELANJAWANKU for



SINGLE

(PUBLIC TRANSPORT USER)

FOOD RM550	HOUSING RM300	HEALTHCARE RM30
TRANSPORT RM200	UTILITIES RM100	SAVINGS RM250
PERSONAL CARE RM70	AD HOC / ONE-OFF RM90	SOCIAL PARTICIPATION RM150
DISCRETIONARY EXPENSES RM130	RM1,870 BUDGET ESTIMATE/ MONTH	



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Section 1

MESSAGE FROM OUR CHAIRMAN

MESSAGE FROM OUR CEO

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CHAIRMAN'S STATEMENT



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The year 2018 was an exceptionally challenging year for us at the Employees Provident Fund (EPF) as various game-changing events took place testing our resilience.
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It was a bittersweet start to 2018. Just as we declared our first two maiden and record-breaking dividends for 2017 in early February, our iconic EPF Petaling Jaya building caught fire. Alhamdulillah, there were no casualties.

Perhaps the watershed moment of 2018 was the outcome of the 14th General Election (GE14) on 9 May, which has been recorded in the annals of Malaysia as the date of the first change of government.

TEST OF RESILIENCE

2018 tested EPF's financial resilience as we faced one of the most tumultuous years since 2009 during the time the economy was hit by a global financial crisis.

There were downside risks to the global economy, particularly in the second and fourth quarters in 2018 due to market uncertainties arising from the full-scale trade conflict between the United States and China, which saw both sides lob threats of trade tariffs. This led to dramatic consequences for other countries, especially those more economically linked to the two major nations.

The first half of 2018 saw most Asian emerging markets struggle to maintain momentum from the previous financial year. Coupled with the volatile chain of events in 2018, the EPF experienced mixed returns across the year, which made it challenging for us to match the previous year's record-breaking performance.

Ⓢ **TAN SRI SAMSUDIN OSMAN**
Chairman

CHAIRMAN'S STATEMENT

Despite a contraction in growth for the year, we were able to deliver healthy investment returns, thanks to a well diversified portfolio with emphasis on the best performing sectors that provided resiliency and delivered respectable returns to our members.

Due to the downward trend in 2018 global markets, our gross investment income was down by 2.26% from 2017 to RM50.87 billion, out of which a total of RM4.62 billion was attributed to Simpanan Shariah, proportionate to its share of total Shariah assets; while RM46.26 billion was attributed to Simpanan Konvensional.

INVESTMENT ASSET

RM833.76 billion

RETURN ON INVESTMENT

6.57%

GROSS INVESTMENT INCOME

RM50.87 billion

TOTAL DIVIDEND PAYOUT

RM47.31 billion

SIMPANAN KONVENSIONAL

6.15%

SIMPANAN SHARIAH

5.90%

Despite the market conditions, we were able to declare healthy dividend rates of 6.15% for Simpanan Konvensional and 5.90% for Simpanan Shariah, with respective payouts of RM42.99 billion and RM4.32 billion. In total, the payout for 2018 was RM47.31 billion.

The rates came as a surprise to many who largely predicted that the rates would linger between 4% to 5%. Beyond the nominal dividend, more important is our commitment to deliver above-inflation returns so that we are able to preserve and enhance the value of our members' savings over the long term and help them achieve a better retirement future.

2018 OPERATIONAL EXCELLENCE

The EPF's focus on quality extends beyond the assets we own and income we generate. They also include the valued relationships we have with our members, employers and stakeholders, and the ongoing endeavour to provide excellent service delivery.

The majority of our 14.19 million members are digital natives, and the expectations of this generation will continue to drive our policies and initiatives. Therefore, much of our efforts in 2018 were focused on improving operational efficiency and safety to deliver better outcomes, increased positive experiences, and lower costs.

I am pleased to say that we are on track with the continuous enhancements we introduced to our operational capability and capacity, therefore enabling delivery of robust end-to-end solutions of our online touchpoints, including mobile technology, literally putting content and convenience in our members' hands. Members are empowered to make informed decisions using this platform as well as providing us real-time feedback for continuous service improvements.

Nonetheless, in our pursuit to leverage on technology to interact with our members, we understand that there are those who still prefer to interact in person over our counters or in conversation with our team at the Contact Management Centre. As EPF's critical ambassadors, we invest in continuous training for our frontline staff that will not only enable them to be better at their job, but also empower them to further impact the customer experience altogether.

