

The Guardian of Retirement

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“ The board has to ensure that we stick firmly to our laws and regulations, and observing the right governance. These are the tenets of our guiding behaviour. ”

Tan Sri Samsudin Osman
Chairman, Employees Provident Fund

CORPORATE OVERVIEW

VISION & MISSION



VISION

To Be a World-Class Social Security Organisation
Providing the Best Retirement Savings for Malaysians.



MISSION

To Provide the Best Retirement
Savings Scheme.

CORPORATE OVERVIEW

“The Employees Provident Fund (EPF), established in 1951, is one of the oldest and largest retirement funds in the world. We have transformed significantly from our early days, mainly driven by our Vision to be a world-class social security organisation providing the best retirement savings for Malaysians.”

In line with our Mission to provide the best retirement savings scheme, we have evolved from primarily a transaction-centric organisation to a professional fund management organisation with a strong focus on retirement security.

We oversee a mandatory retirement savings scheme for all private and non-pensionable employees in the country. The EPF is based on a defined contribution model where both employees

and employers contribute a fixed percentage of the employees' monthly salary into the employee's (member's) account. By law, we also ensure the 536,489 employers registered with the EPF as at 31 December 2015, fulfil their responsibility of contributing towards their employees' retirement savings. Our membership grows by the year and today stands at 14,550,355, of whom 6,794,604 are active members (those who have contributed at least once within the 12-month period).

Our shared values:



Integrity

We practice a zero-tolerance policy on breaches of integrity and ethics in order to maintain the highest level of trust and confidence of our members.



Customer Focused

We are committed to provide our members with fast, accurate and pleasant service whether through kiosks, telephone, face-to-face, online transaction, email or traditional mail.



Continuous Improvement

We encourage a performance-driven culture and ensure EPF employees undergo training and skills enhancement in order to keep pace with the rapid changes in the operating environment by using latest technologies for a more effective and efficient service.



Teamwork

We instil the values of teamwork by breaking down silos to create a healthy and vibrant working environment.

Our mandate is not just to preserve but also grow members' assets. As at 31 December 2015, our total investment assets stood at RM684.53 billion. Guided by stringent investment policies, we invest our assets into a portfolio of safe yet, relatively high-yielding instruments. Our diverse asset classes comprising government bonds and securities, balanced by investments in equities, money market instruments and real estate and infrastructure.

The age of retirement would either come soon or still far away, depending on the demography of our members, but we remain committed to provide the best service backed by efficient operations and performance as we continue to empower our retirement.

EPF SONG

KWSP

Kami komited
Kami sedia berbakti
Visi dan misi
Terus dihayati
Di mata dunia harapan kami

KWSP

Kami berikrar
Nilai murni dijaga
Telus dan integriti
Amalan bersama
Kualiti perkhidmatan
Tetap diutama

Chorus:

Kepada ahli
Kepada majikan
Janji kami
Anda diutamakan

Berkorban pasti
Ikhlas menabur bakti
Bersatu hati
Demimu KWSP

Yakin kami melangkah
Menuju wawasan yang cemerlang
Demi simpanan hari tua anda
Dan pembangunan negara
Demi KWSP yang kucinta

The essence of the EPF Song

The song expresses the dedication and commitment of EPF staff to give their very best as part of our promise in maintaining a high standard of service delivery to members and employers.

We realise our mandate to take care of members' retirement savings remain a top priority.

Every day is about giving our very best; now and into the future.



AWARDS



Transformation Excellence - ASSA Award
(ASEAN Social Security Association)

NATIONAL LEVEL

- SGAM ICT Award for e-Pengeluaran project
- Malaysia's 100 Leading Graduate Employers (Government-Linked Companies Sector Finalist)
- Graduan Brand Awards 2014:
 - First Place for Top 3 Companies by Industry (Government)
 - 29th Place for Top 50 Companies
 - 92th Place for 100 Leading Graduates Employee
- Clean Audit Certificate by the National Audit Department for Financial Statement 2014

