



INVESTMENT DIVISION

Rohaya Mohammad Yusof
| Chief Investment Officer

Looking back at the year 2020, no better words can describe it more accurately other than, volatile, uncertain, complex, and ambiguous (VUCA). Even before the pandemic, geopolitical risks were running high with trade tensions and the rise of populist governments were affecting economies around the world. Then, COVID-19 appeared and took almost everyone by surprise. The pandemic caused investors to flee stock markets amid concerns about the impact of the coronavirus on businesses and economies.

With movements restricted and economic activities curtailed, the livelihoods of EPF members and Malaysians in general were badly affected. The EPF's response to provide members with access to their retirement funds and defer employee contribution payments helped them survive the pandemic but, at the same time, affected our cash flows. In order to ensure the fund's liquidity remains strong and resilient, we activated our liquidity management plan that involves the re-balancing of investment portfolios. On top of that, the pandemic has also drastically changed the way we work, resulting in a new normal of many individuals working from home.

Despite these unprecedented circumstances and driven by our unwavering commitment to meet our objectives, the EPF managed to deliver a solid performance. The EPF declared a dividend of 5.20% for Simpanan Konvensional and 4.90% for Simpanan Syariah, both dividends 2.50% minimum mandated by the EPF Act 1991. On a rolling three-year basis, the real dividend for Simpanan Konvensional stood at 5.43%, which is 3.43% above our three-year rolling target of 2.00%. For Simpanan Syariah, the three-year rolling real dividend stood at 5.10%, which is also higher than the 2.00% target.

Investment Objectives

- To preserve and enhance the value of capital from members' contributions.
- To maintain stable and consistent returns over the long-term within tolerable risk limits.

Investment Strategic Targets

- To declare at least 2.50% nominal dividend annually.
- To declare at least 2% real dividend (inflation-adjusted) on a rolling three-year basis.

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INVESTMENT HIGHLIGHTS

The major theme for 2020 centred on the global COVID-19 outbreak which brought considerable suffering to the livelihoods of many. Worldwide lockdowns and containment measures, while necessary, severely impacted economic activities and caused major disruptions. The year under review also witnessed an unprecedented collapse in oil prices as worldwide demand fell rapidly due to the pandemic. Apart from this, the US took centre stage as global financial markets awaited the outcome of their 59th presidential election.

There were undoubtedly significant uncertainties and market volatility throughout 2020. The COVID-19 pandemic caused huge capital outflows from financial markets, a significant drop in global demand and trade as well as weakened business sentiment and activities. Governments and central banks had to step in to provide the necessary support and to accommodate economic recoveries.

The US Federal Reserve cut interest rates close to zero and launched a massive quantitative easing programme while the European Central Bank introduced its pandemic emergency purchase programme (PEPP) as a non-standard monetary policy measure to mitigate risks posed by the pandemic. In Malaysia, Bank Negara Malaysia reduced the Overnight Policy Rate (OPR) by a cumulative 125 basis points to 1.75% in a series of rate cuts throughout 2020.

The first quarter of 2020 saw domestic and global equity markets plunge significantly. All broad equity indices tracked by the EPF registered double-digit declines compared to the previous year's closing. Nonetheless, the subsequent easing of lockdown restrictions, ongoing loose monetary policies and early indications of a recovery led to a rebound in both the FBM KLCI and global equity markets. The bond market, which also experienced heightened volatility, provided diversification benefits during this period. Prevalent loose monetary policies worldwide ultimately provided positive returns for bond markets in 2020.

STRATEGIC ASSET ALLOCATION

The EPF's Strategic Asset Allocation (SAA), a framework aimed at optimising long-term investment returns within tolerable risk limits, is reviewed once every three years to reflect prevailing market conditions, changes to regulatory requirements, accounting policies, and investment constraints.

Under the SAA, each asset class plays a role in ensuring that the EPF delivers on its investment objectives, with Fixed Income Instruments anchoring the overall portfolio and preserving members' savings by providing a stable stream of income via interest payments. Equities enhance returns for the portfolio by adding value to members' savings with returns that surpass the inflation rate. Real Estate and Infrastructure assets serve as a hedge against inflation by providing rental income and capital appreciation. The allocation into Money Market Instruments caters for the EPF's day-to-day operations such as investments, withdrawals, and operational expenses.

In 2019, the SAA was reviewed for the period effective 2020 to 2022. However, due to the pandemic, the EPF decided to relook at its investment strategy and took into consideration the significant shifts in market conditions. The revised framework will continue to ensure that our objectives of preserving and enhancing members' savings are met in line with the EPF's vision to help members achieve a better future.

INVESTMENT PERFORMANCE HIGHLIGHTS

In 2020, the EPF recorded a gross investment income of RM63.45 billion, an increase of 24.65% from RM50.90 billion registered in 2019 amid the many challenges arising from the COVID-19 pandemic and global uncertainties. Fixed Income Instruments provided a measure of stability in 2020's volatile environment, with income from capital gains increasing significantly due to lower market yields. This presented the opportunity to capitalise on profits. The Fixed Income portfolio cushioned against uncertainties in the Equity portfolio's performance due to COVID-19's unique circumstances while Real Estate and Infrastructure continued to provide stable dividend income.

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➤ **EPF recorded gross investment income of RM63.45 billion, an increase of 24.65% from RM50.90 billion registered in 2019**

Gross investment income of RM63.45 billion generated for the year is a return on investment (ROI) of 6.13%, higher than 5.71% recorded in 2019. The EPF's performance remains commendable despite the challenging market landscape, delivering a three-year annualised ROI of 6.14% for the 2018 - 2020 period.

