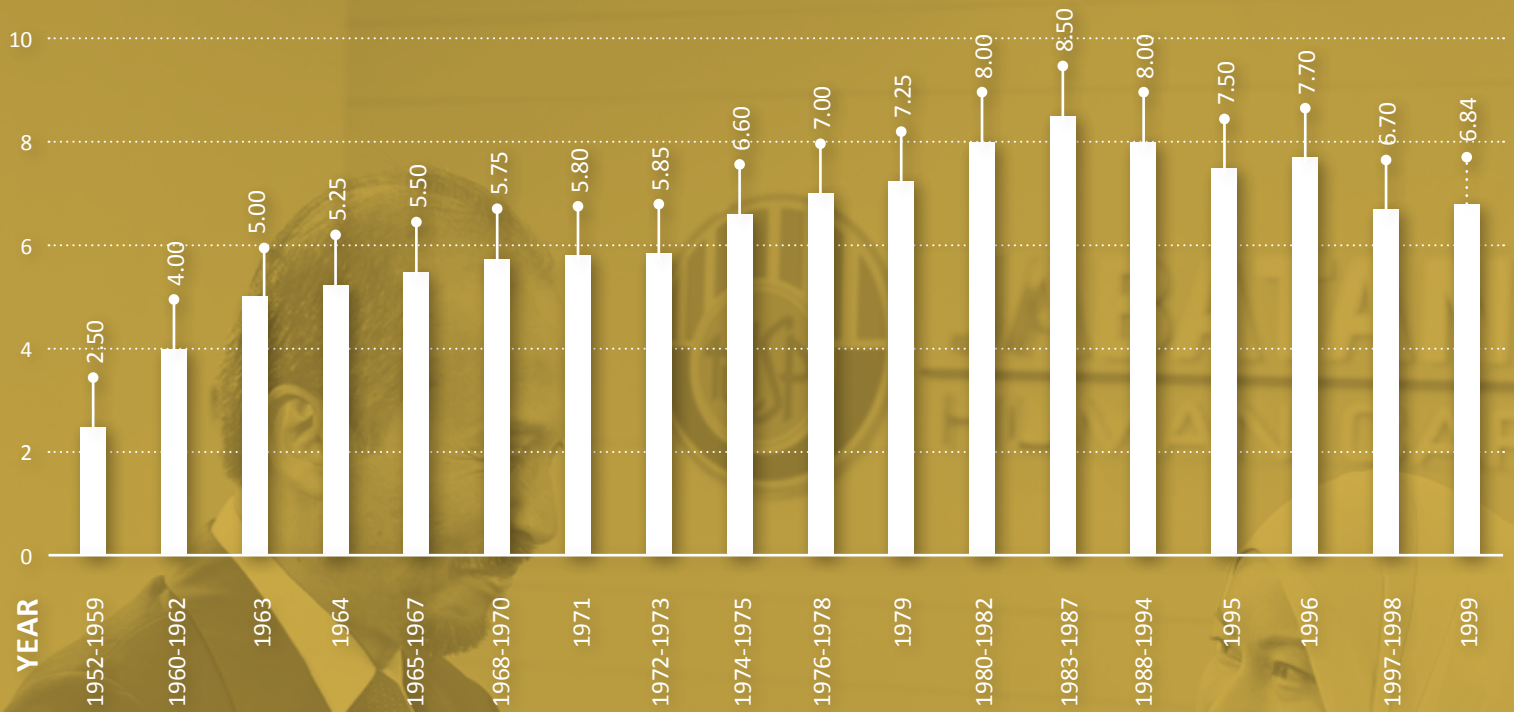
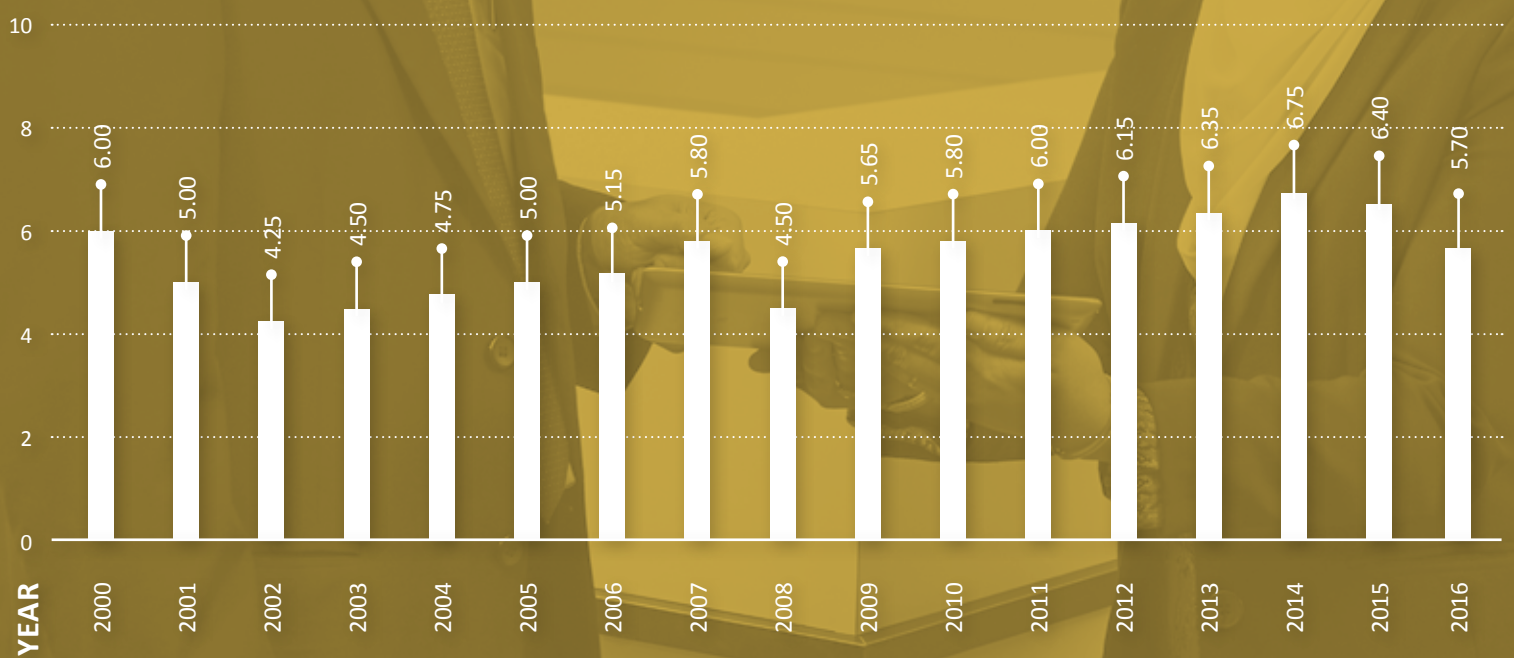


# DIVIDEND RATES

## DIVIDEND RATES (%)



## DIVIDEND RATES (%)



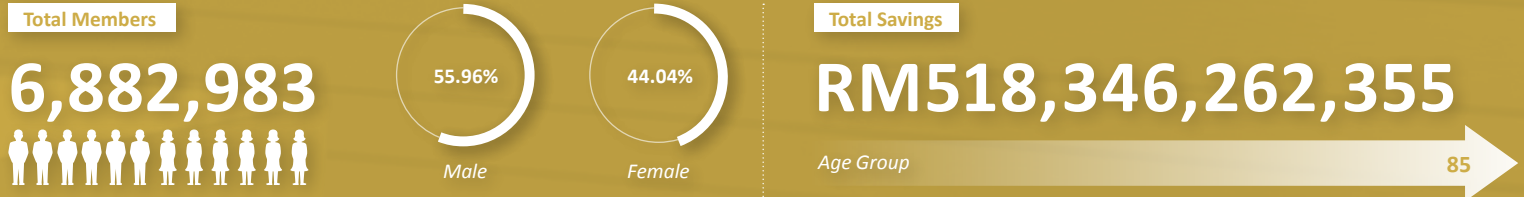
# CONTRIBUTION RATES



Year	Employee	Employer	Total
1952 - June 1975	5%	5%	10%
July 1975 - November 1980	6%	7%	13%
December 1980 - December 1992	9%	11%	20%
January 1993 - December 1995	10%	12%	22%
January 1996 - March 2001	11%	12%	23%
April 2001 - March 2002	9%	12%	21%
April 2002 - May 2003	11%	12%	23%
June 2003 - May 2004	9%	12%	21%
June 2004 - May 2005	11%	12%	23%
June 2005 - December 2008	11%	12%	23%
January 2009 - December 2010	8%	12%	20%
January 2011 - December 2011	11%	12%	23%
<b>January 2012 - February 2016</b>			
Income RM5,000 and less	11%	13%	24%
Income more than RM5,000	11%	12%	23%
<b>*March 2016 - December 2017</b>			
<b>Members below age 60</b>			
Income RM5,000 and less	*8%	13%	21%
Income more than RM5,000	*8%	12%	20%
<b>Members age 60 until age 75</b>			
Income RM5,000 and less	*4%	6.5%	10.5%
Income more than RM5,000	*4%	6.0%	10%

## ACTIVE MEMBERS' PROFILE BY AGE GROUP AND GENDER

as at 31 December 2016



Age Group (Year)	Number of Male	Number of Female	Total Members	Total Members (%)	Total Cumulative Members (%)	Total Savings (RM)	Total Savings (%)	Total Cumulative Savings (%)
<16	472	227	699	0.01	0.01	948,747	0.00	0.00
16-25	900,092	766,317	1,666,409	24.21	24.22	13,481,165,212	2.60	2.60
26-30	700,826	630,736	1,331,562	19.35	43.57	40,350,106,239	7.78	10.39
31-35	559,716	455,901	1,015,617	14.76	58.32	63,627,721,179	12.28	22.66
36-40	446,426	349,664	796,090	11.57	69.89	80,993,057,643	15.63	38.29
41-45	383,189	288,353	671,542	9.76	79.64	95,124,534,944	18.35	56.64
46-50	331,939	229,140	561,079	8.15	87.80	95,467,876,525	18.42	75.06
51-55	262,145	171,462	433,607	6.30	94.10	77,120,684,336	14.88	89.93
56-60	158,276	91,515	249,791	3.63	97.73	30,578,600,726	5.90	95.83
61-65	71,017	33,886	104,903	1.52	99.25	13,806,264,851	2.66	98.50
66-70	29,081	11,172	40,253	0.58	99.83	5,643,258,174	1.09	99.58
71-75	7,503	2,290	9,793	0.14	99.98	1,856,182,764	0.36	99.94
76-80	1,241	277	1,518	0.02	100.00	275,871,127	0.05	100.00
81-85	79	19	98	0.00	100.00	16,007,930	0.00	100.00
>85	17	5	22	0.00	100.00	3,981,957	0.00	100.00
<b>Grand Total</b>	<b>3,852,019</b>	<b>3,030,964</b>	<b>6,882,983</b>	<b>100.00</b>		<b>518,346,262,355</b>	<b>100.00</b>	

Note: Total Savings Amount not inclusive of 2016 annual dividend

# INVESTMENT DIVISION



**DATO' MOHAMAD NASIR AB LATIF**  
Deputy Chief Executive Officer

*"In 2016, the EPF exceeded both targets with 3.20 per cent over nominal dividend and 3.83 per cent real dividend over the rolling three year period. This is in line with the EPF's objective of preserving and enhancing the value of members' contribution."*

The Investment Division manages the EPF's investment fund with two primary long-term objectives, which are:

1. To preserve and enhance the value of capital from members' contribution; and
2. To maintain stable and consistent returns over the long term within tolerable risk limits.

To ensure that the above objectives are met, two strategic investment targets have been set:

1. To declare at least 2.50 per cent nominal dividend on a yearly basis; and
2. To declare at least 2 per cent real dividend (inflation adjusted) on a rolling three-year basis.

In 2016, the EPF exceeded both targets with 3.20 per cent over nominal dividend and 3.83 per cent real dividend over the rolling three year period. This is in line with the EPF's objective of preserving and enhancing the value of members' contribution.

In ensuring that the investment targets are met, the EPF's investment stands guided by its Strategic Asset Allocation (SAA) to optimise return within the risk tolerance limits.

Apart from the SAA, the EPF also has Tactical Asset Allocation (TAA) which allows portfolio managers to deviate from their median SAA within the portfolio's tolerable range to take advantage of market conditions. Meanwhile, medium term views on the

market are incorporated into our Dynamic Asset Allocation (DAA) which are reviewed on a quarterly basis.