LAUNCH OF i-SURI

Adding to the excitement of 2018 was the introduction of i-Suri, an incentive scheme uniquely designed for housewives. Conceptualised by the Ministry of Women, Family and Community Development and inputs from the EPF, the i-Suri scheme provides housewives the opportunity to gain access to quality social security and enhanced income security, currently enjoyed by EPF members.

This much awaited incentive is part of the Government's effort to provide greater care and coverage, especially to the vulnerable groups, as part of the nation's agenda to become a high income nation.

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CHAIRMAN'S STATEMENT

Deputy Prime Minister Dato' Seri Dr Wan Azizah Wan Ismail, who is also Minister of Women, Family and Community Development, officiated the launch of i-Suri at the EPF's International Social Security Conference 2018.

The first day of the launch generated a total of 616 registrations nationwide and we closed the year, with 63,297 registrations recorded.

ACTIVE PLAYER IN SOCIAL SECURITY

The EPF is driving the effort towards an integrated social security system where all social partners are able to share data and operate more efficiently in delivering social protection to Malaysians of all walks of life.

The ageing population and ensuing demographic changes continue to be a major concern as it challenges the EPF in meeting its vision of helping members achieve a better future.

The income replacement crucial to address the country's demographic changes is still very low, which makes it hard for pensioners to sustain their living needs. Though the EPF contribution rate for both employees and employers is already high at 11% and 12%, they do not translate to absolute pensions or replacement rates, partly due to a majority of EPF members low salaries and leakages from pre-retirement withdrawals made by some members.

The EPF is also aggressively pushing its i-Saraan voluntary scheme, where all Malaysians, regardless they earn formal income or not, can open an account with the EPF and enjoy the same benefits received by EPF members.

PUSHING BOUNDARIES, EARNING CHANGE

The EPF turned 67 in 2018, and even as we recognise our past and present achievements, we will not lose sight of the various eventualities that will possibly challenge the achievements we are enjoying today.

The Industrial Revolution 4.0 – driven by automation and big data - is a constant reminder for us not to rest on our laurels for too long owing to the speed of change taking place. These changes are not limited to technology, but also the mindset

of each and every one of us, as how we adapt to these changes will ultimately affect how we work, live and communicate.

To address emerging threats and trends, we continuously assess current service delivery to identify potential choke points.

There are tremendous strengths of the culture in the EPF that we can leverage on and the dedication to our mandate is at the centre of it. I am pleased with the level of competency displayed by our staff and proud to say that we have great talents onboard that will ensure the EPF continues to excel with a consistent focus on our customers.

Testimony to our dedication are the four awards and an accolade bagged in 2018 that recognised our role as an eminent retirement fund. The awards are the ISSA (International Social Security Association) Good Practice Awards Asia and the Pacific Competition 2018 for our Retirement Advisory Services; the 'Life at Work Awards' by TalentCorp Malaysia for three categories: Best Public Sector Organisation, CEO Champion, and Outstanding Practice (Workplace); The Asia HRD Awards 2018 for the Movers and Shakers Award; the Malaysian e-Payments Excellence Awards 2018 by Payments Network Malaysia; and most notably, the World Bank's Case Study on the EPF, which recognises us among the world's best retirement fund.

PERSEVERANCE THROUGH ADVERSITY

These awards go beyond the recognition of our achievements, and most importantly, they underscore the dedication of all the men and women in the EPF.

Syukur Alhamdulillah, the extraordinary events in 2018 did not eclipse our focus in achieving the EPF's objectives. Even when the EPF encountered a sudden leadership change in September, just three months from closing the year's performance, the employees dedication and focus did not waver.

The appointment of former CEO Datuk Shahril Ridza Ridzuan as Managing Director of Khazanah Nasional Berhad came as a shock to all EPF staff. But I am proud of mainly two things – one, that it was an EPF person handpicked by the Government to lead Khazanah and two, the transition process to appoint Tunku Alizakri Alias as EPF CEO was done smoothly with no disruption to EPF's operations and management.

I would like to congratulate both men for their respective appointments and for the recognition given to their work and achievements. My gratitude also goes out to all EPF staff who have shown professionalism over the transition of the CEO post,

CHAIRMAN'S STATEMENT

accepting the change in management as part of a national service by the EPF.

These extraordinary chain of events were a constant reminder that change will happen, either as a process or forcefully. In both circumstances, the EPF staff have shown maturity and steady resolve, built on a foundation of the right values and a culture of creating a better future.