From the total gross investment income, RM40.62 billion or 64.02% was allocated for the Conventional portfolio and RM22.83 billion for the Shariah portfolio. From the Shariah portfolio's allocation, about a quarter or RM6.15 billion was attributable specifically to Simpanan Shariah and the remainder to Simpanan Konvensional.

➤ **Return on investment (ROI) of 6.13%, higher than 5.71% recorded in 2019**

As part of our diversification strategy, the EPF has been steadily increasing our global assets over the years, and currently holds assets in over 40 countries and 28 currencies. This has allowed us to realise sizeable gains from different markets and asset classes, which has facilitated the EPF in boosting its overall investment performance. Foreign holdings account for 35.14% of our total assets as at 31 December 2020 and contributed 49.80% to our gross investment income. The ROI recorded for foreign investment was 8.64% while the ROI for domestic investments was 5.02% in 2020.

➤ **Total dividend payout for 2020 was RM47.64 billion**

There was a net impairment on financial assets of RM635.93 million for the year, an increase of RM547.15 million from RM88.78 million in 2019. In accordance with MFRS 9 accounting standards, equity instruments classified as Fair Value through Other Comprehensive Income (FVOCI) were not subject to impairment. However, to ensure long term healthiness of our portfolios and to be prudent, the EPF recognised a write-down of RM7.71 billion, which is RM6.56

billion higher compared to 2019's RM1.15 billion write-down on its listed equities. This event stemmed mainly from the COVID-19 pandemic and global uncertainties, and directly resulted in an increase of impairment and write-downs recognised for the year.

After taking into account net impairment on financial assets, a write-down on listed equities, unrealised gains or losses from intercompany transactions, investment expenses, operating expenditures, statutory charges, as well as dividends on withdrawals, the total dividend payout for 2020 was RM47.64 billion, of which RM42.88 billion was for Simpanan Konvensional with a dividend rate of 5.20% and RM4.76 billion for Simpanan Shariah with a dividend rate of 4.90%.

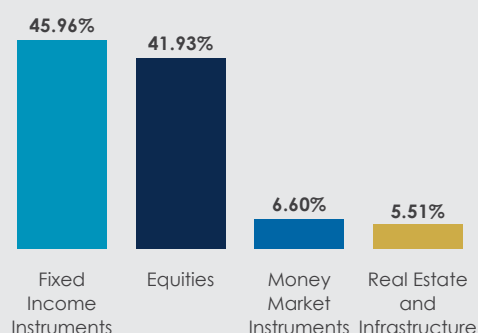
Despite the challenges faced domestically, the EPF's payout amount continued to grow and this is aligned with the growth of members' savings. The payout amount required for each 1.00% dividend in 2020 for Simpanan Konvensional was RM8.25 billion, compared to RM7.65 billion in 2019. As for Simpanan Shariah, the payout amount required for each 1.00% dividend in 2020 was RM0.97 billion, compared to RM0.83 billion in 2019.

On a rolling three-year basis, the real dividend for Simpanan Konvensional stood at 5.43%, which is 3.43% above our three-year rolling target of 2.00%. On a nominal basis, the dividend declared for Simpanan Konvensional is 2.70%, which is also above the yearly nominal dividend of at least 2.50% mandated under the EPF Act 1991. For Simpanan Shariah, the three-year rolling real dividend stood at 5.10%, higher than the 2.00% target.

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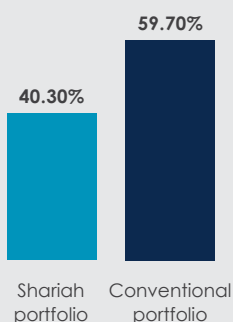
As at 31 December 2020, total investment assets stood at RM1,000.10 billion. From the total, 45.96% was in Fixed Income Instruments for capital preservation purposes. The exposure to Equities was 41.93%, Money Market Instruments comprised 6.60%, while Real Estate and Infrastructure made up the remaining 5.51% (see chart 1).

Chart 1: Investment Assets as at 31 December 2020



From the total investments, 59.70% was in the Conventional portfolio while the balance was in the Shariah portfolio (see chart 2).

Chart 2: Investment Assets as at 31 December 2020



MALAYSIAN GOVERNMENT SECURITIES AND EQUIVALENT (MGS & EQUIVALENT)

Our investments in MGS & Equivalent as part of the Fixed Income Instruments portfolio has continued to provide a measure of income stability during highly volatile times. Overall, this asset class contributed 19.73% to the RM63.45 billion gross investment income recorded for the year.

As at 31 December 2020, holdings in MGS & Equivalent stood at RM245.62 billion, which was 3.11% lower than 2019. This asset class represented 24.56% of the EPF's total investment, 3.11% lower compared to 2019.

➤ **Nonetheless, MGS & Equivalent registered a gross investment income of RM12.52 billion, which was RM1.48 billion or 13.45% higher than in 2019. ROI was recorded at 5.14%, 56 basis points higher than the previous year's ROI of 4.59%.**

The increase in ROI was due to a compression in yields, which allowed us to take advantage and realise greater capital gains from higher valuations.

LOANS AND BONDS

➤ **Our holdings in Loans and Bonds comprising domestic and global investments, stood at RM214.04 billion, an increase of 6.67% from RM200.65 billion in 2019.**

Loans and Bonds contributed RM12.90 billion to gross investment income in 2020, higher by 21.01% compared to the previous year. A low interest rate and low yield environment provide the opportunity for profits to be capitalised, resulting in an increase in income generated for the year. The ROI slightly increased to 5.58% from 5.55% in 2019. The spread compared to MGS & Equivalent continued to be healthy, with a spread in ROI of 0.44% in 2020.