The current SAA is effective for the year 2014-2016. Hence, during the year 2016, the SAA was reviewed to reflect prevailing market conditions, changes to regulatory and accounting requirements and investment constraints. The reviewed SAA which will be effective for the period 2017-2019 maintains the allocation by broad asset classes. However, there has been a reallocation for the sub asset classes to reflect the growth in EPF's investment asset size which exceeds the growth of the Malaysian GDP, making it inevitable for the EPF to increase its allocation to overseas investment. The reviewed SAA also focuses on meeting the median SAA for the Real Estate & Infrastructure asset class of 10 per cent from the current exposure of 4.03 per cent as at end of 2016.

## INVESTMENT HIGHLIGHTS

During the year, the EPF faced challenging investment climate due to unsettling events such as Brexit and the US Presidential elections. In retrospect, the EPF was operating on the back of slower global growth while navigating between changes in the monetary policies in major economies, the slump in crude oil prices, a weaker domestic currency, and large-scale outflow of capital from emerging market economies to developed economies and safe haven currencies.

The majority of markets globally also recorded a decline in the early part of the year affecting the EPF's performance in the first quarter. However, the EPF ramped up its profit realisation activities to generate gross investment income which was on an increasing trend from the second quarter onwards.

Amid the challenging environment in 2016, the EPF was able to record gross investment income of RM46.56 billion, an increase of 5.25 per cent or RM2.32 billion compared with RM44.23 billion in 2015. This was also the highest gross investment income ever achieved since the establishment of the EPF in 1951. The achievement in gross investment income was equivalent to a Return on Investment (ROI) of 7.12 per cent. Even though the return was lower, compared with 7.48 per cent which was recorded in 2015, the average gross ROI for the past three years (2014-2016) was 7.28 per cent, well above 7 per cent despite the turbulent market condition.

The EPF's achievement in 2016 is aligned with its investment objective to deliver stable and sustainable long term returns within tolerable risk limits. As a prudent and conservative retirement savings fund, almost 50 per cent of its assets are invested in low-risk fixed income instrument. Following that, the EPF's gross ROI was naturally skewed towards yields on fixed income instrument. However, the EPF's gross ROI of 7.12 per cent was significantly higher than the yield on MGS three, five and 10 years. This proves the effectiveness of the EPF portfolio diversification as guided by the SAA, and the ability to coordinate its investment activities to generate the investment income recorded.

## INVESTMENT DIVISION

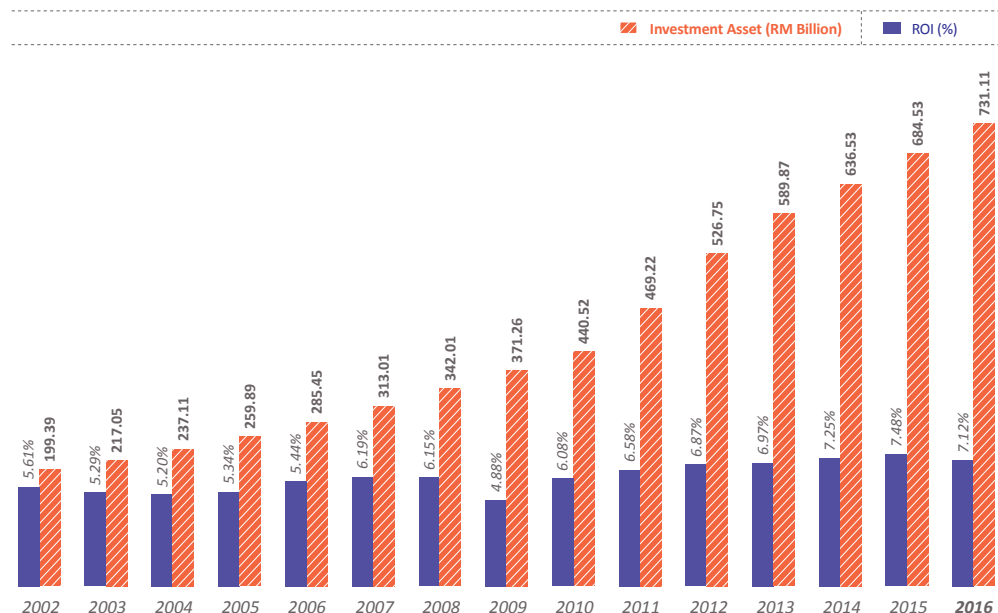
At a time when the local bonds and equities market underperformed, EPF's diversification into global assets and currencies had allowed it to realise profits from different markets over the past year, which helped to boost performance. Overseas investment, which made up about 29 per cent of total investment assets, contributed 39 per cent of the EPF's gross investment income throughout the year, thus enhancing the overall return of the EPF's investment portfolio. In 2016, the ROI for foreign investment was 9.73 per cent as compared with 6.18 per cent for domestic assets, adding 94 basis points to the overall ROI of 7.12 per cent.

Meanwhile, the FTSE Bursa Malaysia KLCI, which has almost 33 per cent exposure to the banking sector, yielded negative return for the third consecutive year, closing the year with -3.00 per cent. This affected valuations of listed assets held by the EPF as more than 70 per cent of its total investment assets were invested domestically. On the global front, crude oil prices tumbled to as low as USD30 per barrel, affecting the valuation of oil & gas listed companies. Therefore, as a prudent retirement savings fund, it is imperative to factor in such market-to-market losses on our income statement.

In accordance with the Malaysian Financial Reporting Standards 139 (MFRS 139), the EPF was required to recognise net impairment amounting to RM8.17 billion as compared with RM3.07 billion in 2015 to reflect the lower equity prices, particularly in the banking sector domestically and oil and gas sectors in both the domestic and foreign markets. Over 70 per cent of the impairment was on domestic listed securities reflecting the negative return in the FBM KLCI for the third consecutive year.

Nonetheless, the EPF's investment assets stood at RM731.11 billion as at 31 December 2016 while total members' savings was RM704.27 billion, indicating the healthiness of EPF's investment portfolio. A total of 48.58 per cent of the EPF's investment assets were invested in fixed income instruments and 42.33 per cent in Equities, while the remaining 4.03 per cent and 5.06 per cent were in Real Estate & Infrastructure and Money Market Instruments respectively.

## Investment Asset against Return on Investment (ROI)



After taking into account impairment, operational and investment expenses, statutory charges and utilisation of retained earnings that were brought forward from 2015, dividend on withdrawal and undistributable unrealised profit, the net income distributed as dividend for 2016 was RM37.03 billion, equivalent to a dividend rate of 5.70 per cent.

The dividend payout for 2016 was higher than the payout amount in 2014 even though the dividend rate declared in 2014 was higher at 6.75 per cent. The payout amount required for 1.0 per cent dividend in 2016 was RM6.51 billion, higher compared with RM5.43 billion in 2014. The payout amount required for every 1.0 per cent dividend rate has been growing at 9.5 per cent annually since 2001, in tandem with the growth of members' savings balance for the same period. The EPF has also distributed RM236.07 billion in dividends after the financial crisis in 2008.

In addition to the commendable dividend, the EPF remains prudent in its expenses as indicated by its key financial ratios. The EPF's cost to asset under management ratio in 2016 was 0.25 per cent (2015: 0.26 per cent), the cost to gross realised income was 2.56 per cent (2015: 2.68 per cent), and the cost to total asset was 0.16 per cent (2015: 0.17 per cent).

## MALAYSIAN GOVERNMENT SECURITIES AND EQUIVALENT (MGS &amp; EQUIVALENT)

In 2016, the EPF's investment in fixed income instruments continued to provide a stable stream of income. The asset class, which comprises MGS & Equivalent and Loans and Bonds, in total contributed 34.87 per cent of the RM46.56 billion gross investment income registered for the year.

Our holdings in MGS & Equivalent stood at RM181.30 billion as at 31 December 2016, RM3.19 billion or 1.79 per cent higher compared with 2015. The asset class represented 24.80 per cent of our total investment, about 1.22 per cent decrease from 26.02 per cent in 2015. The asset class registered a gross investment income of RM7.72 billion, grew by 7.56 per cent compared with RM7.18 billion in 2015. The growth in income is higher than the year-on-year growth of the asset class size, resulting in an ROI of 4.40 per cent, higher than the previous year's ROI of 4.24 per cent. In addition to that, the fluctuation in market yield for MGS & Equivalent allowed the EPF to rebalance its portfolio as well as to facilitate profit taking activities.

# INVESTMENT DIVISION

## LOANS AND BONDS

The asset class comprising domestic and global portfolios, increased from RM171.70 billion to RM173.85 billion in 2016, a marginal growth of 1.25 per cent from 2015. While there were a number of maturities and repayments made during the year, there were also significant bond subscriptions and loan drawdowns through injection of new money, creation of new mandate for external fund managers and also reinvestment of income throughout the year 2016.

Gross investment income recorded for 2016 by the asset class was RM8.51 billion, an increase of 0.37 per cent or RM31.74 million against RM8.48 billion in 2015. The ROI however, decreased from 6 per cent in 2015 to 5.43 per cent in 2016. Nonetheless, the Loans and Bonds portfolio still provided a healthy spread over the MGS & Equivalent portfolio, with the spread in ROI of 1.03 per cent in 2016.

## EQUITIES

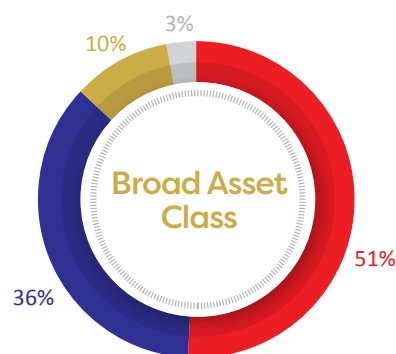
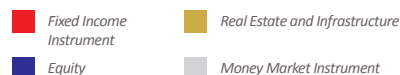
We continued to increase our holdings in Equities, made up of both listed and private equities in the domestic and global markets. The asset class increased from RM299.76 billion in 2015 to RM309.48 billion as at December 2016, an increase of 3.24 per cent or RM9.72 billion. The asset growth also reflects the increase in equity prices globally as well as the movement of foreign currencies against the Malaysian Ringgit.

Equities continued to be the main contributor of income with 57.68 per cent amounting to RM26.85 billion, up 3.23 per cent or RM0.84 billion compared with RM26.01 billion in 2015. The foreign equity portfolio played a significant role in 2016 by generating nearly half of the income from equity investment.

However, ROI decreased slightly from 10.89 per cent in 2015 to 10.35 per cent in 2016. Nonetheless, it is worth noting that this was the sixth consecutive year that the asset class had recorded a double-digit ROI, adding value to the EPF's overall portfolio return.

Following the requirements set out in the MFRS 139, RM8.17 billion of net impairment was recognised, of which RM8.05 billion was from listed equities, with

### Strategic Asset Allocation (SAA) by Broad Asset Class



about 70 per cent of that coming from domestic listed equities. The domestic listed equity portfolio faced a significant challenge during the year when the index, which has over 30 per cent exposure in the banking sector, recorded negative return during the year. After taking into account the impairment, the net ROI for Equities of 7.11 per cent still provided a healthy premium over fixed income instrument ROI of 4.90 per cent.

## MONEY MARKET INSTRUMENTS

While we aim to minimise holdings in this asset class in order to optimise returns, we are at the same time required to maintain a healthy cash balance to cater for members' withdrawals, administrative expenditures and investment drawdowns. At the end of the year, RM37.02 billion or 5.06 per cent of our total asset was in money market instruments, which registered a gross investment income of RM982.28 million or equivalent to an ROI of 3.58 per cent. Compared with 2015, the cash balance was significantly higher by RM24.08 billion or 186.04 per cent in 2016 which was partly due to higher rates available in the market. During some parts of the year, returns on fixed deposit exceeded returns for MGS three years, making it profitable for the EPF that was building up cash for investment opportunities in 2017. The portfolio also serves as a return benchmark for other asset classes.

Investment Asset	2016 (RM Billion)	2015 (RM Billion)	2014 (RM Billion)
MGS and Equivalent	181.30	178.11	164.16
Loans and Bonds	173.85	171.70	159.90
Equities	309.48	299.76	269.63
Money Market Instruments	37.02	12.94	23.67
Real Estate and Infrastructure	29.46	22.01	19.18

Gross Investment Income	2016 (RM Million)	2015 (RM Million)	2014 (RM Million)
MGS and Equivalent	7,722.99	7,180.46	6,587.31
Loans and Bonds	8,511.02	8,479.28	7,565.76
Equities	26,854.49	26,013.56	22,910.86
Money Market Instruments	982.28	858.18	619.65
Real Estate and Infrastructure	2,486.44	1,702.55	1,392.90

## REAL ESTATES AND INFRASTRUCTURE

It is the EPF's long term and forward looking strategy to continuously increase our exposure in this asset class. During the year under review, the asset class recorded a growth of 33.86 per cent or RM7.45 billion, from RM22.01 billion in 2015 to RM29.46 billion in 2016.

