

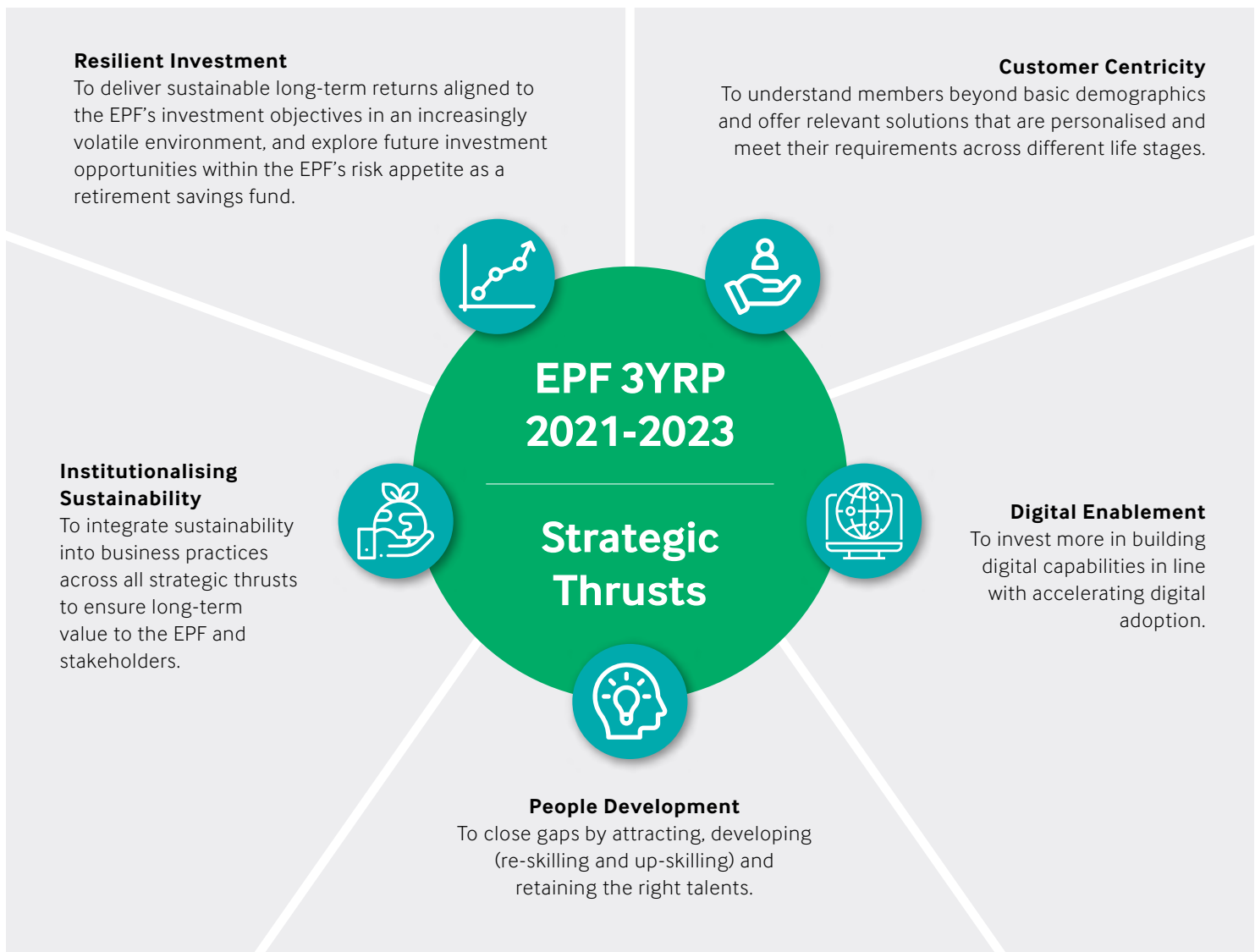
# STRATEGY AND BUSINESS OUTLOOK

- ▶ 31 Strategy
- 32 Operating Environment
- 33 Stakeholder Engagement
- 36 Material Matters
- 42 Investment Review
- 45 Enterprise Review
- 58 Business Outlook



### EPF THREE-YEAR ROLLING PLAN (2021-2023)

The EPF's vision of helping members achieve a better future is centred on the provision of adequate and sustainable wealth that would enable them to secure a purposeful and meaningful life during retirement. The EPF Three-Year Rolling Plan (3YRP) focuses on strengthening our fundamentals across five strategic thrusts to fulfil the EPF's vision. Furthermore, the EPF 3YRP highlights the key priorities moving forward, namely enhancing members' coverage and adequacy, as well as outlines its sustainable investment aspirations to achieve a fully ESG compliant portfolio by 2030 and climate neutral portfolio by 2050.



# OPERATING ENVIRONMENT

Like other countries, Malaysia was heavily impacted by the COVID-19 pandemic with over 32,000 deaths, 452 days of lockdown, and at its peak, an unemployment rate of 4.9%. In response to these challenges, the EPF played its role by providing our members with unprecedented special withdrawal facilities and reductions in mandatory contribution rates to help members tide over the impact of the pandemic on their income and livelihoods. Although this amounted to a RM86.2 billion impact, we ensured that our members had access to the help they needed in the most strenuous and desperate of times.

We observed an era of trust deficit impacting governments, leaders, and institutions globally. The EPF needs to balance between delivering our mandate and addressing stakeholders' current welfare. We addressed this challenge by rethinking value propositions that are aimed to meet members' needs across lifecycles, as well as delivering excellent customer experiences, ensuring smooth delivery and execution of withdrawal facilities, and adopting a customer-centric approach.

The world is also changing at an accelerated trajectory. Malaysia is anticipated to become an aging population nation by 2030, thus, leaving a limited timeframe of merely eight years to prepare for the impending reality. We also now operate in a world where freelance work is booming. There are approximately 2.65 million own-account workers in the country and half a million people are working through gig platforms. These workers are not subjected to the EPF's legal coverage, thereby rendering their retirement savings in heightened uncertainty.

## Other Key Trends Observed in 2021



Sustainability is today's generation's biggest imperative as global warming becomes more concerning on a global scale.



"Slowbalisation" is the new globalisation as global trade volume decreases, impacted by trade wars and the pandemic.



The low-yield environment is expected to persist and is unlikely to improve in the next five years.



Voice of customers are amplified and empowered by digital channels and the rise of technologies and digital platforms.



Digital transformation is now accelerated as a result of the low-touch, high-distance economy during the pandemic.



The nature of work, worker, and workplace has transformed, with the need to adapt to technological advancements.

Therefore, it is imperative for the Fund to continuously improve and meet the ever-evolving needs of its members and strive to be an exemplary institution that embraces change and tackles challenges. This includes regularly reviewing the current scheme to address the current and future needs within the social security landscape.

In doing so, the EPF is continuously enhancing its innovation and management capacities, which include adopting new management approaches, knowledge and skills, embracing digitisation and technological advancements, as well as proactively practising stellar services.

# STAKEHOLDER ENGAGEMENT













It is pivotal to have a deeper understanding of stakeholders’ interests and concerns to develop and implement strategies that will facilitate value creation across all facets of the organisation. The EPF seeks to provide a platform for meaningful communication, further upholding the EPF’s values as a transparent and well-managed social security organisation by facilitating engagements with its stakeholders.

In 2021, the EPF identified its key stakeholder groups based on their ability to influence and be affected by the EPF’s decisions and activities over the short, medium, and long term. Taking into consideration the criteria laid out, we identified eight stakeholder groups:

- (a) Members
- (b) Board, Investment Panel, and Shariah Advisory Committee
- (c) Government and Regulators
- (d) Employers
- (e) Employees
- (f) Investee Companies
- (g) Business Partners
- (h) Local Communities

We also conducted a stakeholder prioritisation exercise to determine the ranking of each stakeholder group based on their level of dependence and influence on the Fund. The findings of this exercise have been critical to better shape future engagement strategies for each of our eight key stakeholder groups.

**Engagement Frequency:** ● Daily ● Monthly ● Quarterly ● Biannually ● Annually    As and when required

Stakeholder Group	Method of Engagement	Concerns and Areas of Interest
 <p><b>Members</b> Serve an important role, allowing the EPF to continuously improve on its product and services</p>	<ul style="list-style-type: none"> <li><span style="color: blue;">●</span> Bilingual virtual assistance (i.e. ELYA)</li> <li><span style="color: blue;">●</span> Advisory support (i.e. Retirement Advisory Services (RAS))</li> <li><span style="color: blue;">●</span> Contact Management Centre (CMC)</li> <li><span style="color: blue;">●</span> <i>Janji Temu</i> Online Platform</li> <li><span style="border: 1px solid blue; border-radius: 50%; padding: 2px;">  </span> Surveys and polls</li> <li><span style="border: 1px solid blue; border-radius: 50%; padding: 2px;">  </span> Launch of initiatives announced via media sources (i.e. EPF website, news outlets)</li> <li><span style="border: 1px solid blue; border-radius: 50%; padding: 2px;">  </span> EPF website (enquiry and complaint)</li> </ul>	<ul style="list-style-type: none"> <li>• Sufficient retirement savings and investment returns</li> <li>• Customer satisfaction</li> <li>• Ease of transactions and interactions</li> <li>• Management of the Fund to produce high-performing dividend rates</li> </ul>
<p><b>Related Material Matters</b></p> <div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;"> Financial Performance</div> <div style="text-align: center;"> Customer Experience</div> <div style="text-align: center;"> Customer Data Privacy and Security</div> <div style="text-align: center;"> Communication and Information</div> <div style="text-align: center;"> Resilience against Natural Disasters</div> <div style="text-align: center;"> Market Presence</div> </div>		
 <p><b>Board, Investment Panel and Shariah Advisory Committee</b> Vital in shaping the EPF’s direction and drive for long term value creation</p>	<ul style="list-style-type: none"> <li><span style="color: cyan;">●</span> Meetings</li> <li><span style="border: 1px solid cyan; border-radius: 50%; padding: 2px;">  </span> Training and forums</li> </ul>	<ul style="list-style-type: none"> <li>• Optimising returns for members’ savings</li> <li>• Management of the Fund to produce high-performing dividend rates</li> <li>• Sustainable investment performance</li> <li>• EPF’s role as a financial advisor</li> <li>• Recovery of members’ savings</li> </ul>
<p><b>Related Material Matters</b></p> <div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;"> Financial Performance</div> <div style="text-align: center;"> Sustainable Investment</div> <div style="text-align: center;"> Public Policy</div> <div style="text-align: center;"> Transparency and Business Ethics</div> </div>		