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➤ **Our Equities portfolio comprising listed and private equities in domestic and global markets increased by RM58.86 billion or 16.33%**

EQUITIES

Our Equities portfolio comprising listed and private equities in domestic and global markets increased by RM58.86 billion or 16.33% to RM419.31 billion as at December 2020 compared to the previous reporting year. The growth of this asset reflects a rise in our overseas equities' holdings as well as the movement of foreign currencies against the Malaysian Ringgit.

By contributing 41.93% of the EPF's total assets, Equities remained the highest contributor to gross investment income at RM30.45 billion, equivalent to 48.00% of the total gross income. Income generated for 2020 was 30.58% higher than RM23.32 billion registered for 2019 and attributed to active management and capitalising on market volatility caused by the pandemic. The ROI was 7.76% in 2020, 67 basis points higher compared to 7.08% in the previous year, which enhanced the EPF's overall investment returns.

Equities will continue to play an important role in boosting the overall returns of our portfolio and enhancing the performance of the EPF's investments.

MONEY MARKET INSTRUMENTS

To optimise returns, we aim to attain a balance between maintaining a healthy cash flow to meet our members' withdrawals, administrative expenses, and investment usage, while minimising holdings of this asset class.

As at 31 December 2020, a total of RM66.01 billion or 6.60% of the EPF's investment assets were invested in Money Market Instruments, which is RM3.21 billion or 5.12% higher compared to previous reporting

year. The slight increase is to facilitate members' withdrawals under the EPF's new withdrawal schemes aimed at reducing financial hardship caused by the COVID-19 pandemic. This asset class recorded a gross investment income of RM1.19 billion, equivalent to a ROI of 2.07%.

REAL ESTATE AND INFRASTRUCTURE

The EPF's long-term and forward-looking strategy is to continue increasing its exposure to Real Estate and Infrastructure. Most of the EPF's investments in this asset class were made through associate and subsidiary companies, and dividend income received from these companies is the biggest contributor to the gross investment income.

➤ **During the year under review, Real Estate and Infrastructure posted a growth of 16.38% to RM55.12 billion, or RM7.76 billion higher than RM47.36 billion recorded in the previous reporting year. Gross investment income generated in 2020 for this asset class surged by 61.83% to RM6.38 billion compared to RM3.94 billion in 2019, which was mainly driven by higher valuation on the underlying investments.**

This achievement is equivalent to an ROI of 5.84% for 2020, 95 basis points higher than 4.89% recorded in 2019, which is a premium over fixed income and serves as a hedge against inflation through rental payments, capital preservation, and enhancement of the assets.

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MEMBERS INVESTMENT SCHEME

The EPF's Members Investment Scheme (MIS), introduced in November 1996, allows eligible members to voluntarily transfer part of their savings from Account 1 to invest with appointed Fund Management Institutions (FMIs). FMIs comprise Unit Trust Management Companies and Asset Management Companies.

As at 31 December 2020, the MIS had 0.95 million members investing through this scheme. A total of 346 funds had been approved while assets under management grew to RM59.1 billion. Meanwhile, 22 FMIs have been appointed.

The i-Invest online platform, introduced in August 2019, is part of the EPF's digitalisation measures and enables eligible members, including those aged 55 and above, to invest in unit trusts directly from i-Akaun (Member).

➤ Since its launch, i-Invest has recorded more than 70,000 transactions valued at RM684.6 million up till 31 December 2020. To help members take advantage of the adverse market condition and to assist FMIs by reducing their operational costs during the pandemic, the EPF introduced a Stimulus Plan for a 12-month period, effective 1 May 2020.

Under the Stimulus Plan, EPF members investing through the MIS pay a reduced sales charge from a maximum of 3% to a maximum of 1.5% for traditional transactions through FMI's agents. There is no sales charge for investments transacted through i-Invest.

The service fee charged to FMIs in this scheme was also reduced by 50%. This service fee is based on the Assets under management (AUM) managed by the FMIs and is not paid by the EPF or our members.

SUSTAINABLE INVESTMENT

The EPF signed the United Nations-supported Principles for Responsible Investment (UN PRI) in 2019 and 2020 is the first year of our official report to PRI. To adopt the six principles prescribed by the UN PRI, the EPF established the Sustainable Investment Centre (SIC) in February 2020. The SIC spearheads the sustainable investment (SI) agenda across the organisation and focuses specifically on integrating ESG factors into the investment decision-making processes.

To further accelerate the incorporation of ESG into the EPF's investments and formal policies and processes, we developed our own SI Policy and Framework. The document explains the EPF's approach to sustainable investing, the integration of ESG factors into the EPF's investment processes as well as our stakeholders' engagement to ensure long-term sustainable investment returns for members. The EPF's approach goes beyond ethical investing which excludes investments in sin sectors such as alcohol, adult entertainment, tobacco, gambling, and weaponry.

During the course of the project, the EPF established key focus areas in each ESG pillar, and committed to two overarching long-term sustainability targets pertaining to being ESG-compliant and a climate neutral portfolio. Whilst the achievement of these targets requires a concerted effort by all stakeholders within the organisation, the SIC is responsible to develop, implement, monitor and report on the EPF's annual progress towards its committed goals.

In order to ensure the feasibility of the SI Policy, extensive research and a series of engagements were conducted with the management, board of directors, fund managers and investment analysts. The EPF also engaged with industry leaders, regulators as well as its investee companies to communicate, validate, and align our sustainability ambitions. These series of engagements with relevant stakeholders were imperative as the EPF is cognisant that there is no one-size-fits-all solution to sustainability and that the adoption of ESG in Malaysia is still at a nascent stage.