Most of our investments in the asset class were made through our associate and subsidiary companies, of which dividend income from these companies made up the majority of asset class' gross investment income. For the year 2016, Real Estate and Infrastructure asset class registered a gross investment income of RM2.49 billion, an increase of RM783.89 million or 46.04 per cent compared with 2015 of RM1.70 billion. This translated to an ROI of 8.22 per cent in 2016, lower by 138 basis points compared with 9.60 per cent recorded in 2015.

Within the asset class, the foreign investments which was initiated in 2010 has shown encouraging performance and has played its role as a hedge against inflation.

# INVESTMENT DIVISION

## CASE STUDY

### EPF SIGNS THE MALAYSIAN CODE FOR INSTITUTIONAL INVESTORS



The EPF became a signatory to the Malaysian Code for Institutional Investors (the “Code”), as part of the agenda to further promote good corporate governance in Malaysia. The EPF has been actively involved in the development of the Code, which was officially launched on 27 June 2014 by the Securities Commission Malaysia to promote transparency and accountability among institutional investors.

#### COMPLIANCE TO THE MALAYSIAN CODE FOR INSTITUTIONAL INVESTORS

The industry-driven code consists of **6 Principles**



The adoption of the Code will exert significant influence over our investee companies due to our substantial stake, while further reinforcing the EPF’s commitment as a responsible investor in ensuring a high level of accountability and transparency, and promoting best practices of corporate governance among our investee companies in Malaysia. Signing on behalf of the EPF was Chairman, Tan Sri Samsudin Osman.

1 January 2017 marks the launch of the first Shariah-compliant retirement savings by the largest retirement fund in Malaysia, the Employees Provident Fund (EPF). The registration of Simpanan Shariah was officially opened to EPF members on 8 August 2016, with an initial fund size of RM100 billion. As at 23 December 2016, a total of RM59.03 billion has been taken up and 635,037 members have switched to Simpanan Shariah.



**RESPONDING TO MEMBERS' DEMAND**

Simpanan Shariah is an initiative under the EPF's 2013-2017 Strategic Plan, to provide a Shariah-compliant retirement savings option to EPF members. A members' consultation exercise was conducted in April 2015, where a total of 71 per cent of respondents agreed to the introduction of a Shariah-based savings option.



**CONCEPTUALISING AND OPERATIONALISING THE MODEL**

The idea of establishing a Shariah-compliant retirement savings came about during the gradual implementation of the Financial Sector Blueprint 2011-2020. This was followed by the development of the business case and conceptualising the business model by a dedicated EPF project team together with a team of consultants from Ernst & Young Advisory Services Sdn Bhd and ZICO Shariah Advisory Services Sdn Bhd, specialising in pension funds, Islamic finance, Shariah and legal. Conceptualising the Simpanan Shariah model began with identifying and establishing the guiding principles and design criteria to strategise the Business Model development. Five key guiding principles were established – facilitating member interest and expectations; minimising disruption to current operations, processes and efficiency; balancing member interest against availability of Shariah-compliant assets; minimising cost implications; and maintaining the portfolio performance while conducting the asset separation for Simpanan Shariah.

established by the Board, consisting of five prominent Shariah scholars who shall be the authority for the ascertainment of Shariah matters for the purposes of advising the Board and the Investment Panel in ensuring that the management of Simpanan Shariah complies with Shariah principles as provided for under Section 23A of the EPF Act 1991. A dedicated department was

also established to ensure pre-and post-Shariah compliance of daily operations, particularly on matters related to Shariah investment. Shariah requirements were also embedded in the current policies, procedures and manuals to ensure investment activities for Simpanan Shariah are in compliance with Shariah principles.

**ENHANCE EPF ACT, GOVERNANCE STRUCTURE AND LEVERAGE ON EXISTING PROCESSES**

An exercise was conducted to amend the EPF Act 1991 in 2015 to pave the way for the EPF to introduce Simpanan Shariah. As Simpanan Shariah is managed under the same entity, the current governance structure is also leveraged on, with some enhancements to embed a Shariah Governance Framework. Strong governance and clear investment objectives are crucial in managing Simpanan Shariah. To facilitate this, a governance structure was put in place incorporating the key components of the Shariah Governance Framework. A Shariah Advisory Committee (SAC) has been



Shahril: 'In times of high growth, the conventional fund will give better returns. But in difficult times, the syariah-compliant fund will generate more stable returns.'

# Two-tier returns

Returns from EPF's conventional and upcoming syariah schemes differ in the short term but are similar over the long term

By **CECILIA KOK**  
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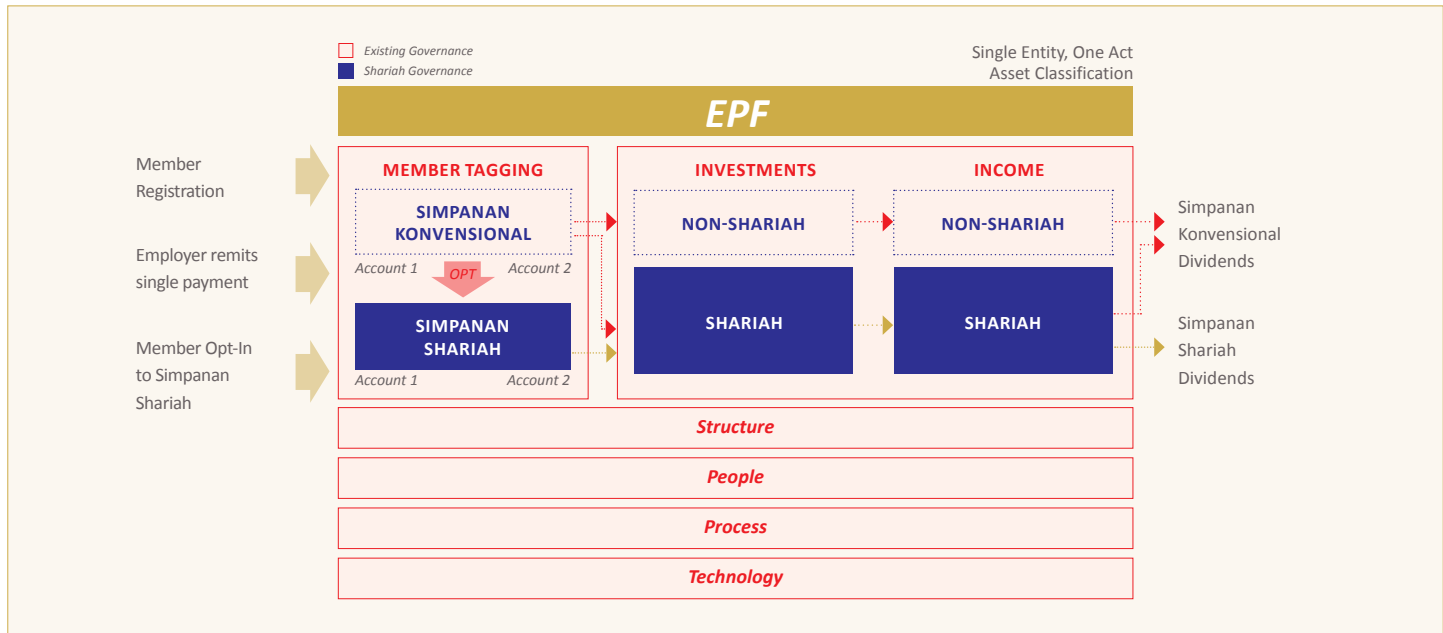
**PETALING JAYA:** While the actual returns from the Employees Provident Fund's (EPF) conventional and soon-to-be implemented syariah-compliant investment schemes may differ from year to year, the overall performance of both funds over the long term will be relatively similar, according to chief executive officer Datuk Shahril Ridza Ridzuan.

**POWER TALKS**

the banking sector was a close proxy to the country's economic growth. Nevertheless, Shahril stressed that both schemes would have the same risk return objective, that is, a targeted dividend rate of 2% above inflation on an annual basis for its contributors. Application for the syariah-compliant scheme would be open to all EPF contributors who want their returns to be fully derived from Islamic-based principles.

The Star's report dated 30 May 2016 featuring EPF Chief Executive Officer Datuk Shahril Ridza Ridzuan during his appearance at The Star's Power Talks at Menara The Star in Petaling Jaya. During the 90-minute session, Datuk Shahril spoke on Simpanan Shariah, EPF's investments and on some of the enhancement initiatives to EPF schemes and policies.

Portfolio-Based Management



In general, the EPF maintains the same operations and processes from registration up until the withdrawal process, with some minor adjustments to incorporate Shariah requirements where necessary, such as execution of Akad Simpanan Shariah in a hassle-free registration process, Shariah screening on investment, while withdrawals under the EPF Members Investment Scheme is restricted to Shariah-compliant funds approved by the EPF.

SHARIAH INVESTMENT FRAMEWORK

A sound investment framework is required for Simpanan Shariah to work and co-exist with Simpanan Konvensional within the EPF. The framework in general remains the same with some enhancements to include Shariah elements and requirements as prescribed by the SAC. The vision and strategy for Simpanan Shariah and Simpanan Konvensional remain the same, that is to preserve and enhance the value of capital from members' contributions while maintaining stable and consistent returns over the long term within a tolerable risk limit.

In line with our risk-and-return profile, the investment in Shariah assets will be guided by EPF's Strategic Asset Allocation and Tactical Asset Allocation. The bulk of EPF's Shariah assets remained in low risk fixed income instruments such as Government Investment Issue (GII), Sukuk and Islamic financing, which provide a stable stream of income in the long term, followed by Shariah-compliant equities and alternative assets. As at 31 December 2016, a total of 45 per cent of EPF's investment was in Shariah assets. The EPF expects

to grow these assets by at least RM25 billion a year on average to ensure a minimum of 35 to 40 per cent Shariah investment assets are maintained in tandem with the total asset growth of the EPF.

Shariah portfolio are restricted to Shariah assets only, and Shariah requirements as prescribed by the SAC are to be observed for pre-and post-investment activities. For example, investment in listed equities will undergo Shariah screening and reclassification process from time to time based on the Shariah classification by the Shariah Advisory Council of the Securities Commission and recognised international Shariah index providers.

The EPF's investment considerations are also based on ethical investment practices, which refrain from investing in sectors that manufacture and promote alcohol, gambling, adult entertainment and military weapons, among others.

In addition to ethical investment, Shariah screening process serves to eliminate non-Shariah compliant elements such as *riba* (interest/usury), *gharar* (uncertainty in contract), *maysir* (gambling) and other prohibited activities such as non-halal goods, tobacco-related products, and activities and entertainment that contradicts Shariah principles.



London-based economist and independent writer, Mushtak Parker's article on EPF Simpanan Shariah, published in the New Straits Times on 16 May 2016. In the article, Parker described the EPF's Simpanan Shariah as an initiative which could have game-changing implications and renewed relevance for Islamic finance. The article also discussed EPF investments and asset allocations, governance and shareholder activism, social security and retirement well-being.