GOVERNANCE CONTINUES TO GUIDE US

The EPF continues to be guided by the two key factors that ensure it runs well: transparency and independence. The EPF Board composition, which is based on the principle of tripartite representation from the EPF's primary stakeholder groups – the employees, employers and government – is such that all key decisions, that are not investment linked, are fully independent with minimal interference from external parties.

It is this model of strong governance that the EPF is known for and that we are proud of. In 2018, we welcomed Datuk Seri Borhan Dolah, Datuk Hashim Paijan and Dato' Amir Omar to the EPF Board; and Adnan Zaylani Mohamad Zahid to the EPF Investment Panel. To those who ended their tenure with the EPF Board in 2018, the EPF thanks you for your stewardship and commitment, and wish you success in your future endeavours.

POISED FOR SUSTAINABLE GROWTH

We anticipate that there will be significant shifts in how the world economy perform in 2019. The most striking is the continuing rise of populism, which has a natural tendency to create barriers to growth. So far, it has not had a major negative impact on growth and financial stability, but we do not want to underestimate any possibilities.



Markets will continue to be characterised by cycles of good and bad times. Given the economy spillover from 2018, the EPF remains committed to our long-term investment strategy with the aim of preserving and enhancing the value of our members' retirement savings.

With the great team we have in the EPF, I am confident in the EPF's ability to persevere in the face of turbulent economic conditions and continue to build our resilience to face challenges ahead.

I would like to thank all our members, employers and stakeholders for their trust in the EPF and for their support of our initiatives. We will continue to draw strength from each other and work together in building a robust social security framework for all Malaysians.

Finally, my sincere thanks and appreciation goes out to the CEO and his management team, and all EPF staff, past and present, for their dedication and professionalism. Also, a special heartfelt thanks to former CEO Datuk Shahril Ridza for his leadership and wisdom in driving the EPF to greatness.

To the EPF Board and Investment Panel, thank you for your guidance and support, and together with our dedicated team of professionals, I am confident that EPF is well positioned for sustainable long-term growth, Insha Allah.

Thank you.

TAN SRI SAMSUDIN OSMAN

Chairman

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CHIEF EXECUTIVE OFFICER'S STATEMENT

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It has been an incredibly eventful 2018.
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Across the globe, billions of dollars were wiped off various markets as uncertainties cut a wide swathe across major economies and threatened to stunt growth further. Here at home, Malaysia saw history made, when the GE14 in May brought about a changing of the guard from Barisan Nasional to the Pakatan Harapan government.

We at the Employees Provident Fund (EPF) had our own share of the spotlight in this eventful year. We were widely applauded for our record-breaking dividend announced for financial year 2017, and we had to put out a fire at our iconic EPF Petaling Jaya building on 13 February. While the latter was distressing, it positively showed how well our crisis management team responded – swiftly and effectively putting to rest speculations and inaccurate information over its cause.

On a personal level, 2018 also marked the most significant event in my career – taking over the mandate of Chief Executive Officer in September, a role that had been ably filled by Datuk Shahril Ridza Ridzuan. With the support of the team in the organisation, and keenly mindful of the confidence and trust placed in me, I am happy to report we had a smooth leadership transition. More importantly, the commitment to achieving our vision, reaffirming our role in Malaysia, and driving our mission to deliver on our responsibilities remained clear and unwavering, on both my part and that of everyone in the EPF.



↑ **TUNKU ALIZAKRI RAJA MUHAMMAD ALIAS**
Chief Executive Officer

CHIEF EXECUTIVE OFFICER'S STATEMENT

⇒ **We continue to challenge orthodoxies and traditions which pose barriers to us working effectively and efficiently together for our common cause. We expect to work at breaking silos, flattening our organisation where necessary, to become more open, agile and spontaneous, and increasingly, make the rolling-up-sleeve and get-down-and-work attitude the norm in the way we work at the EPF.**



A DIFFICULT INVESTMENT CLIMATE

The investment climate of 2018 was tough. We saw poor performance of global and domestic equities, followed by uncertainties surrounding the US-China trade war, noted rounds of interest rate hikes and watched socio-political unrest in various countries affect the global economic climate.