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To ensure a successful transition into a sustainable investor, the EPF incorporated internal capability building as a key principle in its SI approach. In 2020, the SIC conducted training and knowledge sharing programmes on SI to embed a sustainability-centric mindset within the organisation. The SIC also publishes monthly articles, known as the Sustain@Lab Education Series, on important and current sustainability matters and topics. This education series is available to all EPF staff.

Another tangible ESG integration initiative, introduced in November 2020, is the sustainability review. All new investment proposals must be reviewed by the SIC, who will analyse material ESG risks and opportunities in the proposal. This enables the EPF management to make more informed investment decisions as the sustainability review provides a more holistic investment analysis. In comparison, the traditional fundamental financial analysis ignores material non-financial risks. More than 30 sustainability reviews, across all asset classes, were conducted and presented to the Management Investment Committee and Investment Panel in 2020.

As part of our collaborative initiatives, the EPF was appointed as one of the 13 Steering Committee Members for the CEO Action Network (CAN) in October 2020. Collaborative platforms such as CAN enables the EPF to exchange industry's best practices, share and learn about proven strategies and future-proof ideas with CAN members.

Furthermore, as a signatory to the Malaysian Code for Institutional Investors since 2017, the EPF is committed to adhere to all six principles of the code, which aim to promote effective stewardship by institutional investors. Our compliance to these six principles are published

annually on the EPF's website. The Institutional Investors Council (IIC) Malaysia' chairperson, Pn. Rohaya Mohammad Yusof, who is also EPF Chief Investment Officer, also led several collaborative engagements with public listed companies and regulators on various ESG issues during the year.

To deliver on the EPF's mission to safeguard members' savings, sustainability of our risk-adjusted returns is of paramount importance. As such, the EPF will continue to transition into a sustainable investor by adopting the industry's best practices and working with regulators, asset managers and investee companies. Looking ahead, the EPF will develop its Priority Sector and Issues Policies that will apply to its investment universe and strengthen its internal ESG capability, with the launch of an ESG module on the EPF's e-learning platform, EPFTuned.

INVESTMENT OUTLOOK

At the point of writing, the COVID-19 pandemic is still dominating headlines with a spike in cases leading to new fresh lockdowns all over the world. While the increase of vaccination rates in both developed and developing economies have paved the way to a global recovery, fears of new COVID-19 variants and its negative impact to the lives and livelihoods of the people has made the market outlook still highly uncertain.

Growth projection of various markets, including Malaysia's, has been revised lower on the back of further delays in the reopening of economies and this is expected to spill over to 2022. Despite these challenges, the EPF remains committed to generate a stable and sustainable return on its investments to safeguard our members' retirement savings.



Dato' Mohd Naim Daruwish
| Chief Operations Officer

The EPF as a customer-centric social protection organisation is committed to delivering excellent services to our main stakeholders (members and employers). In 2020, the COVID-19 pandemic had far-reaching economic consequences beyond the spread of the disease, and we were very concerned about its impact on the EPF's operations and our customers' experience.

We responded to the pandemic and lockdown measures by identifying and undertaking ways to improve operational procedures and adjusted our modes of service delivery when deemed necessary. New operational processes could be swiftly implemented as the EPF had already established emergency and contingency plans before the outbreak of the pandemic.

This is in line with our core objective to continue providing excellent services to customers in any circumstances. The EPF's emergency and contingency plans also considered the need to accommodate various Government initiatives aimed at alleviating financial hardships faced by the *rakyat* and the economic sector following the implementation of movement control orders (MCOs) throughout the year.

The pandemic also accelerated the EPF's digitalisation journey as continuous enhancements were made to relevant operational procedures. This enabled us to deliver products and services efficiently to meet increasing demands and expectations of our members. We were especially concerned with our members and employers who were facing financial difficulties and required access to financial resources during this exceptionally challenging time.

The EPF also adjusted operations at our branches and counter services to comply with the Standard Operating Procedures (SOPs) established by the authorities. This is to ensure the safety of all parties as we continue to serve our customers. Besides adhering to strict lockdowns in specific areas, the EPF also temporarily closed affected branches and service counters to carry out proper sanitation and disinfection of our premises throughout 2020.

OPERATIONS DIVISION

DELIVERING EXCELLENT CUSTOMER SERVICE

The Operations Division is committed to ensuring that our service quality remains at its peak even during unprecedented times and that we meet the demand and expectations of our customers. We aim to provide the best customer service experience in terms of speed, accuracy, convenience, integrity, and cost-effectiveness.

To achieve this goal, we have adapted the core functions of the Operations Division in response to changing times and needs. In recent years, the EPF has redoubled its efforts to enhance and improve its existing operational capacity and capability by providing comprehensive service solutions via face-to-face and digital platforms including i-Akaun (Member) and i-Akaun (Employer).

➤ In 2020, various reforms and improvement initiatives were implemented as outlined in the EPF's 3-Year Rolling Plan. These include the launch of a new i-Akaun (Employer) interactive portal, an online nomination registration function, and a new channel for voluntary contributions. The EPF is committed to continue leveraging on technology and business solutions to access and utilise real-time data to meet the future needs of our customers.

CORE FUNCTIONS

The Operations Division is responsible for performing core functions such as:

- Registering and managing member and employer accounts
- Collecting contributions
- Processing withdrawals and nominations
- Taking enforcement action against defaulting employers
- Managing customer relationships

We also regulate and manage the EPF's network of operational services in over 68 branches nationwide, and are responsible for managing the EPF's offices and properties. Moreover, we provide various, in-person and online, service channels for customers towards our objective of delivering the best customer experience for members and employers.