# WITHDRAWAL BY SCHEMES

Year	2016		2015		2014		2013		2012		2011	
Withdrawal Schemes	Number	Amount (RM)	Number	Amount (RM)	Number	Amount (RM)	Number	Amount (RM)	Number	Amount (RM)	Number	Amount (RM)
Age 55	597,771	22,292,814,380	530,459	21,400,282,188	431,639	14,090,666,522	372,349	13,232,004,148	321,747	12,191,278,123	277,040	10,231,416,460
Age 50	156,991	4,855,680,128	148,699	4,831,008,499	140,082	3,941,562,511	133,007	3,841,209,171	130,759	3,984,531,423	130,586	3,605,903,955
Incapacitation	4,986	360,187,080	4,659	331,060,249	4,447	275,351,499	4,768	280,056,622	5,198	279,008,466	6,658	325,836,978
Leaving Country	4,467	445,244,745	3,833	377,363,471	3,098	303,592,892	2,824	241,303,564	2,903	230,796,636	2,690	189,841,619
Buying First House	83,401	2,002,008,099	89,071	2,108,847,723	85,704	1,930,598,080	86,565	1,876,999,217	88,995	1,777,426,640	92,077	1,698,964,207
Buying Second House	5,752	248,452,755	6,483	287,952,489	6,361	268,710,339	6,589	277,149,934	6,703	268,742,147	6,441	239,397,553
Housing Loan Monthly Instalment	1,781,735	1,666,932,871	1,551,508	1,375,789,117	1,381,043	1,148,654,580	1,228,978	995,167,116	1,112,140	879,631,125	1,076,388	815,023,159
Reduction/Redemption of Housing Loan	148,368	1,956,998,548	164,033	2,212,036,347	157,685	1,751,784,336	166,111	1,808,422,921	168,601	1,761,822,574	169,029	1,596,138,494
Health	6,101	57,000,845	5,692	51,766,353	4,969	46,057,154	4,713	43,125,986	4,393	38,848,087	4,458	39,392,342
Death	56,172	1,386,616,927	52,127	1,233,878,032	49,745	1,089,049,474	43,868	894,213,257	42,326	796,881,912	41,125	731,452,218
Periodical Payment	1,159	2,553,546	1,745	3,586,456	1,980	4,231,130	2,203	4,716,230	2,389	5,338,354	3,855	9,342,899
Members Investment Scheme	710,064	6,305,355,131	602,262	5,855,745,390	443,729	4,859,472,682	976,917	7,845,395,089	836,488	6,642,042,038	768,793	6,600,300,383
Pensionable Employees/ Optional Retirement	51,230	2,157,264,348	48,688	1,972,703,781	68,048	2,520,563,342	83,480	2,828,461,698	97,457	3,139,899,695	93,174	3,029,359,627
Education	86,725	1,459,203,497	65,787	578,180,407	59,897	372,937,758	56,786	338,140,175	61,823	301,039,294	62,537	277,970,197
Monthly Payment Scheme	98	108,725	104	116,982	100	120,276	110	124,691	109	127,577	122	134,273
Withdrawal of Savings in Excess of RM1 million	6,143	1,369,448,593	5,471	1,390,499,668	3,874	999,278,093	3,214	814,566,007	2,529	657,344,224	1,875	481,966,931
Hajj	415	1,151,035	390	1,044,974	367	947,163	635	1,647,991				
<b>Total</b>	<b>3,701,578</b>	<b>46,567,021,253</b>	<b>3,281,011</b>	<b>44,011,862,123</b>	<b>2,842,768</b>	<b>33,603,577,831</b>	<b>3,173,117</b>	<b>35,322,703,817</b>	<b>2,884,560</b>	<b>32,954,758,315</b>	<b>2,736,848</b>	<b>29,872,441,295</b>
Annual Dividend *	2,267	42,372,125	1,971	39,595,874	1,596	30,135,786	1,652	30,020,258	1,719	30,230,311	1,799	30,449,675
(i) Death Benefits	18,180	45,459,162	17,201	43,007,028	16,910	42,276,000	14,973	37,431,000	14,903	37,258,500	15,120	37,797,000
(ii) Incapacitation Benefits	821	4,105,000	771	3,857,000	693	3,465,000	799	3,995,000	977	4,885,000	944	4,720,000
<b>Total (i and ii)</b>	<b>19,001</b>	<b>49,564,162</b>	<b>17,972</b>	<b>46,864,028</b>	<b>17,603</b>	<b>45,741,000</b>	<b>15,772</b>	<b>41,426,000</b>	<b>15,880</b>	<b>42,143,500</b>	<b>16,064</b>	<b>42,517,000</b>

\* Withdrawal on Annual Dividend for 2015 was adjusted as current year dividend expenses

# ACTIVE MEMBERS' PROFILE BY SAVINGS RANGE AND GENDER

as at 31 December 2016

Savings Range (RM)	No. of Male	No. of Female	Total	Savings (RM)	Savings Range (RM)	No. of Male	No. of Female	Total	Savings (RM)
<1-1,000	207,096	158,789	365,885	179,026,781	60,001-70,000	158,258	121,102	279,360	18,117,809,209
1,001-2,000	157,850	119,792	277,642	409,286,781	70,001-80,000	135,671	102,318	237,989	17,817,483,062
2,001-3,000	117,632	92,205	209,837	520,379,465	80,001-90,000	116,206	86,613	202,819	17,212,943,178
3,001-4,000	96,215	76,415	172,630	602,245,834	90,001-100,000	100,479	74,606	175,085	16,609,664,866
4,001-5,000	85,040	68,604	153,644	690,321,358	100,001-110,000	87,596	64,379	151,975	15,939,229,189
5,001-6,000	77,053	63,414	140,467	771,730,677	110,001-120,000	75,559	55,930	131,489	15,105,380,360
6,001-7,000	71,760	59,735	131,495	854,570,414	120,001-130,000	66,086	48,435	114,521	14,302,571,015
7,001-8,000	67,924	55,456	123,380	924,917,968	130,001-140,000	57,677	42,251	99,928	13,478,583,932
8,001-9,000	63,542	52,694	116,236	987,304,278	140,001-150,000	50,810	36,894	87,704	12,707,836,249
9,001-10,000	60,614	50,726	111,340	1,057,075,174	150,001-300,000	339,151	243,036	582,187	119,631,049,712
10,001-15,000	262,064	223,191	485,255	6,022,524,872	300,001-400,000	67,876	46,529	114,405	39,330,269,433
15,001-20,000	215,073	187,504	402,577	7,011,873,441	400,001-500,000	36,015	21,910	57,925	25,765,104,622
20,001-25,000	179,411	156,555	335,966	7,537,171,889	500,001-600,000	21,451	11,921	33,372	18,218,148,032
25,001-30,000	156,038	136,564	292,602	8,025,824,989	600,001-700,000	13,650	6,922	20,572	13,306,654,373
30,001-35,000	137,285	117,236	254,521	8,260,424,355	700,001-800,000	9,444	4,494	13,938	10,407,847,554
35,001-40,000	124,572	106,481	231,053	8,656,149,660	800,001-900,000	6,656	2,990	9,646	8,171,013,671
40,001-45,000	114,226	94,313	208,539	8,855,256,788	900,001-1,000,000	4,846	2,007	6,853	6,496,015,363
45,001-50,000	104,361	85,432	189,793	9,007,141,635	>1,000,000	21,702	7,025	28,727	47,160,791,857
50,001-60,000	185,130	146,496	331,626	18,194,640,319	<b>Total</b>	<b>3,852,019</b>	<b>3,030,964</b>	<b>6,882,983</b>	<b>518,346,262,355</b>

Note: Total Savings Amount not inclusive of 2016 annual dividend

# OPERATIONS DIVISION



**DATO' MOHD NAIM DARUWISH**  
Deputy Chief Executive Officer

*"It is imperative that the EPF transforms operational methods and transactional channels to serve our main customers, the members and employers. For this purpose, all our efforts to continuously improve our processes becomes the pulse behind our operational achievements. Several process changes and service delivery systems were introduced to ensure the EPF remains sensitive and responsive towards the needs and expectations of our customers."*

The Operations Division is responsible in managing registration functions, members and employers accounts management, contribution-related payments, withdrawals, nominations, and enforcement on errant employers in addition to managing and supervising the network services operational functions at all 67 EPF branches nationwide.

This division also implements support services for office and property management, operational transformation programme, legal and secretarial services as well as investment compliance.

There are multiple channels for customers to interact with the EPF and this includes EPF Contact Management Centre, counter services, EPF Kiosks, via mail or myEPF website at [www.kwsp.gov.my](http://www.kwsp.gov.my).

i-Akaun, the latest EPF electronic channel, provides additional facility for members to monitor and update their account details as well as to submit withdrawal applications online through the e-Pengeluaran function.

Additionally, i-Akaun also allows employers to pay their contributions and submit employee details (Form A) online through the e-Caruman function.

Our EPF Mobile Team, meanwhile, provides service based on the concept of 'going to our customers' in rural areas and through our outreach programs.

## AT THE CORE OF MAINTAINING QUALITY OF OUR SERVICES

The Operations Division is committed to giving the best service to our customers as we adhere to 'Janji Kami' (Our Promise), a guideline and benchmark to measure the quality of services provided to EPF customers. The charter is a set of 11 promises that outline what our customers can expect from us and what we will strive



to always deliver. Our goal is to provide excellent service with greater emphasis on speed, accuracy, convenience, integrity and cost-effectiveness.

## REGISTRATION OF MEMBERS AND EMPLOYERS

A total of 465,118 individual new members were registered in 2016, adding to the total number of members to 14,806,595. The number of newly registered employers in 2016 was 57,721, an increase of 0.81 per

cent from 536,489 in 2015 to 540,833 (this was derived after considering the number of cancelled employers). On average, a total of 38,000 members and 4,800 employers were registered every month throughout 2016.

## MANAGEMENT OF CONTRIBUTION PAYMENTS

In 2016, the EPF received and managed contribution payments amounting to RM58.84 billion, an increase of 2.78 per cent compared with 2015. The increase in the

## OPERATIONS DIVISION

number of members, employers and wages had boosted the increase. Heightened awareness among employers on the importance of contributing to the retirement well-being of their employees, coupled with continuous enforcement activities against errant employers contributed to the rise in contribution payments. To assist employers in making payments, the EPF provides various options for making contribution payments namely via EPF counters, through participating financial institutions, payment kiosks and electronic channels.

#### WITHDRAWALS

Processing withdrawal application remains the Operations Division's core activity. Various types of withdrawal applications were processed in 2016 as 2,267,723 applications were approved, which amounted to RM47.41 billion through various members withdrawal schemes. This was an increase of 16.30 percent in applications and 5.17 percent in value compared with 2015.

#### ENFORCEMENT

To safeguard the interest of members, the EPF adopts firm yet prudent approach to regulate, monitor and recover outstanding payments from employers. This is supported by comprehensive systems to provide timely and accurate information on employers and employees. As a result, the rate of defaulting employers in 2016 reduced by 1.05 percent, as opposed to 1.04 percent in 2015, factoring several challenges brought about by difficulties within the economic and business environment throughout 2016.

In 2016, a total of RM2.94 billion in contribution arrears were collected through effective enforcement action against errant employers compared to RM2.90 billion in 2015. In addition, interest and dividends amounting to RM30.70 million and RM24.40 million respectively, were collected from employers who did not remit their contribution payments within the stipulated time. This was an increase of 17 per cent for interest and 34.3 per cent for dividend compared to 2015.

A total of 1,836 company directors and business owners were restricted from leaving the country under Section 39 of the EPF Act for failing to settle their employees' contribution arrears, thus adding to the accumulated total of 9,960 individuals as at end 2016. Meanwhile, a total of 4,879 new prosecution cases and 1,768 civil suits were filed against errant employers in the courts in 2016.

#### NOMINATION

The EPF continues to emphasise the importance of nominating beneficiaries to facilitate the withdrawal of savings upon member's death. The campaign saw 340,256 new nominations registered in 2016, adding to the total number of nominations made by members to 4,084,941.

#### Customer Interaction by Channel

Channel	2016	2015	2014
myEPF	23,395,195	17,533,045	12,659,814
Kiosk	13,212,420	10,456,700	9,310,677
i-Akaun	18,807,071	12,655,924	7,275,364
Counter	4,361,281	4,768,671	5,130,451
Contact Management Centre ( <i>telephone</i> )	1,346,667	997,491	853,886
Contact Management Centre ( <i>Email</i> )	79,254	55,813	48,246
<b>Total</b>	<b>61,201,888</b>	<b>46,467,644</b>	<b>35,278,438</b>

#### CUSTOMER INTERACTIONS

In 2016, a total of 61,201,888 transactions by customers were made through EPF counters, myEPF, EPF Kiosks, i-Akaun, and via the EPF's Contact Management Centre (CMC). Customer interaction recorded via our CMC in 2016 saw a 35.01 per cent increase in the number of calls received to 1,346,667 from 997,491 in 2015.

Overall, the initiatives taken by the EPF to ensure the availability of our touchpoints such as electronic and self-service channels for customers are proven to be successful as 75 per cent of customer transactions were recorded via these touchpoints compared to 70 percent recorded in 2015.

#### CUSTOMER SATISFACTION SURVEY

Surveying our customers is part of operational initiatives to ensure the EPF remains relevant with our customers' expectations and perceptions. It also provides the EPF with the opportunity to effectively determine critical needs as well as measure customers' satisfaction.

In 2016, based on a customer survey conducted by the EPF's CMC and an independent consultant, 94.10 per cent of customers expressed their satisfaction with the services provided by the EPF.