<p><b>Stakeholder Group</b></p>  <p><b>Government and Regulators</b> Provide advice and direction to steer the national premier institution and protecting its members</p>	<p><b>Method of Engagement</b></p> <ul style="list-style-type: none"> <li>Interviews</li> <li>Dialogue and conferences</li> <li>Meetings</li> </ul> <p><b>Related Material Matters</b></p> <ul style="list-style-type: none"> <li>Financial Performance</li> <li>Sustainable Investment</li> <li>Public Policy</li> <li>Communication and Information</li> </ul>	<p><b>Concerns and Areas of Interest</b></p> <ul style="list-style-type: none"> <li>Protecting interests of members</li> <li>Sustainable investment performance</li> <li>Recovery of members' savings</li> <li>ESG integration</li> </ul>
<p><b>Stakeholder Group</b></p>  <p><b>Employers</b> Provide feedback to improve our products and build long-term trust in the social security system for their employees</p>	<p><b>Method of Engagement</b></p> <ul style="list-style-type: none"> <li>Advisory support (i.e., Employer Advisory Services (EAS))</li> <li>Employer engagement survey</li> </ul> <p><b>Related Material Matters</b></p> <ul style="list-style-type: none"> <li>Financial Performance</li> <li>Customer Experience</li> <li>Communication and Information</li> </ul>	<p><b>Concerns and Areas of Interest</b></p> <ul style="list-style-type: none"> <li>Benefits from contributing towards employees' retirement savings (i.e., tax exemptions)</li> </ul>
<p><b>Stakeholder Group</b></p>  <p><b>Employees</b> Key assets in delivering the EPF's mandate and strategies</p>	<p><b>Method of Engagement</b></p> <ul style="list-style-type: none"> <li>Physical and virtual meet-up sessions</li> <li>Employee engagement survey and activities</li> <li>Meetings and trainings</li> </ul> <p><b>Related Material Matters</b></p> <ul style="list-style-type: none"> <li>Financial Performance</li> <li>Customer Experience</li> <li>Communication and Information</li> </ul>	<p><b>Concerns and Areas of Interest</b></p> <ul style="list-style-type: none"> <li>Public awareness of the EPF's existing services</li> <li>The EPF's future plans (i.e., transition to advisory services)</li> <li>Customer satisfaction</li> <li>Career progression</li> <li>Capability building and education</li> <li>The EPF's reputation</li> <li>Employee wellbeing</li> <li>Remuneration and performance management</li> </ul>

STAKEHOLDER ENGAGEMENT

**Stakeholder Group**



**Investee Companies**

Provide valuable inputs and support the EPF's direction towards becoming a sustainable and ethical institution

**Method of Engagement**

- Meetings
- Dialogue and conferences

**Related Material Matters**

- Financial Performance
- Sustainable Investment
- Transparency and Business Ethics

**Concerns and Areas of Interest**

- Strong financial performance
- Sustainable investment expectations
- Ensuring ethical and transparent governance
- Effective management of financial and non-financial risk
- Alignment of the EPF's Sustainable Investment Policies with that of other institutional investors and regulatory requirements
- The impact of the implementation of new policies on the business and operations of investee companies

**Stakeholder Group**



**Business Partners**

Allow the EPF to build strong industry rapport whilst embracing innovative ideas

**Method of Engagement**

- Meetings
- Payments to vendors, staff claims and withdrawal payments
- Site visits
- Online procurement platform (i.e., SAP Ariba)
- Consistent monitoring of incoming funds and executed payments via Large Value Payment System (i.e., RENTAS)

**Related Material Matters**

- Financial Performance
- Sustainable Investment
- Transparency and Business Ethics
- Supplier Management

**Concerns and Areas of Interest**

- System performance, customisation and integration
- Governance and compliance
- Performance and compliance against the mandate
- Portfolio sustainability
- Investment opportunities
- Sustainable investment expectations
- Social and environmental implications of the EPF's supply chain
- Efficiency in management of investments
- Execution of funding on a timely basis for execution of payment to vendors, staff claims and withdrawal payments
- Reputational risk to parties involved, in the event of untimely payment

**Stakeholder Group**



**Local Communities**

Help the EPF understand how the organisation can work with society to empower local economies and develop financially literate communities

**Method of Engagement**

- Protégé Programme
- Surveys
- Virtual media and radio engagements, streamed on social media and private platforms

**Related Material Matters**

- Public Policy
- Communication and Information
- Local Communities

**Concerns and Areas of Interest**

- Easy access to the EPF and all its services
- Adequacy of Malaysians' savings
- Financial literacy
- Financial inclusion
- Retirement planning
- Economic empowerment of local communities

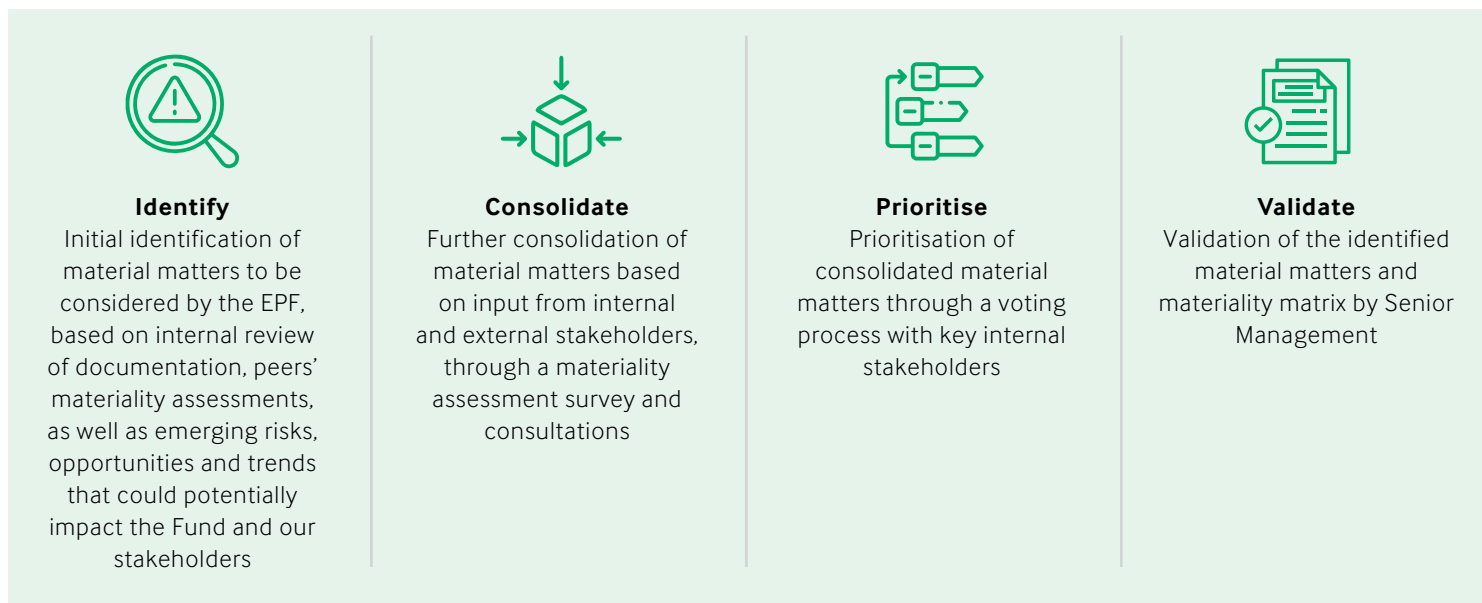
# MATERIAL MATTERS

## DETERMINING OUR MATERIAL MATTERS

In 2021, the EPF conducted its maiden materiality assessment to define and rank material economic, environmental, social and governance matters that pose potential impact on the EPF and its stakeholders over the short, medium, and long term. The identification and prioritisation of these matters have enabled the EPF to enhance and develop future strategies, initiatives, and targets, with consideration of stakeholders' interests and concerns.

The materiality assessment was carried out through a series of engagements, starting with a review of internal documentation, peers' materiality assessments, as well as emerging risks, opportunities, and trends that could potentially impact the EPF and our stakeholders. This enabled us to identify an initial list of material matters. A materiality assessment survey was subsequently deployed to the Fund's key stakeholder groups to gather feedback on the relative importance of the identified economic, environmental, social, and governance matters. Employees, Employers, and Members made up the largest portion of survey responses.

Consultations were also carried out to facilitate in-depth discussions with selected stakeholders regarding their key interests and concerns, further exploring how material matters can be addressed in our future strategies. We then proceeded to refine the material matters and prioritised them during a workshop with the Fund's key personnel, generating the EPF's inaugural materiality matrix. The matrix was validated by Senior Management.

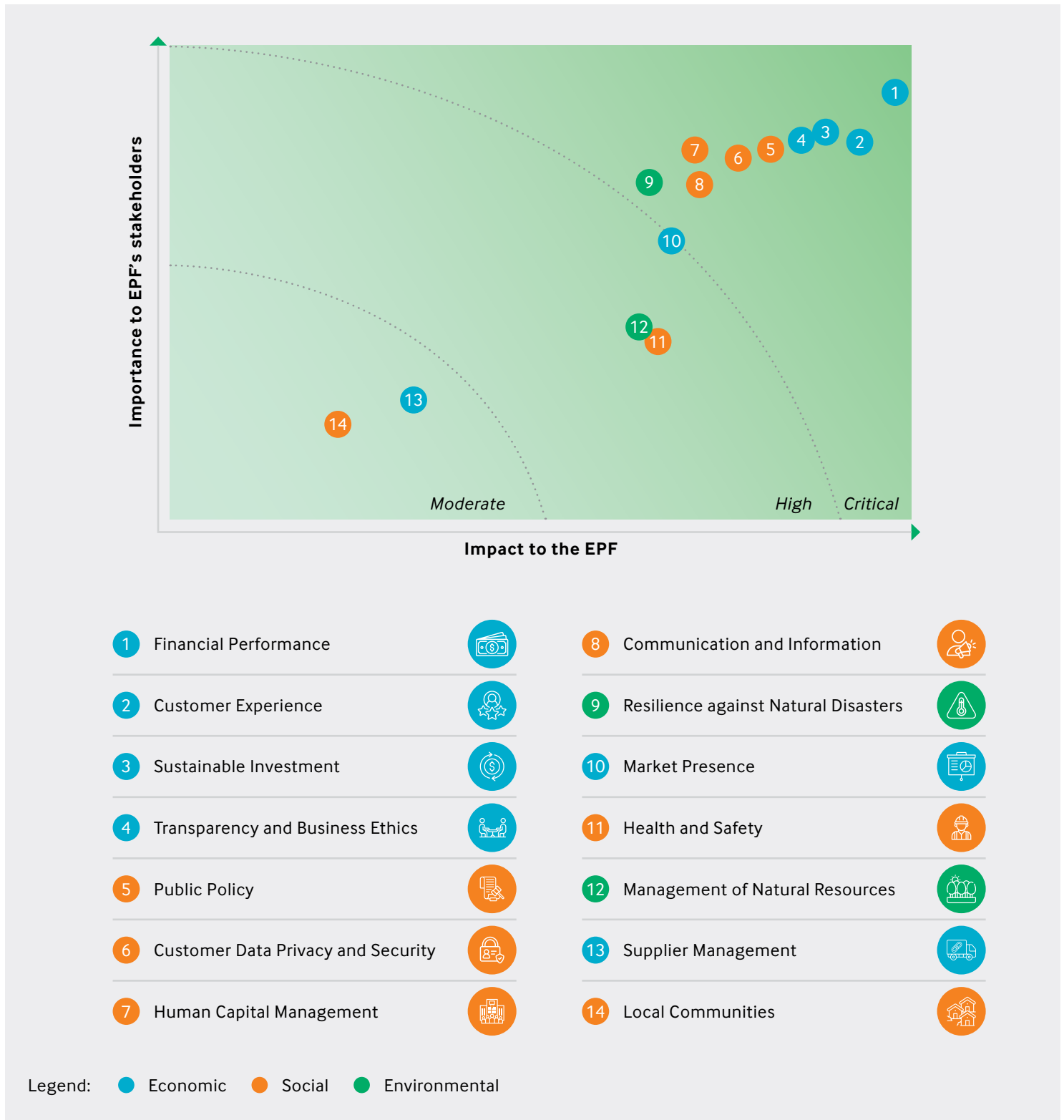


The 14 material matters identified were derived using international reporting standards, the GRI Standards, and the International <IR> Framework. Results of the assessment are illustrated in the matrix below.