MEMBERS REGISTRATION

As at 31 December 2020, the total number of members registered with the EPF was 14.89 million. The number of new members in 2020 was 400,186, a decrease of 24.03% from 526,766 new members registered in 2019. This is likely the result of less hiring by companies due to the COVID-19 economic slowdown. Meanwhile, the total number of active members decreased to 7.59 million in 2020 from 7.63 million in the previous year.

In contrast, the total number of members registered under Simpanan Syariah increased during the year. As at 31 December 2020, the number of members registered under Simpanan Syariah reached 1,117,303, compared to 880,375 members in 2019. The number of new registrations for Simpanan Syariah was 258,056 members, a marked increase of 77.27% from 145,573 in 2019. A major contributing factor behind this increase was the launch of a feature on the i-Akaun mobile application which allows members to switch to Simpanan Syariah.

➤ As at 31 December 2020, the total number of members registered with the EPF was 14.89 million

➤ As at 31 December 2020, the number of members registered under Simpanan Syariah reached 1,117,303 members

OPERATIONS DIVISION



The number of members registered under the i-Saraan Voluntary Contribution (i-Saraan) programme increased to 329,202 members, up 21.75% from 270,387 in 2019. However, the number of new registrations in 2020 was lower at 59,768 compared to 120,738 in 2019, as in-person services at the EPF's branches were limited in compliance with the necessary SOPs. Furthermore, promotional programmes by our counter staff or Mobile Team could not be fully implemented during the year.

For the i-Suri Voluntary Contribution (i-Suri) programme, the number of registered members surged by 107.67% to 289,084 in 2020 from 139,202 in 2019. Housewives below the age of 60 and registered with the National Poverty Database (eKasih) were automatically registered with the EPF and this contributed to the increase of members in the i-Suri programme during the year.

The EPF has always encouraged members to make and update their nominations. Nominations make it easier for their heirs or nominees to receive and manage the deceased member's EPF savings. In 2020, the number of new nominee registrations was 220,481, a 48.73% decrease from 430,067 in 2019. Nevertheless, the total number of members who have made nominations increased 2.37% to 4.76 million from 4.65 million in 2019.

Contributions Collected

The EPF continued to deliver on its mission of safeguarding members' savings in 2020. This compelled us to continue collecting member's contributions throughout the year.

Despite the challenging environment of 2020, the EPF received contributions amounting to RM78.41 billion, a 3.27% increase from RM75.93 billion collected in 2019. This increase took place even though fewer new members registered during the year, compared to 2019, the statutory contribution rate decreased from 11% to 7% and the possibility that some of our members lost their job or part of their income because of the pandemic.

i-Saraan contributions also increased by 2.64% from RM217.38 million in 2019 to RM223.11 million in 2020. During the first MCO in 2020, the collection of i-Saraan sharply declined as members' incomes were adversely affected by constrained business activities. However, consistent efforts at our branches to encourage i-Saraan members to continue contributing to their retirement savings led to an increase in collections received by the end of the year.

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Voluntary contributions for Self-Contribution, i-Suri, or i-Saraan can be done via EPF counters, internet banking, bank agent counters and, since February 2020, through registered Bank Simpanan Nasional agents (*Ejen Bank*).

Withdrawal Facilities

The EPF responded swiftly to alleviate the financial hardship faced by many members during the pandemic in 2020. One of our key initiatives is the i-Lestari Withdrawal facility launched on 1 April 2020. This facility allows eligible members under age 55 to withdraw up to RM500 each month for 12 months, subject to available funds in the member's Account 2.

➤ The EPF realised that even more financial assistance was needed, because of the prolonged pandemic, and launched the i-Sinar Withdrawal facility at the end of 2020. i-Sinar allows members that have lost their jobs, given no-pay leave and/or have no other sources of income to withdraw from their funds in Account 1.

The third facility introduced in 2020 was the Health Withdrawal – Fertility Treatment Withdrawal facility to enable members to withdraw their funds in Account 2 to pay for prenatal treatment.

A total of 6.89 million applications under various member withdrawal facilities were approved in 2020. This is an increase of 188.28% from 2.39 million approved applications in 2019. The total approved withdrawal amount for 2020 was RM45.92 billion compared to RM45.60 billion for 2019. Withdrawals under i-Lestari was the biggest contributor to the total number of approved applications. If i-Lestari withdrawals are not included, the total number of applications for withdrawals and amount approved would have decreased by 18.20% and 4.40%, respectively, in 2020 compared to 2019.

➤ The total approved withdrawal amount for 2020 was RM45.92 billion compared to RM45.6 billion for 2019

Withdrawals under all housing withdrawal facilities in 2020 declined compared to 2019. This could be because of a loan moratorium, initiated by Bank Negara Malaysia, which allowed eligible members to defer payment of their property loans for six months.

Withdrawals to finance education also declined in 2020 as a large number of institutions of higher learning reduced or deferred fees as learning took place at home.

EMPLOYER REGISTRATION AND COMPLIANCE

Given the economic challenges faced in 2020, the number of new employers that registered with the EPF was 66,554, 7.84% lower than 72,218 in 2019. This brings the total number of employers registered with the EPF to 534,398, a marginal increase of 2.32% from 522,297 in 2019.

Ensuring Employers Fulfil their Responsibilities

To protect members, the EPF takes regulatory action against employers that default in making contributions on behalf of their employees. Due to the implementation of the MCO which has affected economic activities, the rate of employers failing to contribute increased to 4.50% in 2020 from 1.24% in 2019, which involved 27,138 employers compared to 7,209 in 2019. Total outstanding contribution payments successfully collected from defaulting employers was RM4.51 billion in 2020, compared to RM3.59 billion in 2019.

Meanwhile, late payment charges amounted to RM14.80 million in 2020 compared to RM25.42 million in 2019. We also collected late payment dividends of RM14.99 million, from employers who failed to contribute within the stipulated time period, compared to RM19.80 million collected in 2019.