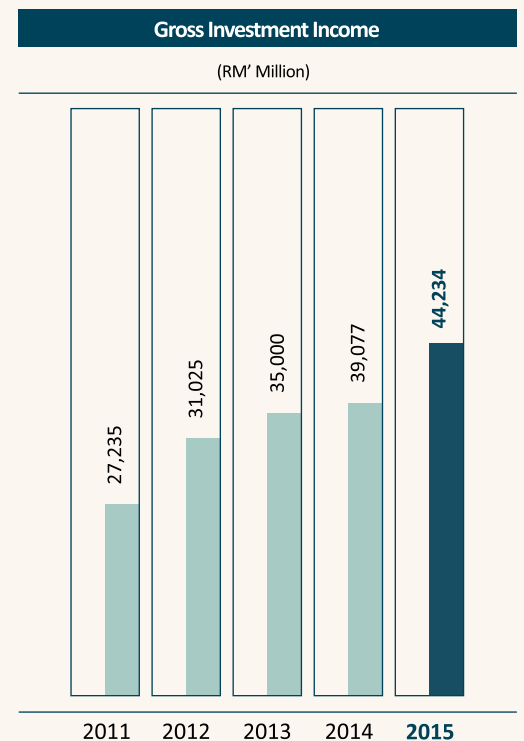


INTERNATIONAL LEVEL

- Transformation Excellence - ASSA Award (ASEAN Social Security Association)
- HR Asia Best Companies to Work for in Asia 2015

FIVE-YEAR FINANCIAL HIGHLIGHTS

	2011	2012	2013	2014	2015
SNAPSHOT OF FINANCIAL RESULTS					
	RM' MILLION				
Gross Investment Income	27,235.30	31,024.94	35,000.36	39,076.48	44,234.03
Net Investment Income	25,915.20	28,970.55	32,532.72	37,824.88	40,701.25
Other Income	64.19	98.81	156.63	165.82	231.71
Total Income	25,979.39	29,069.36	32,689.35	37,990.69	40,932.96
Total Expenditure *	916.28	860.81	1,227.75	1,175.85	1,245.88
Net Income	25,084.43	28,208.55	31,461.60	36,814.84	39,687.08
Dividend Credited Into Member's Account	24,466.02	27,450.92	31,200.17	36,656.46	38,243.40
SUMMARISED FINANCIAL POSITION					
	RM' MILLION				
Total Members' Fund **	476,526.06	532,274.73	593,450.87	640,207.42	688,294.55
Total Assets	477,683.43	536,029.19	597,820.50	646,697.25	696,113.49
Total Liabilities	1,157.37	3,754.46	4,369.63	6,489.83	7,818.94
KEY FINANCIAL RATIOS					
	ALL-IN %				
Return On Investments	6.58	6.87	6.97	7.25	7.48
Total Expenditure Over Total Income ***	3.32	2.71	3.48	2.99	2.78
Total Expenditure Over Total Assets	0.19	0.16	0.21	0.18	0.18
Investment Growth	6.52	12.31	11.37	11.13	8.42
Annual Dividend Rate	6.00	6.15	6.35	6.75	6.40