MATERIALITY MATRIX

Below is the Fund’s inaugural materiality matrix which illustrates the prioritisation of the EPF’s economic, environmental, and social material matters.













## MATERIAL MATTERS

ECONOMIC				
Material Matters	Relevant Stakeholders	Associated Risks	Opportunities	3YRP Strategic Thrusts
 <p><b>Financial Performance</b> The EPF's approach to optimising financial and investment performance to sustain performance and safeguard members' savings.</p>	<ul style="list-style-type: none"> <li>• Members</li> <li>• Government and Regulators</li> <li>• Business Partners</li> <li>• Employees</li> <li>• Employers</li> <li>• Investee Companies</li> </ul>	<ul style="list-style-type: none"> <li>• Reputational</li> <li>• Strategic</li> <li>• Financial</li> </ul>	<ul style="list-style-type: none"> <li>• Healthier growth of member funds</li> <li>• Diversification of revenue streams</li> <li>• Fostering financial capital to support economic development</li> <li>• Investments that make a positive impact on society and environment</li> <li>• Producing long term sustainable returns for the members</li> </ul>	<ul style="list-style-type: none"> <li>• Resilient Investment</li> </ul>
 <p><b>Customer Experience</b> The EPF's efforts to sustain member satisfaction by enhancing services to meet members' evolving needs and implementing initiatives for better member experience.</p>	<ul style="list-style-type: none"> <li>• Employers</li> <li>• Members</li> </ul>	<ul style="list-style-type: none"> <li>• Reputational</li> <li>• Operational</li> </ul>	<ul style="list-style-type: none"> <li>• Providing convenience to the EPF members and stakeholders to utilise the EPF's services and initiatives</li> <li>• Improving the EPF's overall image as a reliable and trustworthy organisation</li> </ul>	<ul style="list-style-type: none"> <li>• Customer Centricity</li> <li>• People Development</li> <li>• Digital Enablement</li> </ul>
 <p><b>Sustainable Investment</b> Integration of ESG factors in the EPF's investment decision-making processes in pursuit of achieving a fully ESG-compliant and climate neutral portfolio.</p>	<ul style="list-style-type: none"> <li>• Investee Companies</li> <li>• Business Partners</li> <li>• Government and Regulators</li> </ul>	<ul style="list-style-type: none"> <li>• Reputational</li> <li>• Operational</li> <li>• Financial</li> </ul>	<ul style="list-style-type: none"> <li>• The EPF's ability to play a stewardship role in encouraging investments of positive impact as the largest investor in the Malaysian capital market</li> <li>• Diversification of investments</li> <li>• Preparedness towards the transition to a low carbon economy</li> <li>• Catering to a greater demand for ESG compliant products and services</li> </ul>	<ul style="list-style-type: none"> <li>• Resilient Investment</li> <li>• Institutionalising Sustainability</li> </ul>
 <p><b>Transparency and Business Ethics</b> Standards and norms of behaviour that are expected from all associated with the EPF, and measures implemented to uphold these standards of behaviour.</p>	<ul style="list-style-type: none"> <li>• Members</li> <li>• Employees</li> <li>• Government and Regulators</li> <li>• Investee Companies</li> <li>• Business Partners</li> <li>• Employers</li> </ul>	<ul style="list-style-type: none"> <li>• Operational</li> <li>• Reputational</li> <li>• Financial</li> </ul>	<ul style="list-style-type: none"> <li>• Maintaining the EPF's reputation as an organisation of high integrity among its stakeholders</li> <li>• Promoting a strong focus on ethics and integrity across the culture within the EPF</li> </ul>	<ul style="list-style-type: none"> <li>• People Development</li> <li>• Institutionalising Sustainability</li> </ul>



**MATERIAL MATTERS**

ECONOMIC				
Material Matters	Relevant Stakeholders	Associated Risks	Opportunities	3YRP Strategic Thrusts
 <p><b>Market Presence</b> The level of awareness of the EPF's role and services in managing members' retirement funds and the contribution to local economic development across its operations.</p>	<ul style="list-style-type: none"> <li>• Members</li> <li>• Employers</li> <li>• Local Communities</li> <li>• Employees</li> </ul>	<ul style="list-style-type: none"> <li>• Reputational</li> <li>• Strategic</li> </ul>	<ul style="list-style-type: none"> <li>• Better awareness among the members on the role of the EPF</li> <li>• Better awareness among the members on the importance of safeguarding their retirement savings and promoting financial literacy</li> </ul>	<ul style="list-style-type: none"> <li>• Customer Centricity</li> </ul>
 <p><b>Supplier Management</b> Efforts taken to ensure a sustainable supply chain and manage relationships with business partners.</p>	<ul style="list-style-type: none"> <li>• Business Partners</li> <li>• Investee Companies</li> </ul>	<ul style="list-style-type: none"> <li>• Reputational</li> </ul>	<ul style="list-style-type: none"> <li>• Strengthening the reputation of the EPF as an environmentally and socially responsible organisation</li> </ul>	<ul style="list-style-type: none"> <li>• Institutionalising Sustainability</li> </ul>
SOCIAL				
Material Matters	Relevant Stakeholders	Associated Risks	Opportunities	3YRP Strategic Thrusts
 <p><b>Public Policy</b> High ethical standards and transparency to ensure that the EPF's practices to influence policy development are fully aligned with sustainability commitments and strategy</p>	<ul style="list-style-type: none"> <li>• Board, Investment Panel and Shariah Advisory Committee</li> <li>• Members</li> <li>• Employers</li> </ul>	<ul style="list-style-type: none"> <li>• Operational</li> </ul>	<ul style="list-style-type: none"> <li>• The shaping and development of public policy matters with input from members and relevant stakeholders</li> </ul>	<ul style="list-style-type: none"> <li>• Customer Centricity</li> <li>• Institutionalising Sustainability</li> </ul>
 <p><b>Customer Data Privacy and Security</b> Measures taken to ensure that data is collected used and stored in a responsible manner and to strengthen the EPF's cyber security.</p>	<ul style="list-style-type: none"> <li>• Members</li> <li>• Employers</li> <li>• Employees</li> <li>• Board, Investment Panel and Shariah Advisory Committee</li> </ul>	<ul style="list-style-type: none"> <li>• Compliance</li> <li>• Financial</li> <li>• Reputational</li> </ul>	<ul style="list-style-type: none"> <li>• Continuous improvement of the EPF's digital technologies to ensure customer data privacy and security are stored and protected adequately</li> <li>• Association with industry regulators to ensure best practices are applied to protect and manage data privacy</li> </ul>	<ul style="list-style-type: none"> <li>• Digital Enablement</li> <li>• Customer Centricity</li> </ul>

## MATERIAL MATTERS

SOCIAL				
Material Matters	Relevant Stakeholders	Associated Risks	Opportunities	3YRP Strategic Thrusts
 <p><b>Human Capital Management</b> The EPF's approach to managing its human capital including ensuring equal opportunities for all, capability building, employee well-being, and employees' rights.</p>	<ul style="list-style-type: none"> <li>Government and Regulators</li> <li>Board, Investment Panel and Shariah Advisory Committee</li> <li>Employees</li> </ul>	<ul style="list-style-type: none"> <li>Operational</li> <li>Reputational</li> <li>Financial</li> </ul>	<ul style="list-style-type: none"> <li>Boost job satisfaction, productivity, and overall morale across the EPF</li> <li>Attract talent from highly sought after and diverse talent pools</li> <li>Improve the mental and physical health of the EPF's employees</li> <li>Smoother and well-run operations with employees that are well trained and dedicated to providing high-quality service</li> </ul>	<ul style="list-style-type: none"> <li>People Development</li> <li>Customer Centricity</li> </ul>
 <p><b>Communication and Information</b> Honest, transparent, and fair marketing and communication of the EPF's services.</p>	<ul style="list-style-type: none"> <li>Members</li> <li>Employers</li> <li>Investee Companies</li> </ul>	<ul style="list-style-type: none"> <li>Reputational</li> </ul>	<ul style="list-style-type: none"> <li>Strong understanding of the EPF's initiatives and services among members and the general public</li> <li>Strengthening the EPF's image as an honest and transparent organisation</li> </ul>	<ul style="list-style-type: none"> <li>People Development</li> <li>Customer Centricity</li> </ul>
 <p><b>Health and Safety</b> The EPF's policies and procedures to protect employees, members and employers from accidental or malicious harm.</p>	<ul style="list-style-type: none"> <li>Employees</li> <li>Board, Investment Panel and Shariah Advisory Committee</li> </ul>	<ul style="list-style-type: none"> <li>Operational</li> <li>Reputational</li> </ul>	<ul style="list-style-type: none"> <li>Encouraging a safe and healthy working environment for the EPF's employees</li> <li>Boosting employee morale and productivity</li> </ul>	<ul style="list-style-type: none"> <li>People Development</li> <li>Customer Centricity</li> </ul>
 <p><b>Local Communities</b> Efforts to enhance the value the EPF provides to local communities.</p>	<ul style="list-style-type: none"> <li>Members</li> <li>Employers</li> <li>Local Communities</li> </ul>	<ul style="list-style-type: none"> <li>Reputational</li> </ul>	<ul style="list-style-type: none"> <li>Maintaining the EPF's reputation as a social security organisation</li> </ul>	<ul style="list-style-type: none"> <li>Institutionalising Sustainability</li> </ul>

**MATERIAL MATTERS**

ENVIRONMENTAL				
Material Matters	Relevant Stakeholders	Associated Risks	Opportunities	3YRP Strategic Thrusts
 <p><b>Resilience Against Natural Disasters</b> The management of business operations against natural disasters.</p>	<ul style="list-style-type: none"> <li>• Members</li> <li>• Employers</li> <li>• Employees</li> </ul>	<ul style="list-style-type: none"> <li>• Operational</li> <li>• Reputational</li> <li>• Climate</li> </ul>	<ul style="list-style-type: none"> <li>• Unlimited access to the EPF and its services for members and other stakeholders</li> </ul>	<ul style="list-style-type: none"> <li>• Institutionalising Sustainability</li> <li>• Customer Centricity</li> </ul>
 <p><b>Management of Natural Resources</b> The EPF's efforts to minimise its environmental footprint and to optimise resource consumption.</p>	<ul style="list-style-type: none"> <li>• Local Communities</li> <li>• Members</li> <li>• Employers</li> </ul>	<ul style="list-style-type: none"> <li>• Reputational</li> <li>• Compliance</li> <li>• Climate</li> </ul>	<ul style="list-style-type: none"> <li>• Increasing efficiency and reducing cost and waste due to proper management of natural resources</li> <li>• Strengthening the reputation of the EPF as an environmentally responsible organisation</li> </ul>	<ul style="list-style-type: none"> <li>• Institutionalising Sustainability</li> </ul>

# INVESTMENT REVIEW

The EPF's principal long-term investment objectives are to preserve and enhance the capital value of members' contributions and to generate stable returns over the long term within tolerable risk limits. As we entered the second year of the COVID-19 pandemic, the EPF continued to play its role in providing social security to the nation through extraordinary initiatives. These initiatives, however, continued to impact cash flows and as a result, the Fund recorded a negative net contribution for the first time in 20 years.