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By enforcing Section 39 of the EPF Act 1991, a total of 1,474 company directors and business owners were banned from leaving the country for failing to settle their outstanding contributions in 2020. As a result of the ban, RM18.60 million in outstanding contributions were successfully collected. On a side note, there were 1,543 new prosecution cases and 706 civil lawsuits, registered in courts, against employers who failed to contribute in 2020.

CUSTOMER TRANSACTIONS AND INTERACTIONS

In 2020, a total of 218.69 million customer transactions and interactions were recorded through various EPF service channels such as our service counters, website, kiosks, i-Akaun mobile application, and our Contact Management Centre (CMC). The number of transactions and customer interactions increased by 100.99% from 108.81 million in 2019.



Electronic Self-Service Transactions

During the different MCOs throughout the year, customers were advised to use our electronic services when service counters were closed and to reduce congestion at our branches when operations reopened. Of all customer transactions in 2020, 97.69% were electronic self-service transactions via i-Akaun (Member), i-Akaun (Employer), i-Akaun mobile application, e-Caruman mobile application and kiosks, compared to 96.39% in 2019.

The use of i-Akaun (Member) and i-Akaun mobile application surged as members reviewed statements and updated information under i-Lestari. The use of i-Akaun increased 116.91% from 65.93 million in 2019 to 143.01 million transactions in 2020. This can be attributed to continuous enhancement and new features offered on these digital platforms.

Customer Service Transactions

Only 2.31% of all customer transactions and interactions were made in-person at our service counters, through the CMC and via emails, compared to 3.61% in 2019. Customer attendance at service counters decreased by 37.04% to 1.70 million in 2020 compared to 2.70 million in 2019.

To adhere to mandatory SOPs aimed at reducing the spread of COVID-19, we reduced the number of services provided at counters. Members who preferred in-person service were required to make an appointment with the EPF via our *Janji Temu Online* (JTO) platform. JTO recorded 985,767 appointments in 2020.

The number of phone calls received by the CMC increased by 158.83% to 2,886,917 in 2020 compared to 1,115,354 in 2019. The bulk of the calls were made in April in relation to i-Akaun registration, i-Lestari, and other withdrawal facilities.

Retirement Advisory Services (RAS)

The EPF's Retirement Advisory Services (RAS) focuses on increasing financial awareness and financial knowledge among members. This service is available at 52 EPF branches nationwide and provided by 82 qualified officers in the field of financial planning and retirement. In 2020, the scope of services provided by the RAS included information on various government initiatives and ways of managing finances during a pandemic.

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A total of 83,224 members received financial advisory services at the EPF counter and other channels in 2020, an increase from 82,958 in 2019. Because of the various lockdowns throughout the nation, only 1,112 public briefing programmes attended by 79,121 customers were conducted in 2020 compared to 2,585 programmes attended by 255,605 customers in 2019.

➤ The RAS conducted webinar briefings for third parties, individuals from all sectors, members, and potential contributors in 2020. A total of 97 online public briefing sessions were successfully conducted and were participated by 8,324 people.

Employer Advisory Services

The Employer Advisory Services (EAS) is a pilot programme to offer employer advisory services through proactive engagements between the EPF and employers. This is aimed at assisting employers in carrying out their responsibilities during financially challenging periods. The EAS also provides advice to employers looking to participate in the Employer Assistance Programme (e-CAP), which allows them to defer the employer share of EPF contributions for the months of April, May, and/or June 2020.

Digital Self-Service Transactions

The EPF has a goal of providing comprehensive digital services in the future. To achieve this goal, the EPF has been focusing on improving existing digital platforms as well as developing new platforms.

In 2020, a total of 8.90 million members, equivalent to 59.77% of our total registered members, and 531,343 employers, equivalent to 99.43% of our total registered employers, activated their i-Akaun (Member) and i-Akaun (Employer) respectively.

In May 2020, the EPF launched a new version of i-Akaun (Employer), which is equipped with the latest interface, user-friendly transactional modules, and access to information to facilitate employers in performing their responsibilities efficiently.

e-Payment and e-Form

The adoption rate of electronic channels among employers remain high at 98.06% for e-Payment and 99.99% for e-Form. e-Payment transactions increased by 0.9% in 2020 compared to 2019. However, the number of e-Form submissions decreased by 2.40% as some employers, facing financial difficulties, were unable to continue their contributions during lockdown periods.

e-Pengeluaran

The number of withdrawal applications and withdrawal amount approved through e-Pengeluaran (excluding i-Lestari withdrawals) increased by 7.55% and 75.50%, respectively, in 2020. This increase is attributable to Annual Dividend Withdrawal facility, launched in December 2019 as well as Age 50/55/60 Withdrawal and More Than RM1 Million Savings Withdrawal facilities.

The increase of e-Pengeluaran is also due to lockdown restrictions that compelled members to make withdrawal applications on our electronic platforms. Including withdrawals under i-Lestari, a total of 2.84 million applications totalling RM1.34 billion were received via the EPF's e-Pengeluaran channel in 2020.

OPERATIONS DIVISION

i-Akaun and e-Caruman Mobile Applications

A total of 4.52 million members downloaded the i-Akaun mobile application in 2020. This is a sharp increase of 211.72% from 1.45 million downloads in 2019. Meanwhile, 217,205 employers downloaded the e-Caruman mobile application in 2020, compared to 134,024 in 2019. The EPF's mobile application is available on Huawei's operating system, since June 2020, as well as on Android and iOS operating systems.

ELYA Chatbot

To meet the needs of our customers who prefer online customer service, the EPF launched a chatbot called ELYA in June 2020. ELYA provides information on various EPF products and services. She is friendly and approachable and understands the different needs of our customers.