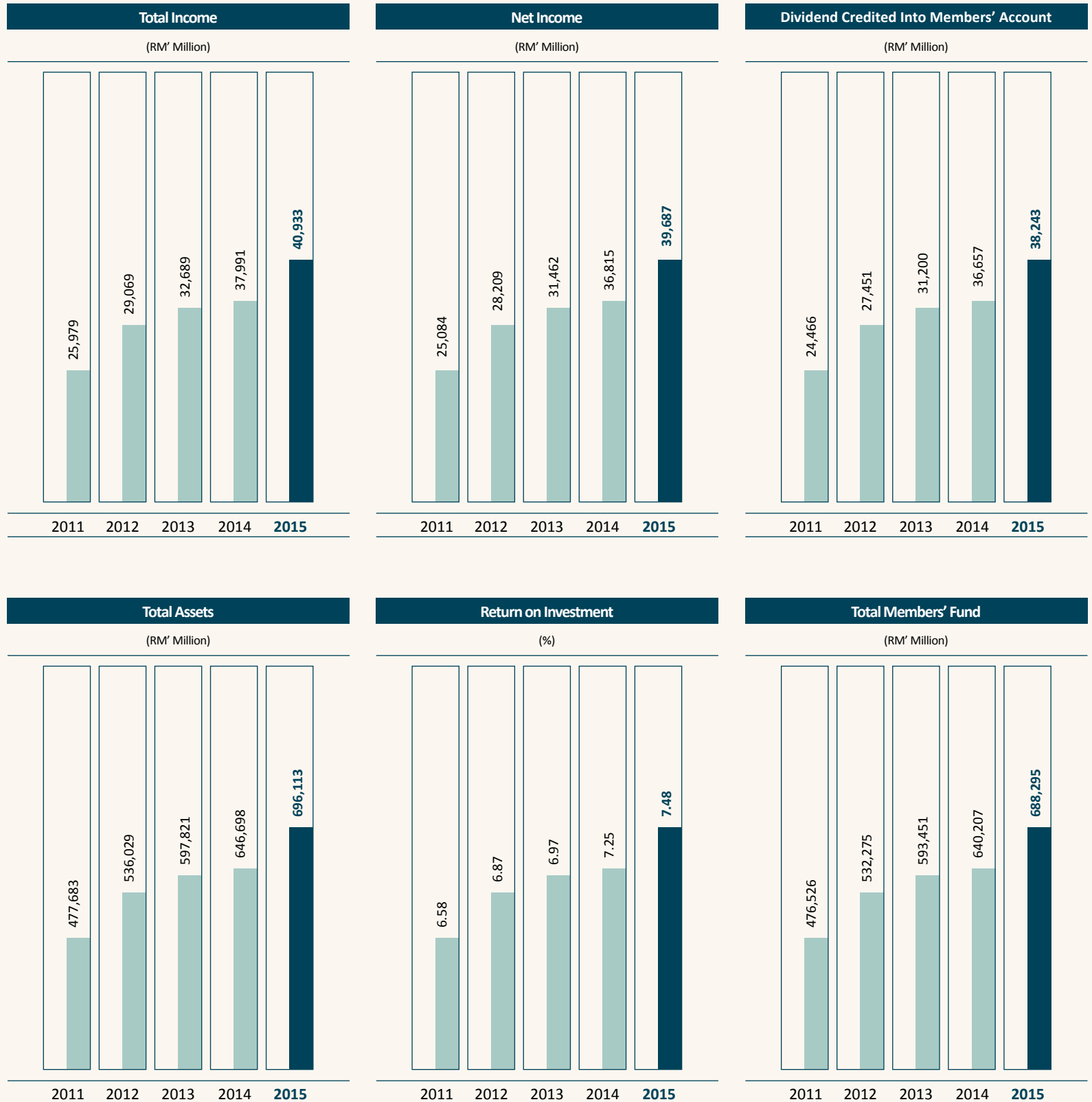


* Comprised of Operating Expenditure and Statutory Charges.

** Comprised of Contributions Account, Available-For-Sale Financial Assets Reserve (from 2010 onwards) and Section 50(3) Reserve (until 2011 only).

*** Total Income includes writeback of impairment allowance on financial assets and reversal of impairment loss on investment in subsidiaries and associates.

FIVE-YEAR FINANCIAL HIGHLIGHTS



CORPORATE DIARY 2015

JANUARY



15 Meeting between EPF's Management and the Malaysian Trades Union Congress (MTUC)

22 – **23** EPF Service Conference

FEBRUARY

04 Visit from the National Social Security Fund of Uganda



09 Media Briefing on EPF Dividend 2014



10 Launching of the Accelerated Development Programme (ADP)



13 Signing Ceremony between EPF and Goldman Group

MAY

19 – **20** International Social Security Conference 2015



APRIL



08 The EPF Portfolio Managers Annual Award Dinner 2015



11 EPF Headquarters Family Day



20 Interview with Astro Awani on EPF retirement initiatives



Media Briefing on Enhancement Initiatives of EPF Scheme



Briefing to MTUC on Enhancement Initiatives of EPF Scheme

28 Visit by officers from the Malaysian Employers Federation (MEF)

MARCH



09 Visit by officers from PT Asabri Indonesia



12 The EPF receives Clean Audit Certificate for Financial Auditing from the National Audit Department for the financial year ended 31 December 2014