#### UNDERSTANDING NEW REQUIREMENTS AND DEMAND

The increase in disruptive technologies significantly alters the way the EPF operates. In the pursuit to upgrade services, boost productivity as well as provide the latest and most accurate information through data collection and analysis, the EPF continues to integrate new technologies into our processes and procedures.

The EPF has seen gradual yet significant shifts in members' demographics. A greater number of Gen Ys are entering the workforce and essentially starts contributing to the EPF. Much of the Gen Ys are digital natives and since they make up 58.31 per cent of active EPF members, there is an absolute need to transform the ways the EPF operates and transacts with its members. Thus, steps to upgrade

the EPF's processes have become central towards operational performance. A lot of changes have been implemented and services upgraded to ensure the EPF remains responsive to members' expectations.

In 2016, the EPF has introduced several enhancements to its electronic services. i-Akaun for Members and Employers were equipped with the latest function and features to facilitate registrations, checking information, updating profiles and other service functions.

The e-Pengeluaran, which is now a significant component of i-Akaun, will enable members to submit their withdrawal application online. It has also been upgraded to include Education Withdrawals, Housing Withdrawals as well as in the near future, to include facility for health withdrawal. Meanwhile, the e-Caruman provides the facility for employers to submit online their employees details (Form A) and pay contributions via a system that integrates the FPX gateway with participating banks.

The introduction and improvements of these features were made in order for the EPF to fulfil customers' expectations of being able to perform transactions at anytime and anywhere. These new functions are customer-friendly, while continually saving our customers' time, energy and cost.

*“The i-Akaun, e-Pengeluaran and e-Caruman facilities were introduced to transform the way members and employers interact and transact with the EPF.”*

#### I-AKAUN

As the gateway for all EPF's other electronic services, the i-Akaun facility continues to offer greater control and flexibility for members to monitor their EPF account, withdrawal application status and eligibility, and for employers to check their EPF contributions and payments, as well as to update profiles of employees and employers. The i-Akaun allows both members and employers to access our e-services, namely e-Pengeluaran and e-Caruman. In 2016, a total of 3,934,318 members and employers have registered and activated their i-Akaun.

# OPERATIONS DIVISION

## E-PENGLUARAN

The e-Pengeluaran, comprising housing and education withdrawals, allows members to submit their withdrawal applications online. This facility is the result of EPF's strategic collaboration and cooperation with eight financial and education institutions. As at December 2016, a total of 178,688 members had utilised this facility to submit their withdrawal application. From the initial RHB Bank, other financial institutions now participating in e-Pengeluaran include RHB Islamic, Maybank, Bank Islam, Overseas-Chinese Banking Corporation (OCBC), Bank Simpanan Nasional (BSN), Ambank and United Overseas Bank (UOB). This facility will later be extended to cater for members' medical withdrawal application in collaboration with several medical centres in future.

## E-CARUMAN

The e-Caruman facility makes it easier for employers to make monthly online deductions and/or submit workers details (Form A). This facility is enhanced with the setting up of the Financial Process Exchange (FPX), an online payment system which enables employers to make deduction payments through any of the 15 participating banks on a real-time basis. As at end 2016, a total of 391,372 or 90.41 per cent of employers, used e-Caruman and 47,187 FPX transactions were recorded since its launch.

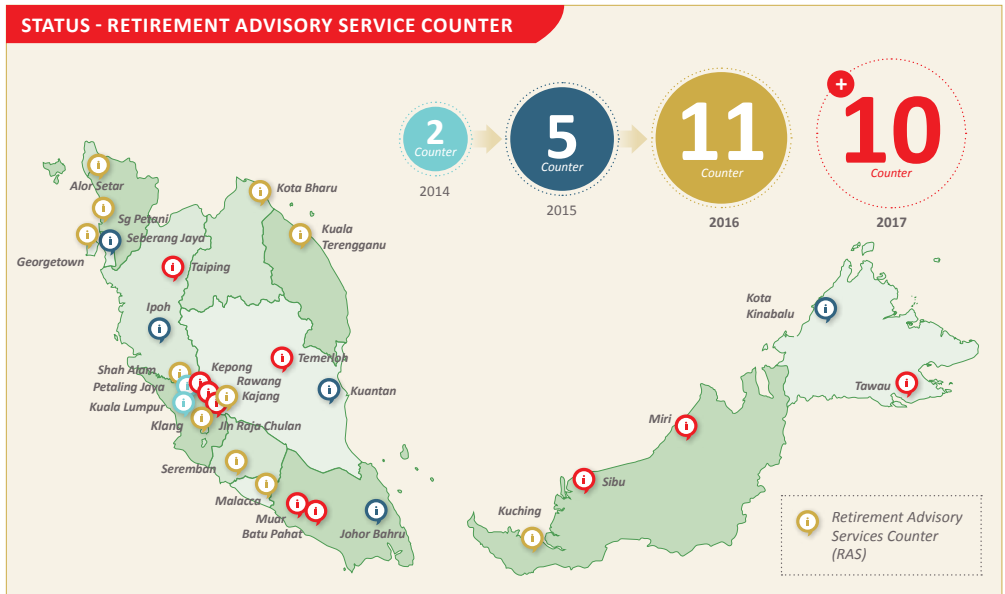
## INNOVATION EXCELLENCE

It is important for the EPF to continue to adapt with changes by simplifying and upgrading its operations. A systematic approach has been adopted to ensure that the implementation of the upgrades are in line with industry best practices. To nurture these practices, the EPF's workforce has undergone trainings to increase their knowledge in Learn Six Sigma, Design Thinking, TRIZ, PDCA, Data Analysis, Business Model Canvas, Business Analysis, project leadership and the application of innovative methods into their projects.

To encourage an innovation-driven workforce, the EPF supports the formation of an innovative and creative circle (ICC) where EPF employees will form a group and engage in a problem-solving exercise. The ICC also serves as an excellent platform for employees to develop innovative and creative skills via education, training and work experience. A total of 47 ICC projects have been carried out by EPF branches and 10 ICC projects under the Accelerated Development Programme implemented.

## RETIREMENT ADVISORY SERVICE (RAS)

Retirement Advisory Service (RAS) was introduced in 1 July 2014 as part of EPF's long-term plans to enhance our service delivery and help members achieve a



sustainable retirement. Its long-term objective is to promote awareness on the importance of planning for their retirement as well as advocate financial literacy among EPF members. This is essential as the majority of EPF members do not have adequate basic savings by age band, while the average lifespan of Malaysians continue to increase. RAS is especially meaningful for members who are nearing retirement age or who have already retired but still have savings with the EPF and are in need of financial advice on retirement.

In 2016, a total of 11 RAS counters were opened in several branches, thus adding the overall number of RAS counters nationwide to 18. Through RAS, members can obtain advice on how they can stretch their EPF savings longer and earn dividends through compounding effect. As at September 2016, a total of 18,765 members had sought advice from RAS, which is offered free of charge.



## CORE FUNCTION OF RAS

In addition to providing advice and investment counselling, RAS also carries out awareness and education programmes on basic financial and retirement planning,

and helps members with their withdrawal applications. Members will benefit from the guidance given on EPF products such as the Flexi Withdrawal scheme as well as an indication on how much they could accumulate if they were to keep some of their savings with the EPF after they retire. RAS, however, does not make any recommendations, particularly on investment matters, or promote any other services offered by third parties.

All of our RAS officers have been given comprehensive training and have received certification as financial/retirement advisers.

## CAREER TRANSITION PLAN

The EPF is looking at setting up more RAS counters in EPF branches nationwide. Together with the expansion initiative is the arrangement to train more EPF employees, especially counter staff, as RAS advisers. Employees who wish to make a satisfactory career change can choose this option and undergo a series of training to equip themselves not only with the right knowledge and skill, but to also receive certification as financial/retirement advisers.

## BRINGING RAS TO MEMBERS

Some RAS advisers have also been put on an attachment with the EPF Mobile Team so they are able to provide advisory services to members located far from EPF branches. This initiative has received positive response from members in such areas who mostly have not heard about RAS and its benefits.

# OPERATIONS DIVISION

## CASE STUDY

### E-CARUMAN: REVOLUTIONISING EMPLOYERS TRANSACTIONS



The EPF prides itself on being customer focused and has made strategic investments to enhance our systems and processes to become faster, more efficient and reliable. Technology has been a major contributor to the EPF's transformation programme, particularly in facilitating our online facilities to be more responsive to the needs and expectations of users.

One such facility was e-Caruman, a one-stop online portal designed to help employers execute their monthly EPF obligation more efficiently, conveniently and in a cost effective manner.

When it was introduced in 2013, e-Caruman received lukewarm response from employers. Many, who were accustomed to the conventional way of submitting their monthly contribution details (Form A), lacked the confidence of doing transactions online. There are those who still insisted on keeping physical documents and payment receipts as opposed to digital copies. Apart from having lower levels of computer literacy, other impediments such as low Internet connectivity and time-out when transaction is being performed contributed to the dismal reception towards e-Caruman.

Following heavy campaigning by the EPF as well as various enhancement initiatives introduced, the e-Caruman has progressed immensely. More employers have started to use e-Caruman and have developed the confidence to remit contribution payments online. As at 31 December 2016, a total of 391,372, or 90.41 per cent, of employers used e-Caruman.

In the same year, the EPF launched the e-Caruman Contribution Payment Transformation Programme in a joint collaboration with the Malaysian Electronic Clearing Corporation Sdn Bhd (MyClear), a wholly-owned subsidiary of Bank Negara Malaysia and operator of FPX (financial process exchange). The integration with FPX would allow employers to make online payments directly from the e-Caruman portal and mobile app at zero transactional cost.

#### FUNCTIONS OF E-CARUMAN PAYMENT METHOD

The e-Caruman enables employers to:

- Submit EPF contribution details (Form A) online; or
- Make monthly contribution payment online; or
- Submit Form A and make payments online

#### MAKING PAYMENTS VIA E-CARUMAN

Employers are able to make payments through these channels:

- Banks' online payment gateway/website
- Direct online deduction payment through FPX
- Direct Debit Authorisation (DDA)

The FPX allows payments via both retail banking and corporate banking, and is available 24 hours per day, seven days a week at 15 participating banks. As at end December 2016, a total of 47,187 FPX transactions were recorded since its launch.

#### ADVANTAGES OF E-CARUMAN

The introduction of e-Caruman as a facility to allow employers to submit their employees' contribution details and pay contributions online has become one of EPF's success stories in delivering improvements within our systems that could give a huge positive impact for all parties involved comprising employers, members and the EPF collectively.

##### a. Minimise errors, save time

The e-Caruman enables employers to cut time in the keying in of employees' EPF details in the Form A by downloading the previous months' form to prepare for the contributing month. This helps to minimise errors that usually happen when filling up the form manually. Aside from that, the submission of contribution details and payment can be done online, saving time, energy and cost borne by employers.

In 2016, a total of 97.63 per cent submissions of Form A was done through e-Caruman and 116,013, or 23.8 per cent, of employers use e-Caruman to make payments. This represented about 90 per cent of employees' monthly contributions in 2016. Consequently, the rate of manual processing of Form A declined 83.75 per cent to 12,497 forms compared with 74,635 forms in 2015.

##### b. Ease retrieval and access

Unlike paper files that must be searched manually, e-Caruman enables employers to retrieve past record and payment history using keywords, thus providing greater flexibility as well as reducing employers' time and effort. Employers utilising the FPX will experience greater convenience as payment information will be provided via a single channel, which eases the process of report reconciliation for multiple banks.

For employers with less than 10 employees, the e-Caruman mobile app, which was introduced in April 2016, enables them to search employees' information and look up past record on credited contribution, Form A and payment anytime, anywhere.

##### c. Accurate and timely crediting of contributions

As submissions of Form A and payments are done online, the crediting of contribution payments into employees' accounts can be completed in a timely manner. Common problems such as delays and mistakes when keying in data manually can be avoided. The e-Caruman also helps to ensure all contributions are credited into the right employees' account accurately and within a short time frame.

The benefits of using e-Caruman can be seen when in 2016, a total of 97.48 per cent of Form A was processed within 14 days in 2016 compared with 71.71 per cent before e-Caruman was introduced in 2013. The crediting process of Form A within 14 days also saw a surge of 94.39 per cent in 2016.