ELYA is currently equipped with information that is frequently asked by customers on other EPF channels such as our CMC, service counters, email, and social media. As of 31 December 2020, ELYA has recorded 1.15 million sessions with customers or an average of 6,000 sessions per day. In the future, ELYA will be enhanced to an advisory bot where customers can seek advice themselves.

ELYA is also equipped with a Live Chat function that connects customers to an EPF Service Advisor if there are queries that she is unable to answer or if there are queries regarding our customers' personal circumstances. ELYA recorded 28,000 Live Chat sessions as at 31 December 2020.






CUSTOMER SERVICE SATISFACTION LEVEL

As always, the EPF is committed to providing excellent face-to-face or online customer service. To ensure that we keep meeting our customers' needs, periodic customer surveys are conducted through our CMC and via an independent consultant in 2020.

We are proud that despite the challenging environment throughout the year and the combination of work-from-home and work-from-office norm, results from the surveys indicated that our customer service continued to perform well and has met the expectations of our customers. The EPF's customer satisfaction index was high at 95.21% compared to industry average of 80%. There were a number of isolated cases where members complained and were dissatisfied, and the EPF took immediate remedial action to resolve their issues.



Age: 26
Date Launched: 16 June 2020
Gender: Female
Nationality: Malaysian
Occupation: EPF Virtual Assistant
Character:

-  **Multilingual Bot (Bahasa Malaysia and English)**
-  **Conversational and Informative**
-  **Subject Matter Expert on EPF Products and Services**
-  **Honest and Reliable**
-  **Compassionate**



STRATEGY DIVISION

Nurhisham Hussein
| Chief Strategy Officer

The events of 2020 and the pandemic's devastating impact on lives, livelihoods, and businesses, shines a spotlight on three critical issues that affect all Malaysians, including the EPF members.

First, job security and income security, are growing national concerns among workers, especially those employed by small and medium-sized enterprises. Faced with existential threats and cash flow constraints, many companies had to reduce salaries and/or let their employees go during the year.

In this respect, formal workers — those in full-time employment — tended to fare better as they had employee benefits and were also more likely to have secure employment. In contrast, the informal workforce was greatly affected by job losses and/or a reduction in income.

This is significant as non-agricultural informal workers, which include the self-employed, street vendors, freelancers, and contract workers, make up 2.5 million members — equivalent to 16% of the Malaysian workforce. This is based on the Department of Statistics' Labour Force Survey for the 4th quarter of 2020.

The second issue surrounds inadequate household savings, which the EPF had highlighted repeatedly over many years before the pandemic. With the low savings rate among Malaysians, we are concerned about their ability to secure a better future and a dignified retirement.

During the crisis, people facing severe financial hardship were compelled to use their emergency and/or retirement savings. If this continues over a prolonged period, there is a risk of households struggling with rapidly depleting savings or no savings, being pushed into hardcore poverty.

COVID-19's impact on lives, business continuity, and livelihood further compounded the already severe consequences of inadequate savings. It also revealed gaps in the existing social protection system.

This leads to the third issue — the urgent need to build a sustainable, comprehensive, and resilient social protection system to serve vulnerable groups as well as individuals that have been made vulnerable by the pandemic.

THE ROLE OF SOCIAL PROTECTION IN A PANDEMIC

Now, there is an urgent need for a longer-term strategy to strengthen the country's social protection system, as well as our national readiness to respond to future crises. This requires coordinated efforts such as enhanced income security, the transition of informal sector workers to the formal sector, the protection of jobs, and other measures to support businesses in retaining workers.

STRATEGY DIVISION

In 2020, the EPF escalated its efforts to provide a wider social protection net for our members and employers, and by extension, all Malaysians. We explored and developed unprecedented solutions for our members, who were facing decreasing financial resources and growing uncertainty about their future. New facilities, such as i-Lestari and i-Sinar, enabled members who faced financial hardships to access their retirement funds to pay for their subsistence needs.

Unfortunately, the pandemic showed no signs of abating and at year-end, Malaysians were still grappling with its health, economic, and financial impacts. Clearly, a long-term perspective is needed to strengthen social protection for all Malaysians, and more must be done by the system's stakeholders.

With this objective in mind, the EPF will continue to re-evaluate our role in social protection to ensure that no one is left behind as we help our members achieve a better future.

SUSTAINABILITY IN THE NEW NORMAL: EPF'S THREE-YEAR ROLLING PLAN 2020 – 2022

Prior to 2020, the EPF had taken preparatory steps to deal with a Volatile, Uncertain, Complex, and Ambiguous (VUCA) world by initiating a digital transformation programme and adopting a customer-centric mindset. The events of 2020 have proven that we were headed in the right direction. These steps remain as key strategies for the EPF's Three-Year Rolling Plan (E3YRP) for 2021 – 2023.

One of our key strategies, as stated in the E3YRP 2021 - 2023, is to enhance and personalise our members' experience with the EPF. We are aware of the changing demographics among our members and the rising digital consumption of our products and services. Younger digital natives have joined the workforce and became our members, while many from the non-digital generation started to embrace technology during the prolonged lockdowns.

Nonetheless, we are aware that our members have needs and preferences that are unique to their individual circumstances. With a customer-first culture and mindset, we aim to deliver customised services and products that cater to the different needs of our wide members base and ensure that everyone receives excellent customer service.

The EPF's digital transformation journey is poised to support our organisational goals as defined in the E3YRP 2021 - 2023. We are keeping up the momentum with plans to provide new and enhanced products and services on digital platforms. We will keep improving the user experience by upgrading our IT systems as we accommodate higher traffic, enhanced cybersecurity, and minimise other tech-related risks.