25 – **28** EPF Management Conference

CORPORATE DIARY 2015

AUGUST



07

09

GLC Open Day



25

Town Hall Session with CEO

26

Visit from Social Security Office (SSO) Thailand



31 EPF participates in the Merdeka parade

SEPTEMBER

02

EPF Service Awards 2014



03

Visit by officers from the Institute for the Management of State Participations (IGEPE), Mozambique

10

32nd ASEAN Social Security Association Board Meeting 2015



29

Visit by YB Datuk Johari Abdul Ghani, Deputy Finance Minister II to EPF Headquarters

DECEMBER



07

EPF, KWASA Land sign Corporate Integrity Pledge

NOVEMBER

04

EPF Panel Doctor Conference



20

Visit by YB Datuk Chua Tee Yong, Deputy Finance Minister I to EPF Petaling Jaya

OCTOBER

01

The EPF celebrates 64th anniversary



05

System Star Rating (SSR) 2015



07

Visit by Malaysia Productivity Corporation (MPC) with the Kenya Institute of Management (KIM)



08

EPF Risk Management Seminar 2015

29

EPF Global Private Equity Summit 2015



17

EPF Investment Seminar 2015

30

EPF Charity Ride 2015



CHAIRMAN'S STATEMENT

"We ended the year with RM44.23 billion in total gross investment income with a healthy gross return on investment (ROI) of 7.48%."



A handwritten signature in black ink, appearing to be 'S. Osman', written over a horizontal line.

Tan Sri Samsudin Osman
Chairman

The year 2015 had been a remarkably eventful year for the Employees Provident Fund (EPF). A lot of development had taken place in the year which should put us in much better shape for the future. Our business performance was modest as we had to operate in a turbulent economy. We ended the year with RM44.23 billion in total gross investment income with a healthy gross return on investment (ROI) of 7.48%.

In keeping with the changing aspirations of our members, we too have evolved. We have significantly improved our operational efficiencies, having added a repertoire of e-services to cater to the diverse members demographics. Technology has also played a key role in EPF's development, making the process of interacting and transacting with us much simpler and more streamlined.

GOVERNANCE AND INTEGRITY

Integral to our role as a statutory body entrusted to protect and enhance value of our members' life savings is good governance and integrity. We have devoted time and effort to review our governance framework, which is built upon our core values - Customer Focused, Continuous Improvement, Integrity and Teamwork. These are not values that change from time to time, situation to situation or person to person, but rather they are the foundation of EPF's culture. They serve as a fundamental part in how we do business and help set clear parameters of what we expect of our employees' behaviour and character.

To instil members' confidence and trust in our decisions, we set our sights on the highest standards of good corporate governance and we maintain integrity in everything we do. In December 2015, the EPF signed the Corporate Integrity Pledge (CIP) witnessed by the Malaysian Anti-Corruption Commission to augment our commitment to uphold

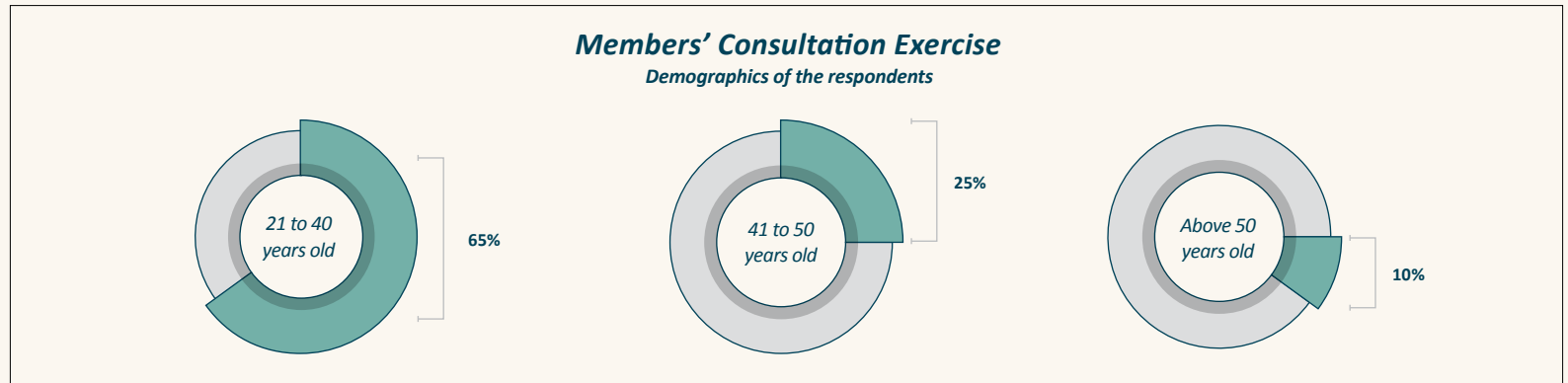
integrity, which is essential to create a successful business and transparent operating environment that adheres to global standards of governance.