2021 was the second year of the COVID-19 pandemic whereby new variants such as Delta and Omicron became more prevalent and continued to spread worldwide. However, this did not hinder the re-opening of economies following the increase in vaccination rates and the introduction of stricter standard operating procedures (SOP). The re-opening of economic sectors contributed to the recovery and growth of economies and financial markets, especially in developed markets such as the United States of America. Nonetheless, there were still significant uncertainties and market volatility due to political instability, corporate governance issues, supply chain disruptions, inflationary concerns, tighter monetary policies, and COVID-19-related concerns.

The FTSE Bursa Malaysia KLCI (FBM KLCI) declined 3.7% year on year. Among the broad indices tracked by the EPF, the FTSE World Developed Index and FTSE ASEAN All-Share Index registered positive year-on-year growth of 19.2% and 5.2%, respectively, whereas the MSCI AC Asia Pacific ex-Japan Index declined 4.9% compared to the previous year's closing.

Despite these challenges, the EPF recorded a total gross investment income of RM68.89 billion, of which RM6.91 billion was allocated to Simpanan Shariah; this is an 8.57% increase from the RM63.45 billion generated in 2020. The growth in investment income is attributable to the global economic rebound which has contributed to the steady recovery of the equity markets.

## INVESTMENT HIGHLIGHTS

**Material Matter:** 

**Strategic Thrust:** 

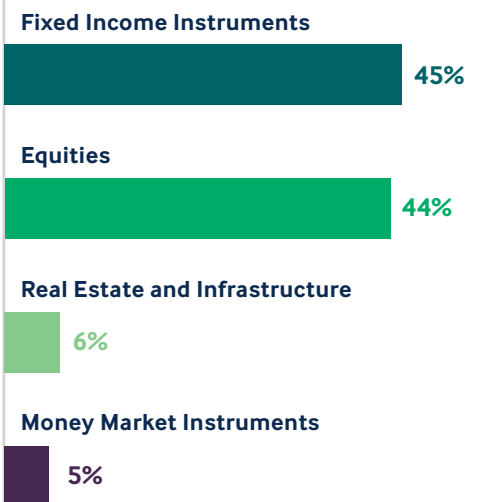
The Investment Division's primary responsibility is to ensure the EPF delivers on its investment objectives and targets that are guided by its investment strategy – spelled out in the Strategic Asset Allocation (SAA) framework. The SAA framework's primary goal is to create a diverse asset mix that can provide an optimal balance between expected risk and return which has contributed to the positive investment performance in 2021 by ensuring the Fund remained resilient to unprecedented shocks to the financial ecosystem.

Overall investment assets grew to RM1.01 trillion in 2021 from RM1.00 trillion registered in 2020. This year, overseas assets were critical contributors to the Fund's investment performance and provided overall return enhancement. As of 31 December 2021, 37% of investment assets were situated outside Malaysia.

### Fixed Income Instruments

The EPF's Fixed Income instruments comprise investment in Malaysian Government Securities and Equivalent, Loans and Bonds to yield steady returns. In 2021, 29% of total gross income was derived from Fixed Income instruments which amounted to RM19.50 billion. The ROI for this asset class was 4.69%, less than the 5.34% in 2020 due to low trading income during the increased yield environment in 2021.

## ASSET CLASSES IN 2021



### Equities

In 2021, the EPF recorded high returns across equity portfolios as a result of economic recovery across the global markets. Foreign listed equities recorded an ROI of 10.44%. The private equity portfolio also performed well, registering an ROI of 19.01%. In totality, the asset class recorded an ROI of 8.96% in 2021, 120 basis points higher than in 2020. Measures were also taken by the Fund to write down RM1.16 billion of the listed equity portfolio in 2021, which was less than the RM7.71 billion written down in 2020. Total income contributed by this asset class amounted to RM40.06 billion, 58% of total gross income.

### Real Estate and Infrastructure

Investments made under this asset class were made mainly through associate and subsidiary companies and are positioned as a hedge against inflation. Returns generated in 2021 amounted to RM8.39 billion with ROI of 6.53%, higher than the 5.84% recorded in 2020.

### Money Market Instruments

To ensure healthy cash flow and liquidity during periods of high withdrawal, the EPF allocated 5% of investment assets to money market instruments. This was less than the 5.5% that was recorded in 2020 partly due to the extraordinary withdrawal facilitated. In 2021, income from money market instruments amounted to RM0.94 billion, forming 1.4% of total income.

In addition to utilising the SAA framework to guide investment practices, the Fund employs liquidity management strategies. The EPF manages liquidity by:

▼ **Monitoring liquidity ratios, such as the Liquidity Coverage Ratio (LCR) and the Net Funding Ratio (NFR), that guide investment plans and activities to ensure a healthy financial position at all times;**

▼ **Ensuring the percentage of cash and money market balance out the total assets under management is within the Tactical Asset Allocation (TAA) range in order to meet members' withdrawal needs; and**

▼ **Diversifying investment portfolio across various mandates, regions and liquidity profiles to allow the EPF to remain resilient during any market cycle.**

Through these initiatives, the EPF has managed to maintain a healthy cash balance at the end of the year despite significant outflows from members withdrawals while delivering above-expected dividend rates. The Simpanan Konvensional and Simpanan Shariah dividend rates are a testimony to the Fund's performance in 2021, surpassing performance in the year pre-COVID (i.e., 2019).

#### 2021 Dividend Rates


# 6.10%

**Simpanan Konvensional**



# 5.65%



**Simpanan Shariah**



 Further information regarding the Fund's financial performance can be found in the Financials section page 133 of this Integrated Annual Report.

### SUSTAINABLE INVESTMENT

**Material Matter:**  

**Strategic Thrusts:**  

There is a growing expectation for investors to take responsibility for allocating capital to drive solutions to address the global climate crisis and increasing environmental challenges being faced. Therefore, the Fund endeavours to integrate sustainability into its investment processes to generate value and ensure a better future for our organisation, the environment, and communities.

The EPF has been a signatory of the Principles for Responsible Investment (UNPRI) since 2019 and is committed to embedding ESG considerations into investment decision-making. In pursuit of achieving a fully ESG-compliant portfolio by 2030 and a climate-neutral portfolio by 2050, the Fund has implemented various sustainable investment (SI) initiatives. These initiatives include:

▼ **Establishing the Sustainable Investment Centre (SIC), as the primary section responsible for driving the SI agenda within the EPF;**

▼ **Conducting sustainability reviews for all new investment proposals – each proposal must be reviewed by the SIC, who will analyse associated material ESG risks and opportunities; and**

▼ **Providing SI-related capability-building opportunities to employees.**

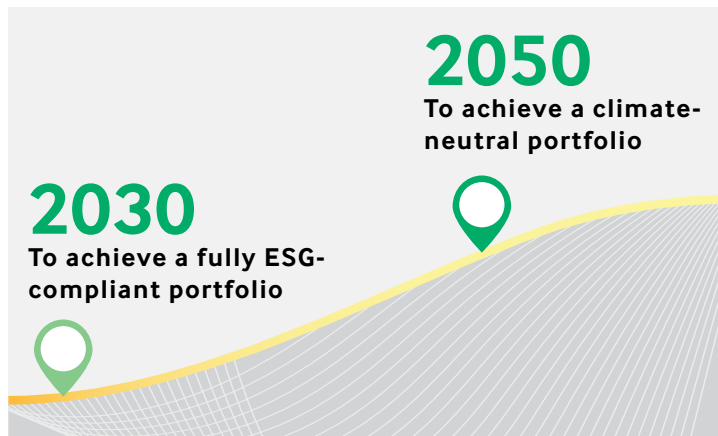
# >150

**sustainability reviews for new investment proposals conducted this year**





As one of Malaysia’s biggest institutional investors, the EPF plays a significant role in driving the national ESG agenda. In 2021, we announced our sustainable investment targets:



To facilitate the progress towards achieving these targets, the Fund launched internally its Sustainable Investment Policy this year. This policy forms our overarching approach to sustainable investing and integrating ESG factors into investment processes and stakeholder engagement.

To supplement the policy, we will develop our Priority Issue Policies that will define the Fund’s stance on pertinent environmental and social areas, beginning with climate change and workers’ wellbeing. Additionally, the EPF will also be developing its Priority Sector Policies to define specific ESG expectations for six key sectors: Oil and Gas, Palm Oil, Power Generation, Mining, Construction, and Banking.

The Sustainable Investment Policy, Priority Issue Policies, and Priority Sector Policies are expected to be launched in the first quarter of 2022. To facilitate the development of these policies, extensive engagement sessions have been conducted with investee companies, regulators, fund managers, and peer institutional investors to obtain feedback and validate the ESG expectations in these policies.

In the future, we are looking to develop the EPF’s Stewardship Policy to provide guidance on escalation pathways based on investee companies’ progress against the issue and sector policies. Upon the launch of the Sustainable Investment Policy and its supplementary issue and sector policies, EPF ESG expectations will be integrated into the Fund’s portfolio and investment processes.



# ENTERPRISE REVIEW

## SERVING OUR MEMBERS AND EMPLOYERS



### Customer Interactions and Transactions

Members are at the core of our operations and as of 31 December 2021, the EPF recorded a total of 15.22 million members with 421,643 new members in 2021, a 2.22% increase from 14.89 million members in 2020. The total number of active members in 2021 increased by 1.33% from 7.59 million in 2020 to 7.69 million. In 2021, the EPF received RM72.89 billion in contributions, 2.82% more than the RM70.89 billion collected in 2020.

Furthermore, the total members registered under *Simpanan Shariah* also increased by 13.05% (to be effective on 1 January 2022) to 1.26 million members in 2021 from 1.12 million members in 2020. This increase is attributable to a feature on the i-Akaun mobile application, which was launched in 2020, that allows members to switch from Simpanan Konvensional to Simpanan Shariah.

The Fund actively engages with members primarily through i-Akaun, the website, the ELYA chatbot, smart kiosks, service counters, live chat, and the EPF Contact Management Centre (CMC). A total of 294.77 million customer transactions and interactions were recorded through the aforementioned channels representing a 33.99% increase compared to 2020.

A majority, or 98.37%, of customer transactions and interactions recorded in 2021 were via the EPF's self-service platforms (i.e., i-Akaun, the website, the ELYA chatbot, and smart kiosks). We also recorded a decrease in i-Akaun (24.57%) and e-Caruman (60.84%) mobile application downloads compared to 2020.

A 10.54% decrease in in-person customer transactions and interactions (from 1.70 million in 2020 to 1.52 million in 2021) at our service counters was observed, likely due to the increased use of self-service channels which provide convenience and flexibility to members and employers.