As a long-term retirement fund, we at the EPF are tasked with the critical responsibility of safeguarding and growing members' monies in particular, and to contribute to the creation of a strong social protection network for Malaysia, in general. Given the economic climate of 2018, this was indeed a challenge. We had to maintain the momentum of the previous year's performance and we had to ensure that our activities remained clearly within the mandate of risk-based assessment and optimisation strategy. Our income fluctuated quarter to quarter: in Q1 we recorded an income of RM12.87 billion, which fell slightly to RM12.38 billion in Q2, and then rose again to RM14.61 billion in Q3, before finally ending with softer earnings of RM10.90 billion in Q4.

Yet, our fundamental strengths have continued to see us through the peaks and troughs of 2018. We had a well-diversified

portfolio across various asset classes, which enabled us to withstand challenges, locally and internationally. We focused less on how bad markets were performing, and more on leveraging our strengths and expertise to determine what needed to be done. This focus has enabled us to come out all the better. Although equities suffered a 6.97% decline in 2018 from 2017, the asset class continued to be the main contributor to our income at RM11.06 billion. This asset class allows us to earn dividend income with potential for capital appreciation, and remains an integral component in enhancing returns to our portfolio.

Our overseas investments also contributed significantly to our 2018 income. Of the total RM50.87 billion gross investment income for the year, we generated RM19.09 billion, sufficient to pay about 2.50% of dividends, thus enhancing the returns to our overall portfolio.

Our current presence in 40 countries and 28 currencies has enabled us to generate a stable income. We have charted a 10-year compound annual growth rate (CAGR) of gross investment income of 10.26%, clearly outpacing Malaysia's growth rate. It thus makes more sense for us to gradually increase our foreign exposure to 32% of our total assets in

order to reduce concentration risks in the domestic market, and provide us with the flexibility to rebalance between different assets or markets at different times.

Markets by their very nature, are cyclical. There are good and bad times, and our performance as a well-managed long-term retirement fund should be measured not merely by how we preserve members' savings, but also how well we enhance them.

Indeed, since 2000, we have been able to enhance the value of our members' savings by 8.75% through the dividends that we have distributed over the past 18 years (see Illustration).

Our 2018 declared dividends of 6.15% for Simpanan Konvensional with a payout of RM42.99 billion, and 5.90% for Simpanan Shariah with a payout of RM4.32 billion, reflect our clear strategy and capacity to deliver as closely possible on expectations. While the rates did not measure up to what we declared in 2017, these still beat predictions of a below 5% dividend (for Simpanan Konvensional).

We are confident that the investment direction, strategies and measures position us well to continue to deliver results.

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CHIEF EXECUTIVE OFFICER'S STATEMENT