##### d. Reduce rate of CTML (contributions with incomplete information)

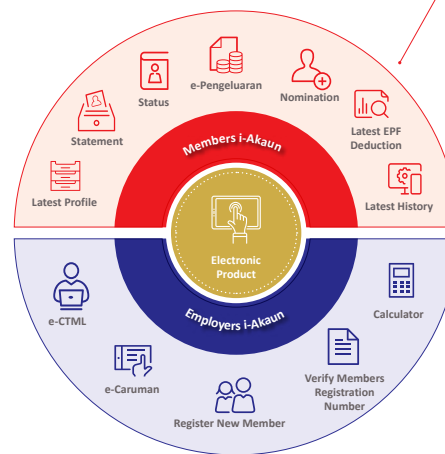
The usage of e-Caruman has successfully reduced CTML for the current months. As at December 2016, the amount of pending CTML (contributions with incomplete information) entry cases was reduced to 172,610 cases compared with 518,772 in 2015; a reduction of 66.67 per cent.

## FOCUS ARTICLE 1: SELF-SERVICE THE NEW NORMAL

The traditional customer service is slowly being taken over by self-service solutions. The Millennials (generations between age 18 and 34), which makes the bulk of EPF members, have clearly made their presence felt in terms of obtaining information that is as fast as it is effortless. It is these attitudes and preferences that have motivated the EPF to introduce more self-service solutions and automate how members access information or complete a transaction.

With the ever increasing number of EPF members, now amounting to 14,806,595 and employers as at 31 December 2016, it is critical for the EPF to ensure all its automated self-service are updated with features that correspond with the times and needs of our members.

### Features of i-Akaun for Members and Employers



#### Members i-Akaun

- To apply for e-Pengeluaran
- To check on current year and past year EPF statements
- To check on the current status of withdrawal and history of withdrawal
- To check on beneficiary status
- To calculate on the eligibility of withdrawal, savings and investment
- To update latest profile which includes home address
- To check on the latest EPF deduction
- To check on the activity log of i-Akaun

#### Employers i-Akaun

- Utilising e-caruman services
- Using e-CTML services
- Registering new EPF members
- To verify EPF members registration number
- To check on the latest EPF deduction
- Accessing and calculating dividend shares for government employer

*"As at December 2016, a total of 3,934,318 million members and employers have activated their i-Akaun."*

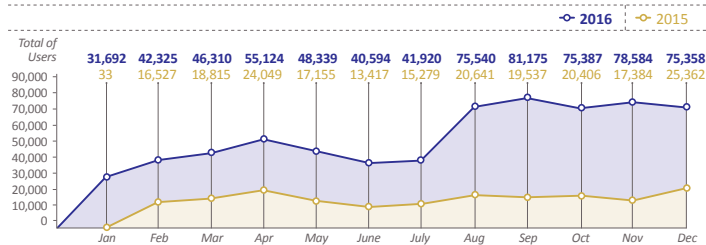
### ANYTIME, ANYWHERE WITH I-AKAUN

A major milestone was created when the EPF introduced the i-Akaun in 2004 as a gateway for members to keep track of their EPF account and for employers to check their EPF contributions and payments in just a few clicks. The objective was to

enable the monitoring of EPF account to be done anytime, anywhere. Over the years, i-Akaun has increasingly become the transaction mode of choice among EPF members and the EPF continues to implement upgrades so that it remains relevant and in tandem with the increasing demand to obtain information that is fast and reliable.

Since 2014, the EPF has become much tighter and closer with the roll out of the EPF i-Akaun mobile app for both Android and iOS versions. Members can now access their EPF statement, check profile and receive news and updates on EPF's products and services in the palms of their hands. As at end of 2016, 3.36 million members and 578 thousand employers have registered and activated their i-Akaun.

### Download of EPF i-Akaun Applications (Android and iOS)



### WITHDRAWAL APPLICATIONS MADE EASY WITH E-PENGLUARAN

Within i-Akaun, members may also submit their application for housing or education withdrawals online through e-Pengeluaran. Introduced in 2013, the e-Pengeluaran facility started though limited to housing withdrawals. In 2016, Education Withdrawals became the latest and second addition to e-Pengeluaran. This newest feature allows members to submit applications online to withdraw from their EPF savings to fund their own or their children's education fees at local higher learning institutions.

Under the newly enhanced e-Pengeluaran, members are now able to submit applications, subject to terms and conditions, for:

#### 1. Housing Withdrawals

- Reduce or redeem housing loan
- Repayment of housing loan monthly instalments
- Purchase or build a house

#### 2. Education Withdrawals

- Funding of member's or member's children education fees, at local higher learning institutions participating in e-Pengeluaran
- Repay outstanding balance for education loans taken from participating loan provider institutions

There are eight participating banks for housing withdrawals – RHB Islamic, Maybank, Bank Islam, OCBC, BSN, Ambank, UOB and CIMB.

There are currently 10 higher learning institutions being assessed for integration with e-Pengeluaran, of which three institutions, namely International Islamic University Malaysia (IIUM), Multimedia University (MMU) and National Higher Education Fund Corporation (PTPTN), have been confirmed.

### EPF KIOSKS: A UNIQUE SERVICE

While i-Akaun provides online visual of EPF statements and account information, there are instances where keeping physical copies are in need. The EPF Kiosks are provided at all EPF 67 branches and at selected third-party premises and UTC for members who prefer to keep the physical EPF statement. As at December 2016, there are 2,517 units of EPF Kiosks throughout Malaysia and 10.7 million members have printed their statements via these kiosks.

Aside from printing statements, other newly enhanced features to the EPF Kiosks include the updating of contact information, registering i-Akaun and registering as EPF members.



*Second Finance Minister, Datuk Johari Abdul Ghani, printing his EPF Statement after a meeting with EPF Senior Management at EPF Headquarters, Jalan Raja Laut, Kuala Lumpur in May 2016.*

## FOCUS ARTICLE 2: THE LAUNCH OF SIMPANAN SHARIAH

After a public consultation exercise conducted by the EPF in 2015, more than 71 per cent of respondents agreed to create an option for members to choose from. Members can opt on whether they want their savings to be managed based on Shariah principles. In line with this demand, the EPF now offers a choice for members to opt for the Simpanan Shariah scheme. The registration of Simpanan Shariah for the 2017 fund allocation was launched on 8 August 2016 and is open to all EPF members regardless of nationality, race and religion.

Thus members who want to convert from the conventional scheme to the Shariah scheme have to be present physically at any EPF counters at any branch with identification documents to verify their finger prints. The opportunity to register for Simpanan Shariah was based on a first come first serve basis. The registration process was designed to be hassle-free, to facilitate members' registration in a short turnaround time.

### ISSUES, CHALLENGES AND WAYS TO MANAGE IT

The structured approach of 4M1E (Man, Method, Material, Machine & Environment) had enabled the EPF to effectively handle the issues and the challenges in the event of an extraordinarily high number of members present for the registration of Shariah scheme at the EPF branches. The Service Network Department (JRaP) and the Operations Transformation & Coordination Department (JTOP) had devised Plan A, B and C in the event of a crisis during the implementation of Shariah Savings, where all EPF branches can act immediately to detect and face with any eventualities that might happen.

Simpanan Shariah transaction and registration can be managed more quickly, more organised in ways which are supported by a robust system. The momentum progress of the Simpanan Shariah implementation project include the registration as well as the appointment of 120 additional trained staff stationed at all EPF branches.

Additionally, a communications plan was also carried out periodically via mass media and social media such as Facebook and Twitter to encourage members to register at non-peak hours and at EPF branches which were not too crowded.

### REGISTRATION STRATEGIES FOR SIMPANAN SHARIAH

The management's subsequent challenge was to formulate a strategy to ensure that the presence of members was consistent throughout 2016. Among the factors that had to be taken into consideration was the forecast of higher numbers of members at certain periods or during the last minute. The latest scenario and the viral issues in social media were also monitored.

There were two initiatives that were undertaken to handle such problems:

- Establishment of a Command Response Centre (CRC) at JRaP
- Remobilise 15 Mobile Teams on 5 September 2016 (Shariah Go)



EPF members queuing up at the EPF headquarters in Jalan Raja Laut, Kuala Lumpur during the first day of registration for Simpanan Shariah on 8 August 2016.



A report by the New Straits Times on 9 August 2016 on the number of members making the switch to Simpanan Shariah when it was opened for nationwide registration on 8 August 2016. The report also captured Second Finance Minister Datuk Johari Abdul Ghani who visited the EPF headquarters in Jalan Raja Laut, Kuala Lumpur, and met with EPF Chairman Tan Sri Samsudin Osman and EPF Chief Executive Officer, Datuk Shahril Ridza Ridzuan.

The EPF management had also provided Simpanan Shariah registration via two 'Shariah Go' methods as follows:

The Method	Briefing	Number of Workers
<b>Reach In</b>	Employees present at EPF branches to register at the specially provided counter. EPF branches contact employers to come to the special counter to register for Simpanan Shariah.	No limit
<b>Reach out</b>	The CRC team sent emails to the employers with staff numbers exceeding 50. The EPF Mobile Team also channelled information to interested employers. EPF mobile team would go to the employer's location to enable employees to register for Simpanan Shariah. CRC collate statistics of Simpanan Shariah with the EPF Mobile Team.	Minimum 50 employees to have expressed interests to move to Simpanan Shariah

As at December 2016, the number of registrations via Shariah Go totaled 54,355 with an allocation of RM3.61 billion and Shariah Go mobile team had succeeded in opening counters at 970 employer locations all over Malaysia.

### Total Registration of Simpanan Shariah by State as at 23 December 2016

States	Total
Johor	60,134
Kedah/Perlis	47,425
Kelantan	24,381
Kuala Lumpur	131,491
Malacca	17,838
Negeri Sembilan	20,354
Pahang	35,734
Perak	37,331
Pulau Pinang	36,474
Sabah	10,793
Sarawak	9,667
Selangor	165,206
Terengganu	38,209
<b>Total</b>	<b>635,037</b>



The social media were abuzz with netizens posting their pictures during the nationwide opening of registration for Simpanan Shariah on 8 August 2016.

## ACTIVE MEMBERS' AVERAGE SAVINGS AT AGE 54 BY GENDER

Year	Male			Female		
	Number of Members	Total Savings (RM)	Average Savings (RM)	Number of Members	Total Savings (RM)	Average Savings (RM)
2008	35,415	5,322,180,264	150,280	17,607	1,705,344,178	96,856
2009	36,387	5,794,733,417	159,253	18,552	1,886,638,751	101,695
2010	40,542	6,507,302,076	160,508	21,486	2,360,738,881	109,873
2011	40,004	6,657,338,898	166,417	22,354	2,647,519,595	118,436
2012	43,230	7,581,549,702	175,377	24,921	3,206,896,233	128,682
2013	45,805	8,427,983,030	183,997	27,363	3,765,478,721	137,612
2014	47,135	9,385,899,753	199,128	29,289	4,382,090,266	149,616
2015	49,878	10,719,311,181	214,911	31,768	5,155,803,817	162,296
2016	50,223	11,201,215,794	223,030	32,109	5,618,243,593	174,974

## MEMBERS' AVERAGE SAVINGS AT AGE 54

Year	Active Members			Inactive Members		
	Number of Members	Total Savings (RM)	Average Savings (RM)	Number of Members	Total Savings (RM)	Average Savings (RM)
2008	53,022	7,027,524,442	132,540	130,653	2,860,548,303	21,894
2009	54,939	7,681,372,168	139,816	134,556	3,055,433,736	22,708
2010	62,028	8,868,040,956	142,968	148,844	3,528,282,764	23,705
2011	62,358	9,304,858,493	149,217	146,172	3,418,820,359	23,389
2012	68,151	10,788,445,936	158,302	157,425	3,802,693,654	24,156
2013	73,168	12,193,461,751	166,650	160,131	4,203,516,072	26,250
2014	76,424	13,767,990,019	180,153	166,131	4,578,149,209	27,557
2015	81,646	15,875,114,998	194,438	169,425	5,343,743,319	31,540
2016	82,332	16,819,459,387	204,288	170,844	5,812,652,311	34,023