Despite COVID-19 SOP relaxations, the Fund continued to encourage members to book appointment slot(s) via the *Janji Temu* Online (JTO) platform, a cloud-based online appointment platform, if they wish to obtain Retirement Advisory Services at EPF counters. A total of 49,250 appointments were made via the JTO platform in 2021.

### Products and Services

The EPF aims to provide services that meet the needs of members. The services provided include:

#### Retirement Advisory Services (RAS)

The EPF's RAS is a free-of-charge service that is provided to members across 52 EPF branches. The service offers consultations regarding retirement planning, financial planning, and other EPF products and services. Retirement planning consultations are provided by 87 officers who are qualified in the field of financial planning and retirement. In 2021, 207,270 members received financial advisory services at EPF counters and other channels.



**207,270**  
members received  
financial advisory  
services



#### Members Investment Scheme

The Members Investment Scheme allows members to voluntarily invest part of their Account 1 savings with appointed Fund Management Companies and Asset Management Companies. This allows members to diversify income streams for their retirement.

#### i-Invest

i-Invest is an online self-service facility that was introduced in August 2019 to provide greater flexibility, functionality, and convenience to members to invest, transact and monitor unit trust investments. This year, the facility was enhanced to allow members to purchase up to eight unit trust funds from a maximum of five Fund Management Institutions in a single transaction. Additionally, users will also be required to perform an investment suitability assessment prior to any transaction to facilitate informed investment decisions based on their risk appetites and tolerances.



As part of the Fund’s efforts to expand coverage, we continue to encourage self-employed individuals and workers from the informal sectors to plan and save for retirement. We provide such opportunities to this sector of workers through i-Saraan, a voluntary contribution initiative. Through this initiative, members will receive a 15% contribution from the government (not exceeding RM250 per year) on top of their own contributions. This government contribution will be extended to members aged between 55 to 60 as part of measures to improve livelihoods under Budget 2022. This year, we registered 110,682 more members, 85.19% more than in 2020, and recorded RM302.39 million in contributions, a 35.53% increase from 2020.

In addition to i-Saraan, we enable housewives and widows to save with the EPF through the i-Suri initiative. This initiative provides housewives and widows the opportunity to save for their future and was developed specifically to ensure the well-being of housewives and acknowledge their contribution to their families and the development of the country. In 2021, the EPF registered 99,107 new members under this initiative and collected RM13.87 million in contributions, 40.21% more than in 2020.

**Withdrawal Facilities**

To ease the financial challenges faced by our members, the Fund continued with its extraordinary initiatives and opened applications for members to withdraw funds under the i-Sinar and i-Citra withdrawal facilities, in addition to the i-Lestari withdrawal that was introduced in 2020. Through i-Citra, members were permitted to withdraw up to RM5,000 subject to available funds in Accounts 1 and 2. The approved withdrawal amount was paid for a period of up to five months, with a fixed monthly payment of RM1,000 per month. The i-Sinar withdrawal facility provided members below the age of 55 the opportunity to withdraw up to RM10,000 or RM60,000, depending on their Account 1 balance. Payments under the i-Sinar facility were staggered over a period of six months.

Other full and partial withdrawal facilities provided to members include:

**Partial Withdrawal**

- Age 50
- Education
- Buy Home
- Build Home
- Reduce/Redeem Housing Loan
- Housing Loan Monthly Instalment
- Flexible Housing
- PR1MA Housing
- Hajj
- Health
- More Than RM1 Million Savings

**Full Withdrawal**

- Age 55
- Age 60
- Pensionable Employees and Optional Retirement
- Incapacitation
- Leaving The Country
- Death

More information regarding the available withdrawal facilities can be found on the EPF Website: <https://www.kwsp.gov.my/member/withdrawals>

In 2021, the EPF approved a total of 1.77 million withdrawal applications, excluding i-Lestari, i-Sinar, and i-Citra withdrawal facilities, amounting to RM44.68 billion. As for the i-Lestari, i-Sinar, and i-Citra, the EPF approved 320,523 applications amounting to RM6.26 billion, 6.57 million applications amounting to RM58.69 billion, and 5.15 million applications amounting to RM21.29 billion, respectively.

<b>i-Lestari</b>	<b>i-Sinar</b>	<b>i-Citra</b>
Number of applications <b>320,523</b>	Number of applications <b>6.57 million</b>	Number of applications <b>5.15 million</b>
Application Period <b>1 January – 31 March 2021</b>	Application Period <b>1 January – 30 June 2021</b>	Application Period <b>12 July – 30 September 2021</b>
Amount disbursed <b>RM6.26 billion</b>	Amount disbursed <b>RM58.69 billion</b>	Amount disbursed <b>RM21.29 billion</b>

**Nominations**

In addition to permitting members to withdraw their retirement savings, the Fund also encourages members to nominate individuals to receive and manage savings in the event of death. This year, the EPF recorded 150,799 new nominations, 31.60% less than in 2020. However, this resulted in an overall increase of 0.77% in total nominations to 4.80 million in 2021 from 4.76 million in 2020.

## Managing Employers

In 2021, EPF recorded a total of 550,825 employers, 3.07% more than in 2020. The Enforcement Department is responsible for managing employers and acts against employers who fail to contribute on behalf of their employees.

### Registered employers

# 550,825

3.07% more than in 2020

The EPF's products and services are not limited to its members. The Employer Advisory Services (EAS) offers advisory services that are aimed at assisting employers in strategically managing and executing their responsibilities during financially challenging times.

To aid employers with their financial obligations, we implemented an initiative that provides an exemption to late payment charges, providing employers the flexibility to remit contribution payments until the end of every month instead of the 15<sup>th</sup>. We also aided employers through the Employer Pay for Reduction (e-PaR) initiative which reduced late payment charges for employers who have settled their outstanding contributions. Total late payment charges and dividends amounted to RM21.90 million and RM28.11 million this year.

17,100 employers defaulted on contributions this year, compared to 27,138 in 2020. The employers' failure to contribute was attributable to the lasting economic impacts of the pandemic. The EPF successfully collected RM3.17 billion from defaulting employers in 2021.



Employers who fail to fulfil contribution requirements are subject to prosecution and can be banned from leaving the country under Section 39 of the EPF Act 1991. 1,741 company directors were banned from leaving the country in 2021, 4.65% less than in 2020. Consequently, the Fund successfully collected RM18.69 million in 2021 for the settlement of contributions. Furthermore, there were a total of 1,686 new prosecution cases and 1,303 new civil lawsuits in 2021.

## Customer Satisfaction

Customer surveys are conducted by the CMC to measure member satisfaction levels and ensure we continuously meet members' expectations and needs. This year, we registered a member satisfaction score of 93%, exceeding the industry average of 80%.

### Customer Satisfaction Score

# 93%

exceeding the industry average of 80%

## DIGITALISING EPF

**Material Matters:**



**Strategic Thrusts:**



To achieve the strategic thrusts laid out in the EPF 3YRP, our Digital Technologies Division (DTD) is delivering an expansion of critical technology capabilities to support the EPF in achieving its goal of becoming a trusted and relevant social security organisation that connects, engages, and empowers our members.

The EPF's digital approach is guided by the Digitise EPF 2025 roadmap which was established in 2020 by the DTD. The roadmap outlines five key areas that structure the Fund's approach to becoming a digitised EPF.

Digitise EPF 2025 Strategic Pillars



**Strategic Pillar 1**  
**Build A High-Performance Technology Team**

Ensuring that we have the necessary skills and knowledge is critical to the EPF's digitalisation approach. Training, certification and capability-building opportunities are provided to employees to enhance digital and technological capabilities to drive digitalisation across the Fund. This year, we established a Digital Literacy Programme aimed at promoting and improving digital literacy and dexterity across the workforce. In selected areas, we establish strategic partnerships to boost the relevant competencies and synergies that support the achievement of this strategic pillar.



**Strategic Pillar 2**  
**Deliver Innovative Solutions At Speed**

The EPF strives to deliver innovative solutions to support the provision of excellent services to our customers. In 2021, we delivered a range of solutions, including customer-centric business solutions, people-related solutions, and member wellbeing solutions. Solutions developed by the EPF include e-Payroll, i-Invest and i-Sayang, among others. The Fund continues to adopt Agile practices in selected projects to deliver value at a rapid pace. Digital workforce solutions are also implemented to support the EPF's Digital Workplace strategy. These solutions include the implementation of:

- An enterprise-wide productivity and collaboration tool to enhance communication and collaboration within teams
- A corporate social network to enable engagement with internal staff



**Strategic Pillar 3**  
**Delight Our Customers With Exceptional Service**

We aim to provide members and employers exceptional service by ensuring operational excellence and having a service management framework in place. Furthermore, we conducted an internal digital experience satisfaction survey to gauge employees' experience with regards to the tools and services developed by the Digital Technologies Division. The Digital Technologies team also deployed technology tools to improve application management processes and controls this year.



**Strategic Pillar 4**  
**Strengthen Cybersecurity Resilience**

Protecting the confidentiality, integrity, and security of the EPF's information and assets is critical to safeguarding our reputation and the trust members and employers have placed in us. The EPF has adopted a Zero-trust cybersecurity operating model, enhancing cybersecurity awareness, and training. We have conducted enterprise-wide social engineering campaigns to ascertain enterprise awareness level and increased threat analysis and subscription to threat intelligence to be kept updated on the latest industry trends.



**Strategic Pillar 5**  
**Build Robust, Modular, and Scalable Digital Technology Platforms**

Digital technology platforms enable the Fund to efficiently and effectively deliver products and services to our members and employers. In 2021, we continued to modernise IT platforms and applications enterprise-wide, and enhanced digital technology infrastructure through wide area network (WAN) upgrades, development of a software-driven data centre, and adoption of a hybrid cloud strategy. Through these initiatives, we aim to ensure minimal service disruptions.

**DATA PRIVACY AND CYBERSECURITY**

**Material Matter:** 

**Strategic Thrusts:** 

The security and protection of data and systems are of utmost importance to the Fund, and this is illustrated in the Digitise EPF 2025 roadmap which establishes cybersecurity as one of the five core pillars.

We employ a risk-based approach when managing technology and cybersecurity risks. The Fund has designed and implemented the Technology Risk Management Framework to ensure we continuously meet current and future technology, as well as cybersecurity resilience needs. Given the rapid expansion of our digital footprint, this framework is intended to be dynamic and will need to be updated as and when the landscape evolves.