The EPF not only preserved members' savings, but also enhanced their value

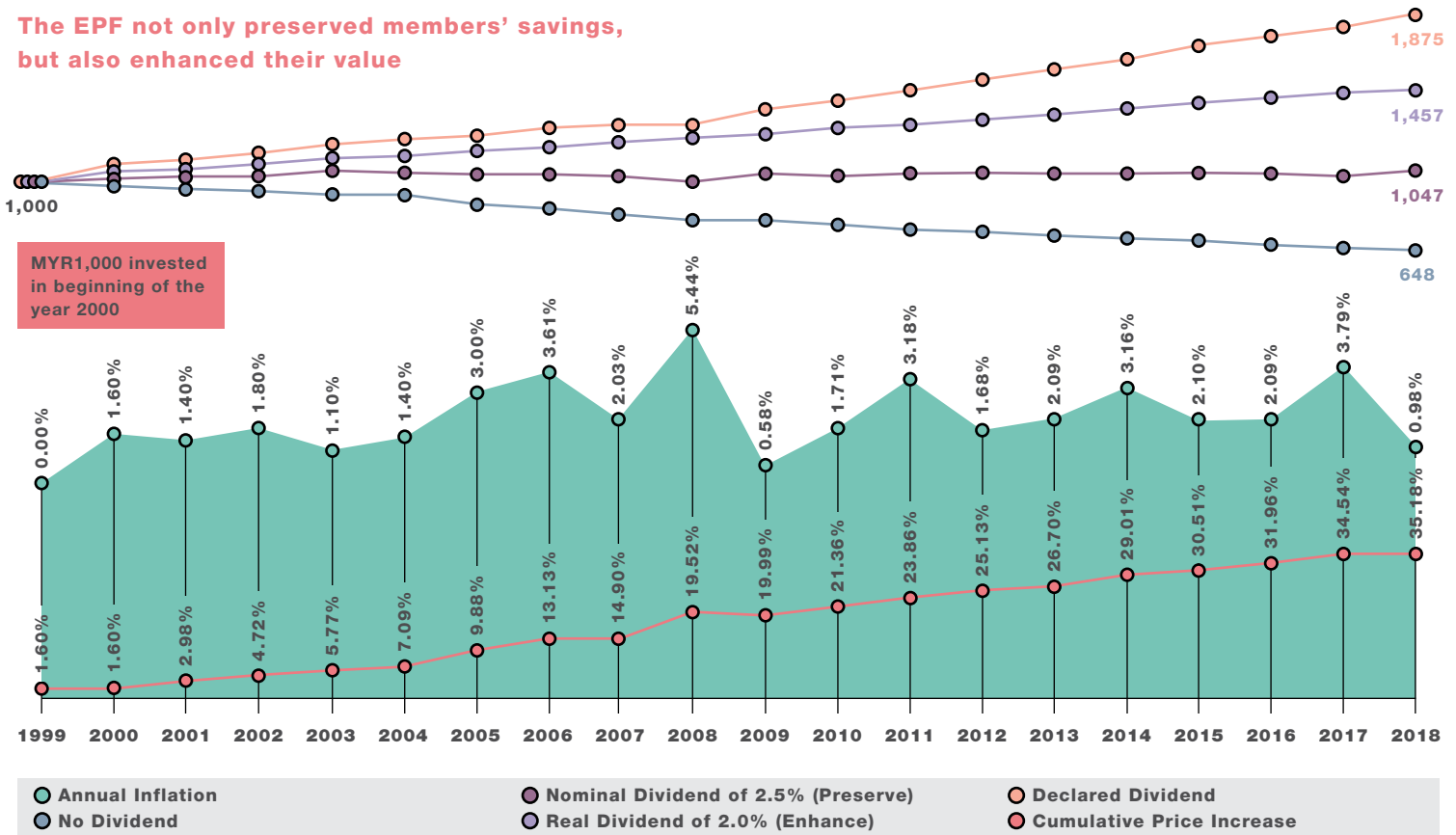


Illustration: If a member placed RM1,000 in savings with the EPF on 1 January 2000, the value of the savings on 31 December 2018 would have grown to RM1,875. If the member decides to hold the cash, there will be an erosion of that same amount of money by 35.2% to be only worth RM648 today.

PEOPLE: CHALLENGING OUR ORTHODOXIES

Our stakeholders will continue to ebb and flow in their expectations, desires and their economic and financial situations. Against this backdrop, the EPF has embarked on initiatives in line with our mission to safeguard our members' savings and deliver excellent services.

In November 2018, we started customising our Digital Evolution Blueprint that serves as a roadmap for how we can better leverage analytics and data to enhance business value and build the capabilities we need. Already, our digital touchpoint i-Akaun serves as a rich data-gathering platform, enabling us to gather business intelligence and information such as what members look for or want. Such analysis allows us to

provide more targeted, useful and effective content for our members.

This transformation journey is driven by a marketing mindset with digital enablement. It is massive in scope. It is challenging and encompasses everything we do, from frontline transactions to internal operations and leadership. At the core of this transformation is people, without whom, we cannot make this journey successfully. We are, therefore, committed to upskilling the capabilities and competencies of our people to ensure they can navigate this change and ultimately, help our organisation realise its full potential.

The EPF culture is the bedrock of our success. Our vision – to create a better future for our members specifically and the country in general, coupled with our strong corporate values – give us

purpose. They also positively influence employee engagement, job satisfaction and performance. We have earned accolades as Malaysians' preferred employer, being able to successfully attract new and younger talents to join the organisation.

We continue to challenge orthodoxies and traditions which pose barriers to us working effectively and efficiently together for our common cause. We expect to work at breaking silos, flattening our organisation where necessary, to become more open, agile and spontaneous, and increasingly, make the rolling-up-sleeve and get-down-and-work attitude the norm in the way we work at the EPF.

Indeed, I am honoured to be part of an outstanding leadership team at the EPF, which has led to various awards

CHIEF EXECUTIVE OFFICER'S STATEMENT

recognising our organisation in 2018. I am particularly proud of the International Social Security Association's (ISSA) award recognising the EPF as having the best practice at workplace; and by the World Bank, who named us as among the world's best retirement fund in their World Bank's Case Study on the EPF.