The year also saw us adopting the environmental, social and governance (ESG) principles in our investment consideration and decision - this should provide stakeholders an insight to the kind of quality and thought process of our management, corporate culture and risk profile.

SOCIAL SECURITY AND ENGAGING OUR STAKEHOLDERS

The changes in the socio-economic landscape have multiplied manifold and we are constantly vigilant for the latest relevant strategies in order for us to introduce initiatives that will address issues revolving around our members' retirement well-being. One such initiative was the Members' Consultation exercise, which was held following the announcement of four enhancement initiatives to the current EPF Act 1991 in April 2015.

CHAIRMAN'S STATEMENT



It was important that our members participate in decisions that impact them before the proposals were escalated to the Parliament for deliberation in November. That exercise required members to cast their votes and provide their feedback over the four proposed initiatives. The voting was opened

This period also saw us further enhancing engagement efforts with key stakeholders, where briefings and talks with Government, political parties from all sides, relevant agencies, as well as groups and associations – private and institutional.

SIMPLIFYING OUR OPERATIONS

The year 2015 had seen significant shifts in the way we transact with our members. We have been able to simplify processes, while continuing to enhance and develop electronic services to drive our operational efficiencies, enabling us to extend reach and access to our members.

“Our i-Akaun facility has now become a gateway to all our electronic services, namely e-Caruman for employers to submit contribution details and make payments online, while e-Pengeluaran are for members to submit withdrawal applications online.”

Our i-Akaun facility has now become a gateway to all our electronic services, namely e-Caruman for employers to submit contribution details and make payments online, and e-Pengeluaran for members to submit withdrawal applications online. We also launched the EPF Members Investment Scheme (EPF-MIS) Information Portal to encourage members to conduct their own research on unit trust funds offered under the scheme. The portal should assist them to choose wisely before making the decision to transfer a portion of their savings in Account 1 for investment.

for two weeks and upon closing, a total of 96,448 EPF members had participated, making it the biggest public consultation of its kind ever held in the country.

Above all, the members' consultation exercise has given us a fresh perspective on how we can better understand and manage stakeholders and members' opinions, needs and expectations. At the very least, the issue of social security has now become a key topic of conversation and is being debated in both closed and open forums. This has, and will in many ways, make it easier for government agencies and organisations such as ours to push forth the social security agenda at a higher level.

The most interesting discovery from the exercise was the demographics of the respondents: more than 65% of respondents were between 21 and 40 years old, 25% were between 41 and 50 years old, and only 10% were above 50 years old. This is a clear indicator that the younger generation is taking the retirement issue more seriously, which is a very positive sign as this is in line with our aspiration to make retirement a younger generation's agenda.

I am also proud to announce that we have opened five more Retirement Advisory Service (RAS) units at our branches in Johor Bahru, Kuantan, Ipoh, Kota Kinabalu and Seberang Jaya. This is in addition to the initial two branches in Kuala Lumpur and Petaling Jaya. The positive responses received from members who have sought advice from our highly trained RAS officers were indeed heartening, and I have strong faith that we are on the right path to ensuring that our members obtain the best advice for their retirement planning.