Additionally, all customer data is managed in accordance with the Personal Data Protection Act 2010 (PDPA). Digital solutions and measures are implemented to minimise risks of data mismanagement and mitigate cybersecurity threats. Initiatives that were carried out in 2021 include:

- ▼ **Adopting a Zero Trust security model to ensure all aspects of security are managed;**
- ▼ **Increasing threat analysis and subscription to threat intelligence to remain updated on the latest industry trends;**
- ▼ **Conducting training and awareness programmes to ensure employees are educated on data management policies and procedures and best practices for averting cybercrime;**
- ▼ **Conducting enterprise-wide social engineering campaigns to ascertain awareness levels across the workforce; and**
- ▼ **Conducting a cyber-attack simulation.**




The implementation and monitoring of these initiatives are supported by the enforcement of IT security policies and guidelines. These policies and guidelines fall under the purview of various departments and were formulated based on regulatory requirements (i.e., PDPA), industry standards, and best practices. IT-related policies and procedures include:

Policy/Guideline	Description
<b>Third-Party Disclosure of Information Policy</b>	Provides guidance on the management of members' data and requests from third parties who wish to obtain information from the EPF.
<b>EPF Information Security Policies</b>	Enforced to protect the organisation's information assets by: <ul style="list-style-type: none"> <li>• Safeguarding confidentiality, integrity, and availability</li> <li>• Preventing theft, abuse, and misuse</li> <li>• Establishing organisation-wide responsibility and accountability for information security</li> <li>• Promoting a culture of information security across the organisation</li> </ul>
<b>Schedule of Disposal of Functional Business Records Year 2020</b>	Provides guidance for the storage, disposal, destruction, or transfer of records to the <i>Arkib Negara Malaysia</i> for permanent storage.
<b>Information Classification Labeling and Handling Guideline</b>	Determines the appropriate level of information classification and handling procedures, which forms the basis for protection efforts, access control, processes, and storage requirements.
<b>Data Loss Protection Framework</b>	<ul style="list-style-type: none"> <li>• Protects all forms of sensitive data (i.e., data in motion, data at rest and data in use at the endpoint) from leaking by identifying and monitoring such data.</li> <li>• Reduces risk of data breach from electronic communication and storage.</li> </ul>

Looking ahead, the Fund intends to fortify organisation-wide data governance and has embarked on the Establishment of Enterprise Data Governance project in October 2021. This project aims to set up a central function to govern data across the EPF, ensure outstanding data quality for accurate reporting and better insights, as well as cultivate awareness on good data governance practice. The outcomes of this project will include, among various other outputs, the development of a Data Governance Framework and Policy. We target to operationalise our Data Governance Framework and Policy, and other supporting initiatives, from 2023 and beyond.



**HUMAN CAPITAL MANAGEMENT**

**Material Matter:**   
**Strategic Thrusts:**  

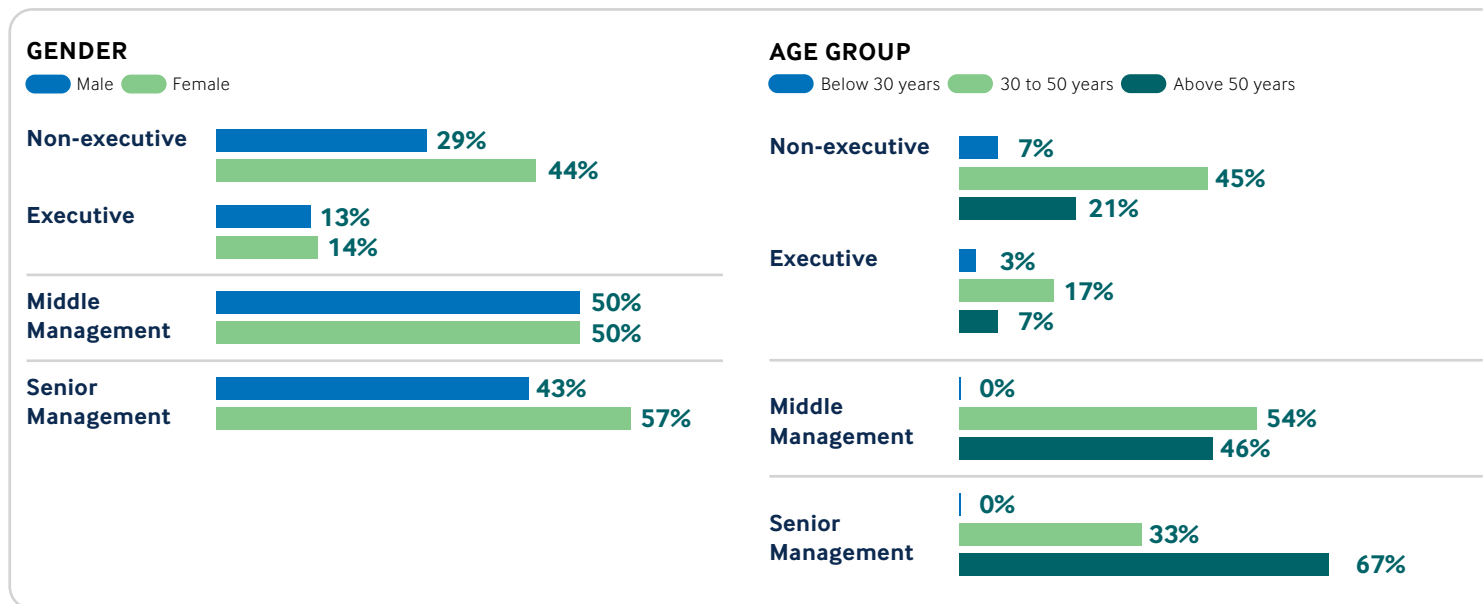
Employees substantially influence the level at which the EPF’s performs and have been instrumental in safeguarding business continuity during crisis and disaster events, such as the COVID-19 pandemic. Therefore, it is pertinent that the Fund continues to employ and retain agile, knowledgeable, and skilled personnel to ensure continued success.

**Workforce Diversity and Inclusion**

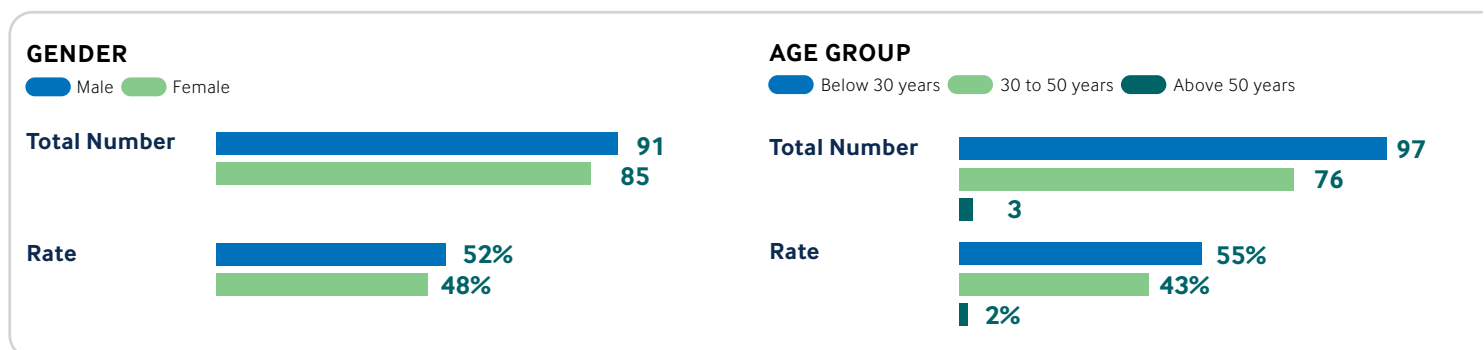
The EPF acknowledges that maintaining a diverse and inclusive workforce enhances the Fund’s performance. Employees are hired and provided opportunities for career advancement solely based on merit and skill. We do not condone any form of discrimination based on factors such as, but not limited to, race, gender, ethnic group, age, and religion.

In 2021, our workforce was 5,801 employees strong. Total new hires in 2021 amounted to 176 employees and total employee turnover was 63. The majority of new hires were male and those aged below 30 years, whereas the majority of employees who left the EPF in 2021 were female and those aged below 30 years. We recorded zero employees aged above 50 years who left the organisation.

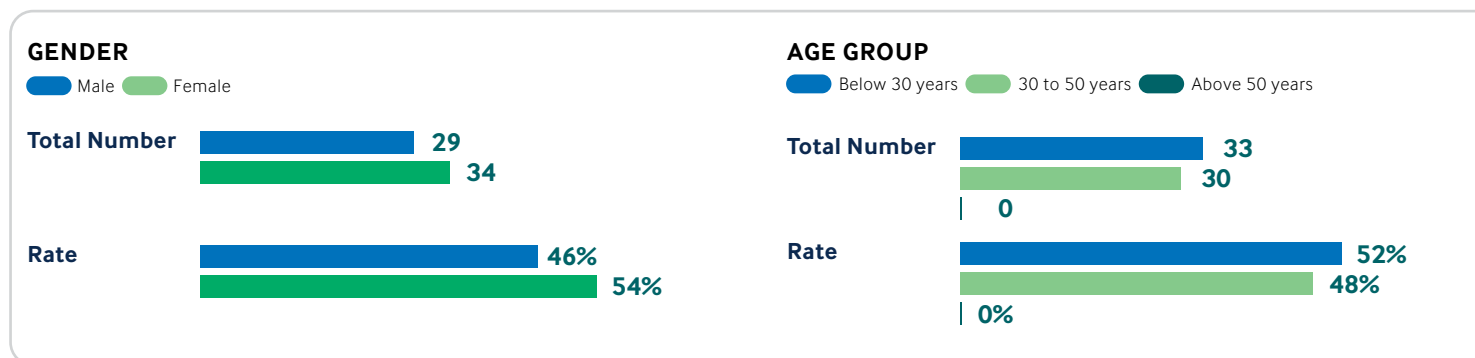
**Workforce Diversity**



**New Hires**



### Employee Turnover



The diversity of the EPF's Board and Investment Panel can be found in the People section page 105 of this Integrated Annual Report.

The Fund seeks to support local economic growth by employing Malaysian employees where possible. In 2021, 100% of the EPF workforce, Board, and Investment Panel were Malaysian.

Employees are provided equal opportunities for career advancement and progression on the basis of merit and performance. Regular performance and career development reviews are conducted for full-time employees to identify high-performing employees for career progression. In 2021, all employees underwent performance reviews.

#### Capability Building

Capability-building programmes are provided to the workforce to develop mindsets, behaviours, and competencies required to drive transformation and enable employees to reach their full potential.

The EPF Learning Campus (ELC) continued to play a critical role in upskilling and building the capabilities of the Fund's workforce and in 2021, the ELC introduced compulsory learning plans for employees. These plans are unique for each employee and must be completed for employees to meet their key performance indicators

(KPI) for the year. To do so, each individual will need to complete three mandatory alongside additional learning modules.

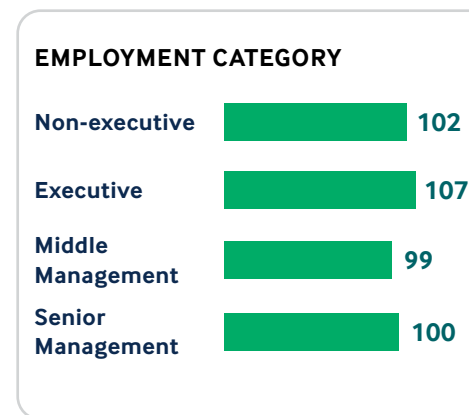
This year, a few training programmes were conducted in person as COVID-19 restrictions were lifted. However, we continued to leverage on online platforms to conduct training programmes where possible. Programmes that were rolled out by the ELC in 2021 include:

- KEY 3.0
- Digital Literacy Programme
- Financial Literacy Programme
- New Entry Programme
- Technical and Functional Programme

This year, the EPF invested RM6,048,979 in capability-building programmes and initiatives and recorded 603,289 total training hours across the organisation, with an average of 104 hours of training per employee.