STRENGTHENING THE SOCIAL PROTECTION ECOSYSTEM

We have seen both anecdotal as well as researched data in the current economic climate showing that people face steep increases in their daily cost of living. For many, just meeting daily needs is challenging enough, without having to think about being able to save for the future, or to build any kind of a nest egg to see them through their retirement years.

We recognise this reality, and we are deeply aware of how it challenges our role and responsibility to explore ways to build, strengthen and widen the social protection ecosystem for the country, not just for our members, but generally, for all Malaysians. We are conscious of the need to remain relevant given changing times and expectations. We have to constantly engage with our contributors and stakeholders, and speak about what matters most to them - a secure financial future, with adequate income to provide meaningful living.

We are pleased, therefore, to have been able to continue engaging with the new Government and relevant ministries following the GE14 on this crucial issue of planning for and securing financial well-being. In August 2018, in step with the Ministry of Women and Family Development, we rolled out i-Suri, the country's first special savings incentive for housewives, aimed at facilitating their access to quality social security and enhance their income security.

We also worked with the Social Security Organisation (SOCSO) under the Ministry of Human Resources, to revive the National Social Well-being Blueprint and identify and make recommendations to the Government for a more robust social protection framework in the country. This effort, and the i-Suri programme, are a start to the larger scheme of things that we are working on to create a stronger and sustainable social protection framework in Malaysia. We expect to roll out more initiatives in line with this direction, aimed at widening the social security net for more groups of Malaysians.

CHAMPIONING FINANCIAL WELLNESS

Financial literacy is key to personal financial wellness, both for the present and the future. Within the bigger picture of helping develop a viable social protection ecosystem for the country, we have channeled our efforts to educate Malaysians, especially the younger generation, on ways and means to plan for their financial future. We shifted the focus of our financial literacy campaign in 2018 to the informal sector and the B40 group, particularly located in the east coast of the peninsula.

We carried out three 'Celik Kewangan' roadshows in 2018, in Kuantan, Kota Bharu and Kuala Terengganu. Collaborating with us on this roadshow were Bank Negara's Debt Management and Counselling Agency (AKPK) and Karangkrak's *Sinar Harian*. We also participated in two Media Prima's Karnival Jom Heboh in Penang and Johor. The public response to our Retirement Advisory Services team on-site resulted in the spike in the registration of our voluntary contribution scheme i-Saraan.

NURTURING GROWTH AMID UNCERTAINTY

All indicators point to continued volatility in the global economy in the coming year.

Tighter monetary policy, weaker earnings growth and political risks will continue to confront the world's major economies. And yet, where there are challenges, there are also opportunities. We will leverage such opportunities utilising our risk-based approach and strategy of optimising risk-taking activities to better deliver sustainable returns.

The EPF has a firm foundation of good governance, strong values and sense of purpose. I am committed to lead the organisation on these fundamentals, and drive a performance-based culture to ensure growth, for the benefit of members as well as to ultimately help strengthen the nation's social security environment.

On behalf of the EPF, I would like to express my appreciation to our former CEO, Datuk Shahril, for leaving a powerful legacy in the EPF. I would also like to record my thanks for the invaluable contribution of our Chairman, Tan Sri Samsudin Osman, and the EPF Board for their strategic guidance and support.

To EPF staff, thank you for continuing to be the pillar of strength of our organisation. To the senior leaders of our organisation, thank you for your unwavering commitment. To our numerous partners, our registered employers, thank you for your cooperation and support. And to our members, thank you for your continued trust in us.

TUNKU ALIZAKRI ALIAS
Chief Executive Officer

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CEO'S SPECIAL MESSAGE: IMPACT INVESTING – WHEN EPF CAN BE A FORCE FOR GOOD



The EPF's fund size is growing exponentially. We expect to reach a trillion ringgit in assets under management by 2021. While reaching a trillion ringgit is a natural progression, given the momentum of the net contributions received on a monthly basis, the bigger challenge lies in the second trillion – as in how to grow this pool of fund in the face of decelerating global growth and a volatile trading environment. Then there is the reality of the impact from an ageing population and evolving workforce trends where our current net contribution trend may well reverse in the future.

As the EPF's funds grow bigger, so do claims that we impede market liquidity by our 'oversized' presence in the domestic capital markets. But it is important to remember that we are out on an important and meaningful mission: providing access for our ordinary members of the working class to ownership in productive capital assets in the economy, which would otherwise be far beyond the layman's reach.