Note: Total Savings Amount not inclusive of 2016 annual dividend

# LIST OF TOP 30 EQUITY HOLDINGS BY PERCENTAGE OF ISSUED SHARES AS AT 31 DECEMBER 2016

No.	Counters	Total
1	MALAYSIA BUILDING SOCIETY BHD	65.40%
2	RHB BANK BHD	40.84%
3	MALYSIAN RESOURCES CORP BHD	34.00%
4	TELEKOM MALAYSIA BHD	17.23%
5	ALLIANCE FINANCIAL GROUP BHD	16.37%
6	UMW HOLDINGS BHD	16.20%
7	CIMB GROUP HOLDINGS BHD	16.13%
8	MALAYAN BANKING BHD	15.86%
9	AXIATA GROUP BHD	15.59%
10	MBM RESOURCES BHD	15.50%
11	TENAGA NASIONAL BHD	15.32%
12	AMMB HOLDINGS BHD	14.96%
13	KUALA LUMPUR KEPONG BHD	14.72%
14	IJM CORPORATION BHD	14.71%
15	UNITED PLANTATIONS BHD	14.70%
16	YINSON HOLDINGS BHD	14.06%
17	DIALOG GROUP BHD	13.55%
18	MALAKOFF CORPORATION BHD	13.41%
19	IJM PLANTATIONS BHD	13.34%
20	MEDIA PRIMA BHD	13.23%
21	KPJ HEALTHCARE BHD	13.15%
22	GENTING PLANTATIONS BHD	12.97%
23	SAPURA-KENCANA PETROLEUM BHD	12.87%
24	MALAYSIA AIRPORTS HOLDINGS BHD	12.79%
25	HONG LEONG BANK BHD	12.68%
26	DIGI.COM BHD	12.64%
27	BIMB HOLDINGS BHD	12.44%
28	GLOBETRONICS TECHNOLOGY BHD	12.43%
29	PUBLIC BANK BHD	12.35%
30	AXIS REITS MANAGERS BHD	12.35%

# STRATEGY DIVISION



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

*“Recognising that the EPF will face ever more complexity in light of a highly challenging operating environment, it was imperative for our dynamic five-year rolling plan (5YRP) 2016-2020 to be a living document in all decision making protocols.”*

2016 was a year when the plans and strategies to address the issues facing the organisation, our members as well as the nation, started to take root. Three years ago, we developed a robust and forward facing integrated annual strategic process which culminated in our five-year rolling plan, and became the basis for all major decisions affecting the EPF. Our ambition of empowering our members in planning for their retirement gathered momentum with the expansion of our Retirement Advisory Service (RAS) across the country. In addition, further engagement with relevant agencies, policy makers and various stakeholders has led to the Government laying the foundations for a holistic social protection infrastructure late last year. These successes, among others, have signalled that the EPF is on the right track on its transformation agenda towards becoming a world class provident fund respected for its professionalism and integrity.

### STRATEGIC PLANNING: DYNAMIC FIVE-YEAR ROLLING PLAN

Recognising that the EPF will face ever more complexity in light of a highly challenging operating environment, characterised by evolving and growing member demands to address the issue of retirement income adequacy, longevity risks, uncertain market conditions and rapid technological advancements, it was imperative for our dynamic five-year rolling plan (5YRP) 2016-2020 to be a living document in all decision making protocols.

When it was first introduced in 2015, much internal engagement was carried out to ensure all staff understood and appreciated the need

for a flexible and adaptive planning process, while remaining constantly focused on enhancing service delivery, increasing automation levels and upgrading competency. As a dynamic and evolving document, the 5YRP 2016-2020 was extensively communicated through various channels, including CEO townhall sessions, management meetings at state and regional levels, and which was further strengthened by online learning modules and regular updates via our internal communication channel. This was to ensure that our employees throughout the EPF, irrespective of function and levels, are guided by the single vision of helping members achieve a better future.

After many enhancements, the 5YRP 2016-2020 has solidified the six strategic thrusts required to ensure EPF’s relevancy for the future, namely Investment Excellence, Operations Excellence, Customer Excellence, Retirement Security, People Development, and ICT and Capability Building. The initiatives and plans identified for all these areas are designed to enhance organisational performance which would ultimately add value to our members and key stakeholder groups.

### CHAMPIONING RETIREMENT SECURITY

By championing for greater retirement literacy among our members, we have been able to position the EPF beyond just a retirement savings fund, and into a leading social security organisation.

As at end 2016, we have successfully rolled out 18 RAS counters in EPF branches nationwide. RAS was first introduced in 2014, when the EPF shifted beyond its traditional role of solely managing investments and transactional relationships towards

advisory-focused service. We plan to expand RAS by another 10 branches in 2017 and by 2018, we expect the advisory service to be offered at all 67 EPF branches nationwide. This will also include the establishment of a mobile RAS, an outreach service to the rural areas. We are proud to note that our RAS initiative was awarded the 2016 Pensions & Investments WorldPensionSummit Innovation Awards at The Hague, Netherlands.



A report in Berita Harian dated 21 November 2016 on the EPF’s winning of the Pensions & Investment WorldPensionSummit Innovation 2016 Award in the Communications category. The award recognises the EPF’s RAS initiative.

# STRATEGY DIVISION



**Panel of experts**



**Tunku Alizakri Alias**  
Deputy CEO (Strategy), Employees Provident Fund

Prior to joining the EPF, Tunku Alizakri was the chief marketing officer and chief operating officer of The IIG Leadership and Governance Centre. He has also held the positions of director of strategic management at Bank Negara, director and head of strategy and corporate affairs at Digi Telecommunications Sdn Bhd, and vice-president and head of group strategic planning at Malaysian Banking Group.



**Harry Smorenberg**  
Founder and chairman of the World Pension Summit, The Netherlands

A financial services marketing and positioning strategist, Harry Smorenberg is founder and chairman of the World Pension Summit, a global platform for cross-border knowledge sharing and networking on the issue of pension. He is also a member of the International Advisory Board of the Europe-China Institute, Nyenrode University in The Netherlands, chairman of the Editorial Advisory Board of Banking & Finance Europe, founder and chairman of the Transactives and the International EPCA Payment Summit, and CEO of the Soberg Shrieves foundation, a charitable foundation. Smorenberg is also CEO of the Smorenberg Corporate Consultancy based in Amsterdam.



**Meik Wiking**  
CEO of the Happiness Research Institute, Denmark

Founded in 2013, the Happiness Research Institute is an independent think-tank based in Copenhagen that focuses on life satisfaction, happiness and quality of life. Wiking is also research associate for Denmark at the World Database of Happiness and founding member of the Latin American Network for Wellbeing and Quality of Life Policies.

He has previously worked for the Danish Ministry of Foreign Affairs, Vestrup Research and as a director for the think tank Monday Morning. Meik Wiking has written several books and reports on happiness, subjective well-being and quality of life and his books are translated into over 10 languages.



**Gil (Guillermo) Penalosa**  
Founder and chairman of 80 Cities, Canada

Gil Penalosa is founder and chairman of 80 Cities, a non-profit organisation based in Toronto, Ontario that creates safe and happy cities that prioritise people's well-being. The organisation believe that if a public space is tailored for an 8-year old and an 80-year-old, then it will work well for all people. Penalosa is also chair of the board for World Urban Parks, board member of the City Parks Alliance, senior advisor with America Walks, and senior advisor with American Trails Organisation. The president and CEO of Gil Penalosa & Associates has also contributed chapters to three books - *Enabling Cycling Cities*, *Ingredients for Success: Facilities for Cyclists*, and *Resilient Sustainable Cities*.

A report by *The Star* dated 11 August 2016 during the annual International Social Security Conference (ISSC) organised by the EPF. The paper published a centrespread of a media roundtable discussion held on the sidelines of the ISSC. Participants of the roundtable - EPF's Deputy Chief Executive Officer (Strategy) Tunku Alizakri Raja Muhammad Alias and international speakers Gil Penalosa of Canada, Meik Wiking of Denmark and Harry Smorenberg of The Netherlands - discussed the importance of governments and policy makers to look at ways to enhance the well-being of the elderly population, and to reintroduce them into the economic and social landscape.

We also announced that the quantum for Basic Savings had been increased from RM196,800 to RM228,000 effective 1 January 2017. Basic Savings serves as a guideline of the minimum amount that members should have when they reach age 55 to support their basic retirement needs. Our continued focus in promoting financial literacy and adequate retirement savings has yielded positive results, as 41 per cent of our active members were found to have achieved Basic Savings, with 30 per cent opting for flexi withdrawal instead of lump-sum withdrawal upon reaching age 55. We will continue with our retirement literacy campaign to meet the strategic outcomes of targeting for 50 per cent of our members meeting Basic Savings, as well as a 10 per cent coverage for employees from the informal sector.

In addition, the EPF has proactively developed customised content on retirement planning with the Credit Counselling and Debt Management Agency (AKPK) and plans to collaborate with the Malaysia Digital Economy Corporation (MDEC) to leverage on its e-rezeki and e-usahawan platforms to promote retirement savings for the self-employed sector.

Given the importance of having a solid and comprehensive financial education at a national level, Bank Negara Malaysia (BNM) announced the establishment of the Financial Education Network (FE Network) in November 2016. The objective of the FE Network is to coordinate, develop and drive a holistic financial education strategy for Malaysia, and to serve as an inter-agency platform to increase the impact of financial education initiatives, while identifying new opportunities for improving

financial literacy among the Malaysian public. The EPF joined other agencies comprising BNM, AKPK, the Securities Commission (SC), and the Malaysia Deposit Insurance Corporation (PIDM) as preliminary members to the FE Network.

### LEADING THE RETIREMENT CONVERSATION

According to a projection by the United Nations, Malaysia is set to be an aged nation by 2030, whereby 14 per cent of the country's population – equivalent to 5.2 million people – will be aged 60 and above. Conversations facilitated by the EPF among key stakeholders for the past few years have finally resulted in the creation of the Malaysian Social Protection Council at the end of 2016, which will oversee the development of a robust social security platform to cater for all Malaysians.

One of the foremost platform in social security is the annual International Social Security Conference (ISSC), organised by the EPF where many issues are debated by both international and local experts. The ISSC 2016 brought together renowned speakers from Denmark, Canada, Japan, Hong Kong, Singapore and Malaysia to discuss ways to optimise opportunities for health, participation and security in order to enhance quality of life as people age. Themed "Active Ageing: Live Long and Prosper", the conference saw 368 participants discussing matters revolving around what active ageing means, continuing to be socially engaged and productive into old age, establishing age-friendly communities as well as the active engagement of the senior generation in the development of the economic and social landscape.

The year also saw the EPF actively engaging at the grassroots level and communicating the importance of financial and retirement planning through our Public Briefing Programme 2016 and Preparation for Retirement. As at 31 December 2016, a total of 213 public briefing sessions were conducted, reaching out to 14,782 participants on topics related to financial and retirement planning, while covering EPF products and services such as RAS.

### PEOPLE DEVELOPMENT

No organisation can succeed without the energy and engagement of its staff, and the EPF puts human capital development high on its agenda. We actively upskill our employees and equip them with new skillsets to enable them to operate in an increasingly competitive and global environment. With particular focus on our critical talents to obtain a more holistic worldview as well as exposure to global best practices in the shortest time possible, we established the Accelerated Development Programme (ADP) in 2015. The main objective of the ADP is to develop top talent and a healthy leadership pipeline to meet present and future human capital requirements of the EPF.

### GIVING VALUE BACK

Our efforts have seen the EPF being successfully positioned as an employer of choice for young graduates as we were included in the HR Asia: Best Companies to Work For in Asia (Malaysia) list for the second consecutive year. The award recognises initiatives that would ensure greater engagement, improved efficiency

# STRATEGY DIVISION

and higher performance among employees. A total of 280 companies vied for this award, which saw the EPF emerge as one of the top winners.

## MANAGING EXPECTATIONS AND PUBLIC PERCEPTION

Dealing with an overall trust deficit in the public sector in recent years is no easy feat, and being a retirement fund with nearly 15 million members from all walks of life makes it even more challenging.

Faced with an onslaught of misleading, outdated and sometimes totally false messages circulating via social media and online tools such as WhatsApp, the EPF has tackled some of these issues using the same digital channels, something that is unprecedented for local institutions, yet vital in addressing issues promptly in our effort to manage the organisation’s reputation. In this age of social media where information spreads like wildfire, we are cognisant of the need to be prompt at nipping misleading and false information at the bud, such as the issue of the alleged missing savings of a civil service pensioner, and the totally false news that the EPF was giving out a RM2,500 cash incentive to senior citizens.

Managing public perception was crucial to many of our initiatives rolled out throughout the year. For example, the EPF’s introduction of Simpanan Shariah was initially met with some scepticism, yet we managed to close registration with approximately 60 per cent of the initial RM100 billion allocation being taken up. This was partly due to proactive media engagement throughout the registration period, as well as briefing sessions at relevant industry and public platforms.