**Training Hours**  
**An average of**  
**104 hours**  
**per employee**

### Average Training Hours



### Employee Wellbeing

The COVID-19 pandemic has undoubtedly impacted the way the EPF manages its human capital. This year, we continue to provide flexible work arrangements under the MyFLEX programme to limit the number of employees at our offices to prevent the spread of COVID-19. The programme was first implemented in 2017 and provides five different flexible work arrangements to suit employees' various scheduling needs.



In addition to safeguarding the physical health and safety of our employees, the Fund places significant importance on maintaining the mental well-being of our employees. As part of these efforts, virtual employee well-being initiatives have been implemented. These include mental health checks and utilising the EPF’s internal platform to promote activities to ensure employees remain active; efforts were also taken to raise awareness on work-life balance and wellness.

Other initiatives conducted by the EPF to enhance the mental health and wellbeing of the workforce include:

- Conducting mental health assessments to measure levels of happiness, stress, anxiety, and depression across the workforce;
- Introducing a stress toolbox and distributing it to all departments and branches to ensure it is accessible to all employees; and
- Developing the *Kesejahteraan Mental 1.0* (Mental Well-being 1.0) learning module.

2021 also saw the introduction of the Employee Wellbeing Index (EWI) to replace the previous Wellness KPI. Given that the EWI has just been introduced, no KPIs were imposed in 2021. However, efforts have been rolled out to craft the new EWI KPI for 2022. All Wellness local officers have been briefed on the EWI and its components.

**Fair Wages and Benefits**

Full-time employees are also provided competitive remuneration and benefits. These include:

**SHORT-TERM BENEFITS**

- Competitive wages based on the minimum wage standards
- Bonuses
- Social security contributions
- Annual leave
- Sick leave
- Parental leave

**LONG-TERM BENEFITS**

- Post-retirement medical
- Gratuity to retirees
- Cash award in lieu of annual leave
- Defined contribution plans



**Employees’ Rights**

The EPF respects the rights of our employees to participate in unions and collective bargaining activities. Four trade unions have been recognised in 2021 – these are:

- ▶ **Kesatuan Kakitangan Lembaga KWSP (EPF Board Staff Union)**  
 representative for non-executive staff in Peninsular Malaysia
- ▶ **Kesatuan Anggota Lembaga KWSP Sarawak (Sarawak EPF Board Members Union)**  
 representative for non-executive staff in Sarawak
- ▶ **Kesatuan Sekerja Anggota KWSP Sabah (Sabah EPF Member Trade Union)**  
 representative for non-executive staff in Sabah

**HEALTH AND SAFETY**

- Material Matter:**
- Strategic Thrusts:**

The key considerations for the EPF’s Health and Safety policy entail safeguarding a conducive work environment and ensuring that the highest standards of health and safety are enforced across our branch offices. We believe these are key in sustaining employee, member and employer satisfaction.

**Protecting the Health and Safety of Our Workforce**

The Occupational Safety & Health section is the primary unit responsible for managing occupational safety and health (OSH) matters. This includes assessing the workplace for potential risks and hazards using the Hazard Identification, Risk Assessment, and Risk Control (HIRARC)

procedure, Aspect and Impact Assessment and Permit to Work (PTW) process. Based on the analyses conducted, the EPF has identified no significant risk of injury.

Similar to 2020, measures were implemented across our offices to minimise the spread of the COVID-19 contagion in accordance with the Occupational Safety and Health Administration (OSHA) guidelines and the relevant government SOPs. This includes the establishment and enforcement of a COVID-19 Command Centre that is responsible for:

- Forming and enforcing guidelines and SOPs based on government regulations
- Imposing regular COVID-19 self-tests on all staff;
- Empowering heads of divisions, departments, regions, and branches on SOP compliance for all employees;
- Providing a proper reporting channel for positive cases and closed contacts;
- Arranging for full sanitisation of affected locations across the EPF's premises; and
- Providing COVID-19 tests for family members when an employee tests positive.

Employees are encouraged to participate in the development, implementation, and evaluation of OSH initiatives through the quarterly OSH Committee meetings. Furthermore, they are provided channels to report work-related hazards and incidents through the e-Aduan and e-PTW systems.

This year, we recorded 22 work-related injuries and zero fatalities across the 11,135,000 hours worked. Injuries recorded were caused by commuting

to and from the workplace and poor ergonomics which led to musculoskeletal disorders.

In response to these incidents, we employ root cause analysis incident investigation procedures that are aligned with internationally recognised standards (i.e., ISO 45001 and ISO 14001 management systems).

As part of our efforts to enhance health and safety management across our operations, we also conducted OSH training.

#### OSH TRAINING PROGRAMMES CONDUCTED IN 2021

- OSHE Coordinator Training
- Emergency First Aid Training
- Awareness Programme for the OSH Committee
- Fire Safety Response Training
- Emergency Chemical Spillage
- Emergency Response Team Training

#### Safeguarding Member and Employer Health and Safety

In addition to looking after the health and safety of the Fund's workforce, efforts were also taken to ensure that the highest standards of health and safety management are upheld across our branch offices. Throughout the year, we regularly reviewed and updated our SOPs in accordance with the OSHA guidelines and government regulations.

As iterated earlier, members looking to visit EPF branch offices for Member Advisory Services are required to make an appointment via the JTO platform to minimise overcrowding at the offices.

#### UPHOLDING SOUND GOVERNANCE

**Material Matters:**  

**Strategic Thrusts:**   

Upholding ethical conduct is crucial in maintaining the trust instilled and the reputation of the EPF as a trustee of nearly half of the Malaysian population's retirement savings. The Fund has enforced an Integrity and Anti-Corruption Plan in accordance with the Malaysian Government's National Anti-Corruption Plan (NACP) 2019-2023. The implementation of the Plan falls under the purview of the Integrity & Governance Department (JITU).

Under the Plan, the Fund has enforced the EPF Anti-Corruption Policy which details the organisation's zero tolerance stance against corruption. The policy forms the primary guiding document for all integrity and anti-corruption matters within the organisation. In addition to the EPF Anti-Corruption Policy, the organisation has also enforced the EPF Sponsorship and Donation Policy which aims to facilitate the handling of sponsorships and donations in accordance with good governance practices.

Communication of these integrity and anti-corruption policies and plans to employees are done throughout the year via programmes and activities. Board members are made aware of these policies and plans during their onboarding sessions.

Other initiatives implemented by the Fund include:

**Appointing Certified Integrity Officers (CeIO) under JITU in accordance with the Malaysian Anti-Corruption Commission (MACC) requirements; and**

**Implementing a Corruption Risk Management (CRM) mechanism across 14 departments.**

Integrity and corruption-related awareness and training programmes are also a key component of the EPF Anti-Corruption Policy and are conducted to educate employees on integrity and corruption-related matters. These were conducted virtually this year as the Fund continued to play its role in protecting public health amidst a pandemic. In 2021, 2,799 employees and two Board members received anti-corruption training, representing 48.15% of the Fund's workforce and Board.

In addition to training, we conducted awareness sessions to enhance knowledge regarding anti-corruption matters. These sessions include Integrity Day 2021 (HIT21), the Integrity Talk and Integrity Video.

We also work to eliminate all forms of corruption across our value chain through the implementation of an Integrity Pact by the Procurement Management Department (JPPB). The Integrity Pact aims to prevent tenderers or bidders from receiving or giving bribes.

The EPF does not condone any form of unethical behaviour and any incidents of misconduct should be channelled to the EPF through the organisation's Whistleblowing Channel. Incidents can be submitted via:


✉ [speakup@epf.gov.my](mailto:speakup@epf.gov.my)

☎ +603 2616 2121

🌐 <http://enquiry.kwsp.gov.my>

✉ Mail/walk in: Jabatan Integriti & Tadbir Urus, Bangunan KWSP, Jalan Raja Laut, 50350 Kuala Lumpur

Genuine complaints received through this channel will be managed with the highest standards of confidentiality and investigated in a transparent and fair manner and confirmed incidents of corruption will be channelled to the Malaysian Anti-Corruption Commission. This year, we recorded zero confirmed incidents of corruption.

 Further information regarding measures implemented by the EPF to safeguard ethical business conduct can be found in the Statement on Corporate Governance on page 70 of this Integrated Annual Report.

### BUILDING A RESILIENT SUPPLY CHAIN

**Material Matter:** 

**Strategic Thrust:** 

Maintaining relationships with business partners is crucial to ensure the Fund continuously provides exceptional services to members as we engage more than 6,000 suppliers. Therefore, it is pertinent that we establish measures to minimise our upstream impact. Procurement practices are governed by the EPF Procurement Policy 2015 (Amendment 2019) which serves as a reference point for all procurement-related matters. The Procurement Management Department (JPPB) was established to oversee the acquisition of goods and services according to the EPF Procurement Policy.

In addition to JPPB, the Management Procurement Committees, Strategic and Non-Strategic, are responsible for managing procurement matters which include the procurement of works, services, and supply of goods that focus on strategic procurement and those related to the Fund's day-to-day operations.

Prior to the appointment of suppliers and service providers, the JPPB conducts thorough due diligence to ensure capable bidders are appointed and that third parties operate in alignment with the EPF's business values and expectations. Supplier assessments are conducted via a technical and commercial evaluation during the tendering process.

The EPF has also developed and implemented a Suppliers Code of Conduct (SCOC). The SCOC outlines the requirements registered suppliers need to meet in order to progress in the procurement process. The SCOC also outlines environmental and



social criteria. This year, 3,333 new suppliers were screened according to the aforementioned criteria prior to appointment. Existing suppliers are also screened against environmental and social criteria as and when the supplier updates their profile and also for specific tenders. No incidences of non-compliance with the environmental and social criteria laid out were recorded across our supply chain in 2021.



In support of domestic economic recovery, we aim to support Malaysian businesses where feasible. As a result, 90.20% of goods and services procured were supplied by Malaysian companies. This amounted to RM214,215,605.46, or 94%, of the procurement budget expended on local suppliers.

**RM214,215,605.46,**  
or 94%, of the procurement  
budget expended on local  
suppliers



## ENGAGING COMMUNITIES

**Material Matters:**  

**Strategic Thrusts:**  

On top of fulfilling our mandate to safeguard the nation's retirement savings, the EPF looks to champion socioeconomic causes and utilise our resources to enhance the livelihoods of local communities.

A multi-pronged approach was taken to boost the social protection agenda at the national level, considering the Fund's broad goals of enhancing adequacy and coverage of services. In 2021, we

conducted engagement sessions with key stakeholders including ministries, government agencies, and platform providers regarding the national social security agenda. The Fund continues to be a member of the International Social Security Association (ISSA) and the ASEAN Social Security Association (ASSA). As a member of these organisations, we participated in various events and workshops to share knowledge and best practices among other social security institutions to enhance social protection efforts internationally. We have also developed articles providing social protection insights and published them on our website as part of our knowledge-sharing efforts.