In turn, they receive a portion of the wealth generated in the form of yearly dividends, which would then go towards preserving and enhancing the value of their retirement nest-egg, hopefully putting them on a stronger financial footing and future-proof their financial well-being.

A Socially-Conscious Investor

We have a duty to act in the best long-term interests of our beneficiaries. We constantly and actively look at leveraging our fund size as a 'force for good' driven by long-term, sustainable value creation for our stakeholders. Traditionally, the EPF has been a socially-conscious investor, applying negative screening criteria to filter through securities and excluding those that were seen as unethical such as alcohol, tobacco, gambling, weaponry and nuclear power.

We have also been meaningfully incorporating environmental, social and governance (ESG) factors into our investment due diligence and decision-making process, given its potential to enhance return while reinforcing our existing risk management framework. We recognise that applying the ESG principles may better align investors with the broader objectives of society as well as demonstrating EPF's commitment to responsible investing and promoting effective corporate governance and investor stewardship in advancing efficient markets and sustainable economies worldwide.

Governance at the Core of ESG

At the core of successful ESG or sustainable investing is strong governance practices. When we speak of ESG investing, topics like climate change and resource scarcity come to mind, but the term means much more. It encompasses social issues like labour practices, talent management, product safety, data security and more. Going forward, we intend to strengthen these

CEO'S SPECIAL MESSAGE: IMPACT INVESTING – WHEN EPF CAN BE A FORCE FOR GOOD

practices to advocate sound corporate governance from listed companies, based on our conviction that strong governance is a pre-requisite to protect shareholders' interests, and to lay the foundation for stronger environmentally and socially-conscious practices.

Positive Screening for Social Investing

However, consciously excluding businesses that do not align with the EPF values alone, may not suffice.

We are conscious of the far-reaching impact of our investments beyond the financial. At the EPF, we determine much more than where our capital is deployed and the rewards of entrepreneurship. We have to be an effective 'force for good' in impacting positive changes, and in this sense, we seek to influence companies to consciously address or even actively provide solutions to social and ethical concerns in their businesses.

The social impact can be either positive, negative, or both. While financial considerations remain paramount, we have to internalise the larger ramifications of our activities on society, to emphasise the good and right and minimise the negatives.

Negative screens in investments are more straightforward in practice than positive screens. We are acutely aware that positive screens require an analysis of complex issues such as pollution, workplace practices, diversity and product safety. To this end therefore, I would like to challenge the community

of regulators, bourse operators, index providers, fund managers and security analysts in identifying such opportunities. We intend to work closer with our investee companies in aligning our investment goals with our core values in encouraging environmentally-friendly products and socially responsible business practices.

Green Financing

Green financing or the "green bonds" market is fast gaining traction. This sector is an avenue for issuers to raise money specifically for environmentally-friendly projects such as renewable energy, clean transport, waste management infrastructure, building construction, water and land use. This is an area we can eventually explore. However, since a majority of our debt assets are invested locally and owing to the fact that the nascent green industry in the country has yet to reach economies of scale, it may take time before the EPF can invest meaningfully in this sector.

The capital market in our country is vibrant, and there is potential for convergence among responsible, green and Islamic finance. Malaysia is well-positioned to rapidly build upon a sustainable green bond market on top of our existing debt market. For example, our well-regulated USD318 billion bond and sukuk market is supported by an ecosystem comprising a diverse range of issuers, institutional investors, banks, credit rating agencies, a bond pricing agency, a financial guarantee institution as well as other relevant service providers. With supportive government

initiatives and a regulatory framework to institute an 'ESG standard', the industry would surely be driven to design more socially-conscious debt products. This in turn would allow institutional investors like us to integrate sustainability requirements into our investment decision framework.

Preserving Value For Future Generations

The journey of a thousand miles begin with a single step. We have taken the first step, with the submission of our application to become a signatory to the United Nations-supported Principles for Responsible Investing (UNPRI). With the signing of the UNPRI, we will be joining the UNPRI's independently operated, global network of policymakers that are working to build a sustainable financial system on the foundation of responsible investment for long-term value creation.

We believe this will improve our ability to meet our commitment to ensure we actively walk the extra mile to 'do good' – seeking and finding that balance between gaining financial returns with measurable impact towards society and the environment in the form of 'social dividends', while still able to maintain and preserve precious resources and our natural environment for the benefit of future generations.

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