CHAIRMAN'S STATEMENT

BUILDING COMPETENCY

Significant growth and advancement have taken place throughout 2015, and this momentum has only been sustained through the efforts of a unified workforce who live and breathe the culture and values of the EPF. Much of the progress made is due to our team of self-motivated individuals for attaining and sustaining operational and customer delivery excellence, and which has helped build the EPF into a sustainable and global organisation that it is today.

Continuous efforts to recruit the right people and to upgrade skills and efficiency has not only translated into high dividends, but has also earned us the award for HR Asia Best Companies To Work For in Asia 2015. We are both delighted and humbled by this award; as part of the management and leaders in the EPF, we have a responsibility to establish and maintain an impeccable standard of excellence as well as play a key role as propagators of EPF's corporate values.



The traditional ASK model - Attitude, Skills and Knowledge - a concept popular in the 1980s, is still very much alive in the EPF as it continues to contribute in shaping our growth and in building our competency framework. We have been getting our staff re-trained and their skills and knowledge enhanced, while building and encouraging a positive attitude towards work. We have refreshed and developed new programmes to ensure that our values are internalised in every aspect throughout the organisation.

ACHIEVING HIGH VALUE

Throughout my service with the EPF, I have come to know and respect the EPF as an organisation catalysed by a strong investment culture. As a retirement fund, the bulk of our investment assets are placed in low risk yet sustainable instruments which provide a stable stream of income over the long term.

The external environment in 2015 had been very difficult and doing business became a challenge. But despite these headwinds, we managed to generate a return on investment (ROI) of 7.48%. Guided by

our Strategic Asset Allocation (SAA) and combined with our disciplined approach in investment, we were able to generate RM44.23 billion in gross investment income, which was a 13.20% increase from 2014. Our overseas investments, meanwhile, contributed about 48% of our total gross investment income for the year and helped to cushion us against the weaker performance of domestic assets.

We also made good progress in reinforcing our position as an active investment partner. Leveraging on the business relationships developed overseas, we have been encouraging foreign investment in Malaysia. A prime example was when we ventured into a logistics hub with the Goodman Group of Australia.

More importantly to our members is our commitment of delivering real dividend of no less than 2% over a three-year rolling period and nominal dividend of more than 2.5% on a yearly basis. This year, we declared a dividend of 6.40% to our 14,550,355 members, with a payout totalling RM38.24 billion.

Dividends

We declared a dividend of **6.40%** to our

14,550,355

members with a payout totalling

RM38.24
billion

CHAIRMAN'S STATEMENT

YEAR AHEAD

The global economy in 2016 may experience slow and uneven recovery. It will be increasingly challenging for us to manage our growing funds, but we will adjust our strategies accordingly so that we could project sustainable if not moderate growth in our financial performance.

Nevertheless, we will not be disheartened. If anything, we will be more motivated to work harder to deliver on our promise. To make a difference takes time and requires new thinking supported by accelerated effort. Our role as the country's largest retirement fund and seventh largest in the world should not to be taken for granted; we will continue to propose and implement initiatives which would take care of the future elderly as well as the younger generation.



"We will continue to simplify our processes and operations in an effort to improve service delivery, and keep leveraging on technology by rolling out more easy-to-use electronic services."

We will continue to simplify our processes and operations in an effort to improve service delivery, and keep leveraging on technology by rolling out more easy-to-use electronic services. Against the rapid change in member demographics, insufficient retirement income and a complex social system, we hope to shape EPF's role more prominently as a retirement fund both in Malaysia and globally.

Building on the foundation of capable leadership and pillared by a strong workforce, I am confident that we have what it takes to maintain a high level of operational and financial performance which will position us well for future growth.

ACKNOWLEDGEMENTS

On behalf of the Board, I would like to thank all our various stakeholders for their contribution which have propelled us to where we are today.

We would like to acknowledge the support of the Government and its agencies, principally the Ministry of Finance and Bank Negara Malaysia for continuing to engage us on matters of national interest and helping us to champion the retirement well-being of our members.

As Chairman, I would like to welcome our newly appointed Board and Investment Panel members to the EPF and at the same time, I would like to thank

all the outgoing members for their contribution during their tenure with the EPF.