Various programmes, initiatives and collaborations were also rolled out throughout the year, aligned with our goals to enhance social protection. These programmes and initiatives include:

### 9<sup>th</sup> International Social Wellbeing Conference 2021 (ISWC)<sup>1</sup>

The EPF jointly organised the ISWC alongside the Implementation and Coordination Unit at the Prime Minister's Office, the Ministry of Finance Malaysia (MoF), and the ISSA to share insights on the theme 'The New Narrative: Turning the Tide on Inequality'. The conference was attended by over 2,000 participants from more than 30 countries.

### Collaboration with Grab Malaysia to encourage retirement planning<sup>2</sup>

The EPF and Grab Malaysia signed a Memorandum of Understanding (MoU) to encourage driver and delivery partners to save for retirement via the EPF's voluntary i-Saraan programme. As of 1 September 2021, independent partners will be incentivised by Grab Malaysia through additional contributions if they begin to save for retirement via the i-Saraan programme. Through this collaboration, the EPF aims to promote on the importance of retirement planning, especially in present-day economic conditions.

### Donation to 1MillionDevices<sup>3,4</sup>

The Fund's Digital Technology Division contributed RM2,000 towards 1MillionDevices, a nationwide campaign that aims to end digital poverty and equip underprivileged students with digital devices. It is especially critical to equip students with the necessary IT skills and knowledge to excel in Industrial Revolution 4.0.

### Enhancing Financial Literacy

According to the RinggitPlus Malaysian Financial Literacy Survey (RMFLS), the personal finance habits of Malaysians continue to be alarming; many Malaysians remain susceptible to financial shocks and a considerable amount continue to spend beyond their means.<sup>5</sup>

<sup>1</sup> KWSP - International Social Wellbeing Conference 2021 Discusses Turning Tide On Inequality

<sup>2</sup> KWSP - EPF Collaborates With Grab To Encourage Driver And Delivery-Partners To Save For Retirement

<sup>3</sup> EPF Teams Up With 1MillionDevices to Provide Marginalised Children with Digital Devices - Goodnews

<sup>4</sup> 1milliondevices.my - Help End Digital Poverty

<sup>5</sup> RinggitPlus-Financial-Literacy-Survey-2021.pdf



## ENTERPRISE REVIEW

Enhancing financial literacy nationwide has been a key element of the EPF's agenda and we continue to implement initiatives and programmes to boost financial literacy and equip members as well as employees with the necessary knowledge for financial planning.

These initiatives and programmes include:

Collaborating with the Ministry of Human Resources and Social Security Organisation (SOCSO) to develop a social security training module;

Soft launching the Belanjawanku mobile application;


Developing a stakeholder and partnership framework as part of the National Strategy for financial literacy;

Launching of the Belanjawanku 2021: Expenditure Guide for Malaysians; and

Ongoing financial planning programmes to educate employees on retirement savings.

## RESILIENCE AGAINST NATURAL DISASTERS

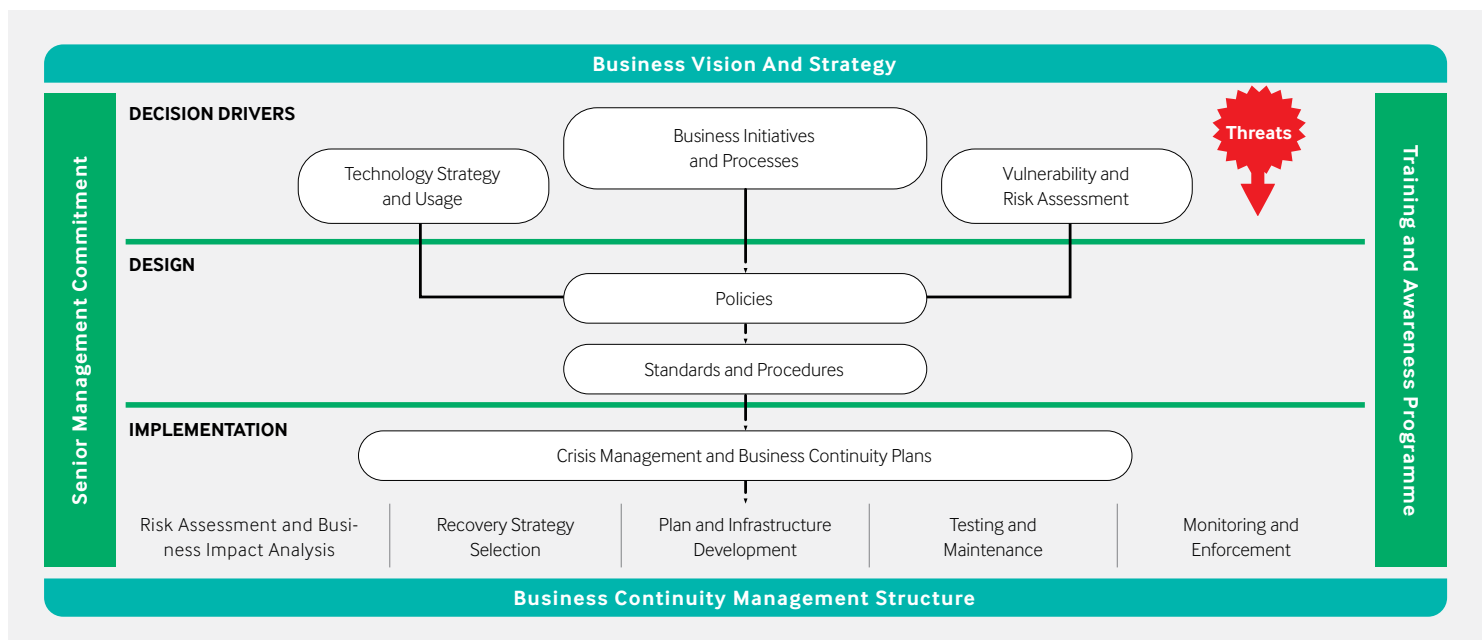
Material Matter: 

Strategic Thrusts:  

The increasing frequency of natural disasters in recent times poses a threat to the EPF's operations across the country. Unprecedented events such as flooding, disrupt our operations and ability to provide over-the-counter services to members and employers.

To manage this risk, the Fund has long established business continuity management (BCM) plans and systems. These plans and systems are monitored, tested, and updated regularly and are communicated to the workforce. This ensures that the EPF remains prepared and resilient against natural disasters and other forms of crisis. The three primary components of BCM plans and systems are: Human Resource Readiness; Infrastructure Readiness; and Plan Readiness.

The Fund's BCM Framework is illustrated below:




Business continuity plans are reviewed regularly and updated based on current work functions to always ensure organisational readiness. The scope of these plans is all-encompassing and includes all departments and branches of the Fund as well as those working from home.

Systems and equipment at the EPF's disaster recovery centre are tested to ensure optimal readiness and functionality in the event of a disaster. This element of preparedness was especially crucial during flood events that occurred in December 2021.

As part of ensuring readiness, we also conducted a tabletop cyber-attack crisis simulation exercise, held on 1 April 2021. The simulation covered multiple scenarios and strengthened preparedness in facing digital and technology-related disasters and threats. This is pertinent as we continue our journey towards becoming a digitalised EPF.

### LIMITING THE FUND'S ENVIRONMENTAL FOOTPRINT

**Material Matter:** 

**Strategic Thrust:** 

Globally, stakeholders are increasingly prioritising the management of the natural environment and long-term sustainability over short-term gains. In response to stakeholder expectations, the EPF aims to minimise its environmental footprint not only by financing sustainable development opportunities but by incorporating sustainable initiatives across operations.

#### Energy Usage and Efficiency

The Fund acknowledges our duty to minimise our environmental impact by monitoring and reducing, where feasible, electricity consumption across our operations. Electricity from the grid is primarily utilised to power day-to-day operations across our offices and branches.

We have implemented several measures across the offices and branches to minimise our environmental impact. These measures include:

- Obtaining voluntary Low Carbon Building (LCB) certification from the Sustainable Energy Development Authority (SEDA)
- Monitoring the Building Energy Index (BEI) for all buildings and targeting to maintain a BEI standard of 220 kWh per m<sup>2</sup> per year and below
- Retrofitting our branches to enhance energy efficiency (i.e., installing LED lighting, replacing out-of-date air conditioning, and chiller units with inverter types)

In alignment with the Fund's initiatives to integrate environmental sustainability into our day-to-day operations, the new EPF headquarters located in Kwasa Damansara was completed at the end of 2021. It is expected that employees will start moving into the new premises from Q2 2022 onwards. The new headquarters showcases the Fund's conscious efforts towards minimising its environmental footprint as the building will be equipped with green features such as power supplied from solar panels, resource-efficient and pollution-reducing design principles.

#### Water and Effluents

Water is primarily utilised for sanitary purposes (i.e., washrooms and cleaning) and mechanical and electrical systems (i.e., heating, ventilation, and air conditioning systems). To ensure we continue to responsibly utilise water, we monitor water bills and usage across all premises. The Property Management Department will undertake the necessary measures to address any abnormalities if they occur.

Effluents discharged by the EPF are managed as per regulatory requirements. Regular monitoring is conducted to ensure we do not exceed the permissible limits stipulated under Standard B of the Environmental Quality (Sewage) Regulations 2009.

#### Waste Management

All waste generated by our day-to-day operations is managed and disposed of by a third-party vendor in accordance with the regulations set forth by the Department of Environment.

For selected types of waste (i.e., toner cartridges), we employ a meticulous waste management approach to prevent unwanted environmental contamination. This is because toner cartridges are regarded as hazardous chemical waste due to the fine dust-like particles present. Similar to general waste, we appoint third-party vendors to manage this waste. However, we screen our third-party vendors prior to appointment to ensure they have the necessary certifications as part of our due diligence.

Furthermore, the EPF is rolling out initiatives across branches and departments to drive the transition toward becoming a paperless organisation. These initiatives include establishing a paperless KPI across branches and departments, as well as enhancing digital processes and systems to eliminate the use of paper, where possible, in order to reduce the Fund's environmental footprint.

All data regarding waste management is reported to the Property Management Department biannually by the respective branches.

# BUSINESS OUTLOOK



The government remains confident that the domestic economy can withstand any potential hurdles given the strong economic foundation that has been established. Malaysia's gross domestic product (GDP) is predicted to reach between 5.5% to 6.5% in 2022 as global trade rebounds, commodity prices stabilise, and consumer and business sentiments improve, among other growth drivers.

As global economies begin to recover and fiscal stimulus measures, under the National Economic Recovery Plan, are implemented, opportunities will arise for the EPF to leverage on economic recovery to further enhance its investment performance.

On the enterprise front, the EPF will focus on enhancing adequacy, coverage, services and experience, and trust, as follows:



#### **Adequacy**

Assist members to replenish their retirement savings through our products and services to meet the needed basic savings amount;



#### **Coverage**

Expand coverage to more members across the Malaysian workforce, including those in the informal sector and contract for service workers;



#### **Services and Experience**

Improve the services provided to members and employers and look for opportunities to enhance products offered; and



#### **Trust**

Facilitate trust-building among members by delivering on our mandate and working to preserve the nation's retirement savings.

Through these aspirations, the EPF hopes to assist members to achieve a dignified retirement by ensuring sufficient retirement savings, and to continue to deliver on our vision of helping members achieve a better future.