The EPF recognises the importance to ensure that our members remain confident in our abilities as well as to remain deserving of the trust given to us. We will remain steadfast in carrying out our mandate and ensuring that we keep our vision of “Helping Members Achieve a Better Future” foremost at mind and will remain true in meeting our mission of “Safeguarding Members’ Savings and Deliver Excellent Services”.



EPF Chief Executive Officer, Datuk Shahril Ridza Riduan flanked by reporters during the opening of registration for Simpanan Shariah on 8 August 2016 at the EPF headquarters in Jalan Raja Laut, Kuala Lumpur.

## Corporate Scorecard Performance as at December 2016

Perspective	Strategic Objectives	Measure (KPI)	Achievement
Customer	Strengthen Public Trust	Net Trust Score	37.21%
	Promote Retirement Security	Percentage of Active Members meeting Basic Savings according to age band	41.00%
	Enhance Customers Experience	Customer Experience Rating	94.10%
Financial	Optimise Risk-Rated Investment Returns	Risk-Rated Investment Returns	0.0002%
		Rolling Three-Year Real Dividend	3.83%
	Provide Efficient Cost Management	Expenditure per Average Asset Under Management	0.249
Process	Improve Governance, Risk and Compliance	Corporate Governance Index	96.69%
	Enhance Efficiency	Percentage of Core Process Efficiency Index	97.44%
		Percentage of Core Process Error Rate Index	1.95%
	Improve Financial Literacy	Financial Literacy Index	31%
		- Percentage Opting for flexi withdrawal - RAS Effectiveness Rating	99.85%
Enhance Products and Services	Take-up Rate for Self Service	82.23%	
	- Self Service For Members	51.87%	
	- Self Service For Employers		
Organisational Capability	Living Our Values Everyday	Values Rating	94%
	Upgrade Competency	Competency Index	3
		- Percentage of 1:2 ready talent for key posts	
- Accelerator Development Programme (ADP)			
- Corporate Learning Roadmap (CLRM)			
Drive Strategy Execution	Strategic Initiatives Implementation Index (within timeline and budget)	8.83	

# STRATEGY DIVISION

## CASE STUDY

### EPF LEARNING CENTRE (ELC) AS A CENTRE OF EXCELLENCE FOR SOCIAL SECURITY



#### NEW AND IMPROVED EPF LEARNING CENTRE

The EPF Learning Centre (ELC) has been substantially upgraded in order to meet our ambition to position the ELC as the regional centre of excellence in social security. The ELC not only provides training and upskilling for the EPF's workforce but also plays the role to develop local talent and regional industry expertise in the area of social security. In addition, the ELC delivers on its learning objectives through both physical onsite training and through electronic online medium, such as the i-Learning courses.

Our learning centre has been undergoing an exciting transformation. Situated in Bangi, the ELC is equipped with modern facilities and infrastructure. In an effort to modernise and improve the ambience, further improvements have been made to transform the ELC into a sustainable yet inspiring and creative centre with a conducive learning atmosphere. Phase 1 of the renovation was completed in October 2016, with the lecture and seminar rooms, the Dining Hall and residential accommodation being given a fresh new look and with more open spaces. Phase 2 of the renovation is currently in progress.

With greatly improved facilities, the ELC is now better able to offer and professionally execute effective training programmes and learning experiences that meet both employers and employees' high standards and expectations.



#### A CENTRE OF EXCELLENCE FOR SOCIAL SECURITY

Aside from the physical improvements, the year 2016 saw us embarking on a new and challenging journey - positioning the ELC as a centre of excellence for social security. The first accomplishment in this regard was the successful collaboration between the EPF and the International Training Centre of the International Labour

Organization (ITCILO), when we jointly organised the Executive Course on Designing and Extending the Social Protection System in Malaysia on 15-19 August 2016, attended by 60 delegates from Cambodia, Vietnam, Brunei and Malaysia. This marked the beginning of more fruitful partnership and collaborations with other social security organisations moving forward.



*EPF and representatives from the International Training Centre of the International Labour Organisation (ITCILO) at the EPF Learning Centre during a collaborative partnership to organise the Executive Course on Designing and Extending the Social Protection System in Malaysia on 15-19 August 2016.*

#### THE CORPORATE LEARNING ROADMAP (CLRM)

The EPF is committed to the professional development of its employees. Executive staff are given every encouragement to undergo professional certification so that they are on par with industry standards. Keeping in mind the high standards and expectations of the EPF management and employees, we have designed training programmes that are in line with EPF's 5YRP. Taking into account the new skillsets and competencies required to support the future direction of the EPF, the Corporate Learning Roadmap (CLRM) was designed to develop professional competencies and to upskill non-executive staff, in enabling higher levels of efficiency and efficacy.

Starting in 2014, the first phase of CLRM was completed in December 2016 with 183 sessions conducted involving 4,764 participants throughout the EPF. Following its success, we further enhanced the CLRM for 2017 to 2020, where the approach was refined through cycles of evaluation, and enhancements made by analysing the impact and lessons learned from the previous CLRM cycle.

Through the CLRM, a sizeable number of executive staff have obtained professional certification in 2016 in highly recognised accreditations such as the Chartered

Financial Analyst (CFA), Certified Training Professional, Shariah Registered Financial Planner, STQB Certified Tester Foundation in Instructional and Courseware Development, Advanced Financial Modelling, Forensic Project Management Practitioner and Quantitative and Risk Management.

#### UPSKILLING OF TALENT AND LEARNING METHODS

Our commitment to upskilling talent also extends to the non-executive level. The Certificate of Office Administration (COA) was designed for the personal development of non-executive employees to ensure they are equipped with the necessary competencies to be considered for promotion. The year saw 60 non-executives successfully achieve the COA. In addition, 11 employees are now Certified Training Professionals (CTP), while six have completed their Professional Certificate in Human Resource conducted by the Australian Human Resource Institute.

We also encouraged our frontline counter staff to be reskilled as RAS officers, in line with the plans to reduce counter services and move 80 per cent of transactions online by 2020. RAS officers are required to undertake the Registered Financial Planner programme conducted by the Malaysian Financial Planning Council, which includes a six-month financial advisory industry attachment programme before assuming the role.

Apart from formal classroom training, we enhanced learning methods by offering 30 online courses to employees via the EPF e-Learning Portal. These online courses range from lessons on EPF products, soft skills, and interpersonal development to functional courses. New courses launched this year, such as Introduction to Social Security and Introduction to Simpanan Shariah, received overwhelming response especially from the non-executive employees.

#### EDUCATING EMPLOYERS

Other than internal training, the EPF is also committed to providing support to employers throughout Malaysia. To educate and support employers on their roles and responsibilities towards the EPF, and more importantly, their employees, 23 sessions of the Employers Obligation Towards the EPF Act course was organised in 2016, involving 620 employers. The year also saw the EPF conducting 34 workshops on Employers Responsibility Towards Employees, with a total participation of 1,119 employers.

## FOCUS ARTICLE 1: REFINED AND SIMPLIFIED MISSION AND VISION STATEMENTS

The EPF's Vision and Mission serve as guiding principles to provide unity of purpose and to spell out the context of how we operate so that our employees can understand and apply them in their daily discharge of duties. This in turn, will shape our work culture into actionable performance, cost- and time-related measures to better serve our stakeholders.

### BACKGROUND TO THE VISION, MISSION AND SHARED VALUES

In 2002, we introduced the vision and mission statement to ensure alignment between serving the needs of our members and employers, our employees and the nation.

In 2008, we introduced a set of shared values: Integrity, Customer focused, Continuous Improvement and Teamwork to support our Vision "To be a Leading Social Security Organisation in the World and the Best Government Agency in Malaysia". The evolution of our vision and mission continued when in 2010, we further refined our Vision "To Be a World Class Social Security Organisation Providing the Best Retirement Savings for Malaysians" and Mission "To Provide the Best Retirement Savings Scheme."

As time passed, we realised there was a mismatch in expectation between our role as a social security organisation and our stakeholders' understanding of what we do for them, as well as the reality of their current challenges in preparing for retirement.

It was evident that we had to reduce the confusion on social security related terminologies and simplify the statements to enhance appreciation among our stakeholders, and to help them better understand that the EPF exists to help them try to secure a comfortable retirement.

In 2015, we started the process of reviewing our current corporate statements to ensure that they were still pertinent to the strategic management direction. Any changes must take into consideration the alignment of management's aspiration with the future direction of the EPF, while preparing to address external forces of change affecting the nation within the scope of retirement planning and social security.

### Key Events Leading to New Vision and Mission



### GUIDING PRINCIPLES IN CRAFTING THE REFINED STATEMENTS

The essence of a Mission statement must stay within continues of the EPF mandate, while the Vision statement must communicate the original intention of EPF's mandate. Both statements should be short and simple, and should resonate well with all stakeholders - staff, members, employers and Government. Above all, the statements must be linked to the EPF brand positioning and messaging. (see Focus Article 2: Refreshing the EPF Brand, page 89)

## OUR NEW VISION AND MISSION

### What does our new **Vision** mean?

Helping Members Achieve a **Better Future**



#### For **Members**

The EPF seeks to help members achieve adequate savings for a comfortable retirement. We help members prepare by providing pre-retirement withdrawals for housing, education and medical. The EPF also provides advisory services to members to better understand financial and retirement planning, as well as the importance of diversifying their investment and savings.



#### For **Employers**

The EPF offers employers an efficient method of rewarding their employees, while lowering the cost of managing the company's employee benefits and contribution. These also serve as value proposition for companies to attract potential workers.



#### For Our **Employees**

The EPF provides our employees with good career development prospects, room for personal growth and job satisfaction in line with EPF's purpose to make responsible investment decisions with good returns as well as delivering efficient services and good advice to members. We continue to formulate better HR policies and good employment branding.



#### For the **Nation**

The EPF continues to spur economic growth via our investment activities and funding infrastructure projects. We influence Government on socio-economic policies, and assist in cultivating a savings culture among the people by improving the country's financial literacy level.

### What does our new **Mission** mean?

**Safeguard Members' Savings** and **Deliver Excellent Services**

#### 1 **Safeguarding Members' Savings**



##### Fund Administration

The EPF collects and enforces payment of contributions while protecting members' savings.



##### Capital Preservation

We continue to guarantee savings and pay out annual dividends while mitigating risks based on our diversified investments.



##### Strong Returns

It is our aim to consistently give strong returns annually, comparable to similar organisations in other countries, and not less than 2 per cent above inflation.



##### Sound Governance

The EPF is a trustworthy organisation as we practise good corporate governance, disclosure and transparency. We adhere to a strict ethical code of conduct in all our dealings.

#### 2 **Deliver Excellent Services**



##### Areas of Excellence

In terms of Investment, we provide good returns over the long-term. In terms of Customer Service, we offer a positive customer experience. Operations wise, we ensure all our assets are well managed at a low cost. For retirement security, we try to help members meet their Basic Savings. And finally, for our staff, we provide a conducive working environment to ensure a highly engaged workforce.



##### Efficient Services

We continue to provide fast and hassle-free service, while implementing simple and user-friendly processes via multi-channel touch points at our counters, kiosks, online and mobile apps.



##### Advisory

We provide members with free advice on retirement and financial planning. Members are also provided with options to better manage their retirement savings.



##### Recognition of Excellence

We strive to be recognised in areas important to our members and stakeholders, such as Service Delivery, Policies, Investments, as well as our Products and Services.

Since 1951, the EPF brand has been symbolised by the logo and its colours, signifying our commitment as a retirement fund. Over the years as the demographics of our members changed, along with their expectations, we realised the need to better align our brand positioning with our current messaging to our stakeholders. In 2014, we embarked on a modest exercise to update and modernise the brand mark. In conjunction with our 65th anniversary, we unveiled the refreshed EPF brand mark, and are now gradually improving the look and feel of all touch points.

The Evolution of Our Brand Mark



The refreshed brand is aligned to our core values and articulated as our brand personality during interaction and engagement with our stakeholders.

**Customer Focused**



The EPF strives to ensure that members receive a positive customer experience, irrespective of the channel engaged - be it via kiosks, telephone, face-to-face, online, email or traditional mail. We strive to provide our members with consistent, fast, accurate and pleasant service.

**Continuous Improvement**



To keep pace with rapid changes in the operating environment, the EPF actively encourages all employees to keep enhancing their skills and performance via training, and to apply the latest technologies for a more effective and efficient service.

**Integrity**



It is imperative that all employees conduct their work with integrity and do what is right. The EPF practises a zero-tolerance policy on breaches of integrity and ethics.

**Teamwork**



We believe in practising effective teamwork in order to be more productive and efficient. We encourage employees to break down silos to create a vibrant working environment.