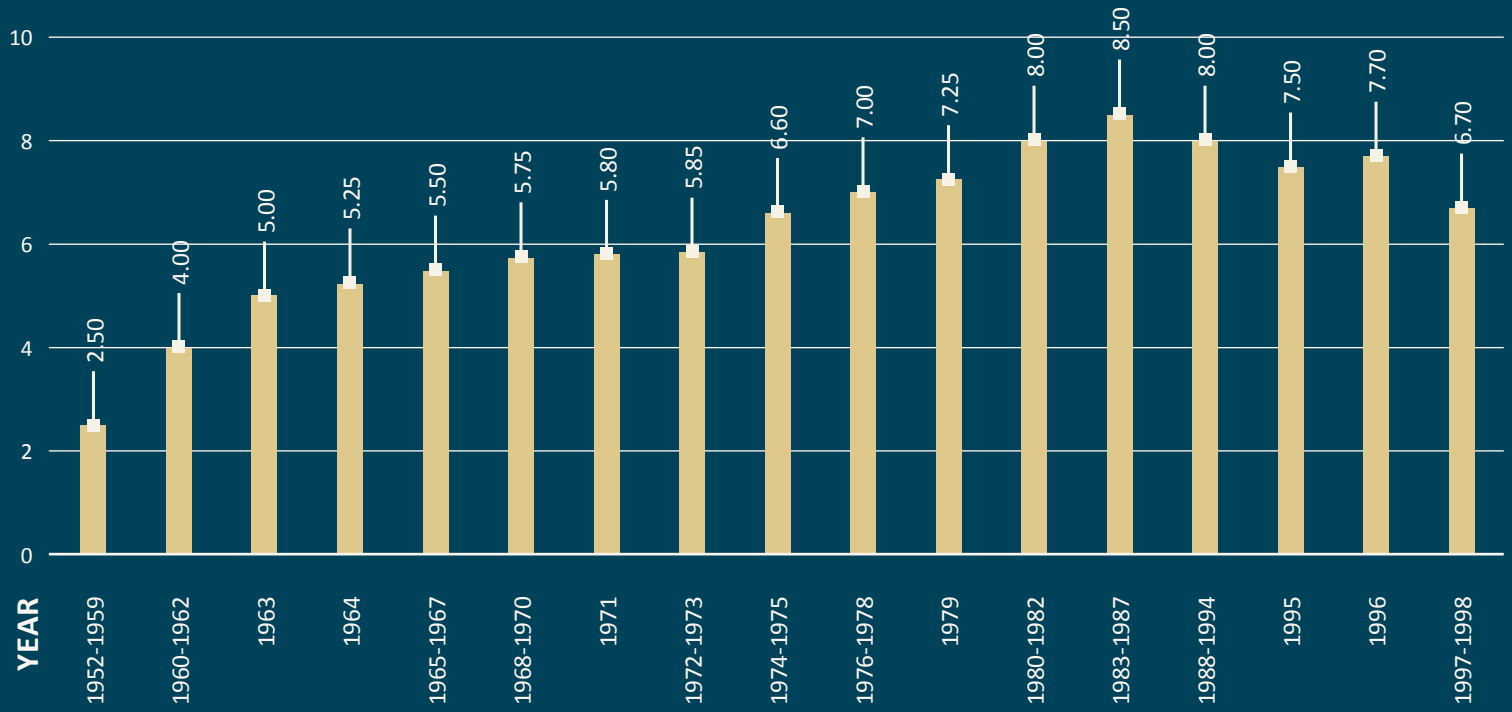
My heartfelt gratitude goes to EPF's Chief Executive Officer Datuk Shahril Ridza Ridzuan for his strategic leadership and capability to steer the organisation on the right course as we aim to attain world-class standards. My sincere appreciation goes out to each and every one of our management team and employees for their efforts, commitment and dedication in making the EPF the respected organisation it is today.

Thank you all for your participation and contribution, without which we would not have achieved the successes that we have today. Let us continue and keep up the good work and remain committed and steadfast as we strive to empower our members' future.

Tan Sri Samsudin Osman
Chairman

B DIVIDEND RATES

DIVIDEND RATES (%)



DIVIDEND RATES (%)