➤ **We will invest in upskilling and reskilling initiatives to nurture future-fit employees and have the necessary competencies and skills to remain effective in a rapidly changing work environment. We also plan to further our efforts to improve financial literacy among Malaysians. An ongoing initiative is the provision of unbiased financial advisory services for our members to make better-informed financial decisions and secure their golden years.**

With the rise of the informal economy and a growing informal workforce, we endeavour to increase our engagement with informal workers, who generally have lower levels of social protection. The EPF will drive greater awareness of social wellbeing and offer guidance where needed.

For several years, the EPF has been highlighting the need to institutionalise sustainability within organisations to manage the challenges of a VUCA world. As the global population continues to grow, so have pollution, global warming, waste, and the depletion of natural resources.

STRATEGY DIVISION

Institutionalising sustainability across the EPF's investments and business is a multi-year process that began years ago. We announced our commitment to environmental, social, and governance (ESG) best practices and sustainable investing principles, and signed the United Nations' Principles for Responsible Investment (UN PRI), a year after Malaysia became a signatory to the UN's Sustainable Development Goals in 2018.

2020 IN REVIEW

Nurturing Relationships Through Communication

During the COVID-19 pandemic, the EPF launched extraordinary initiatives such as the i-Lestari and i-Sinar Withdrawal facilities, customised the contribution schedules for employers, and allowed an extension of payment dates for our SME employers' contributions.

To provide key information to internal and external stakeholders, the EPF formulated various communications plans to inform them of our goals, strategies, and actions, simultaneously taking into consideration their valuable feedback. Engaging with these stakeholders by understanding and addressing their feedback enabled the EPF to formulate effective communication strategies to its members.

Understanding the expectations and concerns of all stakeholders as well as collaborating with financial institutions and Government counterparts ensured the consistency and accuracy of our communications to the public. To reach a wider but more targeted audience, information was disseminated efficiently through a variety of platforms, including the EPF's official website, social media pages, traditional and digital media, influencers, key opinion leaders, and policy makers.

➤ We believe that the key to strengthening our relationships with our members and stakeholders is in maintaining open communication between all parties, understanding their expectations and needs, as well as accepting feedback and addressing them efficiently and effectively.

Reinforcing Our Leadership Position in Social Wellbeing

At the national level, the EPF is working under the Malaysian Social Protection Council (MySPC), which was chaired by the Prime Minister in 2020. We hope that this will boost the progress of the social protection agenda during the COVID-19 pandemic.

The EPF's leadership also participated in various speaking engagements. They appeared on radio talk shows, webinars, and online forums to highlight the issues Malaysians faced in terms of social well-being, ageing, and retirement planning.

At the international level, the EPF is a member of the International Social Security Association (ISSA), a world-leading organisation for social security institutions, government departments, and agencies from 160 countries. The EPF participated and presented in several technical events, webinars, and seminars organised by the ISSA. We had the opportunity to share ideas, compare notes, and tap on the experience of other member agencies and countries.

The EPF is also a member of the ASEAN Social Security Association. We were invited by the G20 to present the role the EPF plays as a provident fund, and in financing the country's development.

STRATEGY DIVISION

Promoting Financial Literacy

Financial literacy has been an ongoing item on our agenda over the years as it remains a key concern. To plan for a better future, it is essential that our members equip themselves with basic financial knowledge.

With this in mind, the EPF organised the Financial Literacy Week 2020 (FLW2020) to create awareness and educate participants on the best practices in financial management for sustainable financial wellbeing. The event was held in supporting the Financial Literacy Month organised by the Financial Education Network (FEN), led by Bank Negara Malaysia and Securities Commission Malaysia, which involves various agencies such as the Credit Counselling and Debt Management Agency (AKPK), Permodalan Nasional Berhad, and Bursa Malaysia Berhad.

We assisted the Public Service Department to develop a Financial Wellness training module for government workers. We also continued to collaborate with the Social Wellbeing Research Centre of University Malaya to update and extend the relevance of our *Belanjawanku* expenditure guide to Malaysians living in cities outside the Klang Valley. Members of the public can refer to *Belanjawanku* for a general idea of what a minimum monthly expenditure should look like for them to achieve a reasonable standard of living based on their individual circumstances.

We also collaborated with the Malaysia Digital Economy Corporation (MDEC) to reach out to informal workers by engaging with gig platforms to encourage freelancers, gig workers, and the self-employed to save with the EPF for their future.

Building Our Talent Pool

The COVID-19 pandemic has undoubtedly accelerated the general acceptance and adoption of online learning by EPF's employees. We enhanced the capabilities of the EPF Learning Campus (ELC) by developing and launching a Learning Management



System (LMS) known as EPF Learning Xperience (LX). LX provides learning content such as online courses, videos, and POWERLinkedIn (LinkedIn Learning) courses. These are accessible anytime, anywhere, via mobile devices, and computers.

In 2020, ELC introduced two structured development programmes to improve the advisory capabilities of our retirement and employer advisory officers. ELC also organised courses to educate our employees on the various aspects of social protection within the local context, and held knowledge sharing sessions with other agencies and industry leaders.

Our annual Knowledge Fair (KFAIR) with the 2020 theme of "Living the New Normal" was held virtually because of the pandemic. This two-day event discussed and explored the challenges our employees faced as they adapted to the new work culture and opportunities in an increasingly digitalised world.

Externally, we carried out an Employer Education Programme with the participation of 994 employers, to educate them on their obligations to the EPF, the Social Security Organisation (SOCSO), the Inland Revenue Board (IRB), and the Labour Department.

STRATEGY DIVISION

Developing Our Competencies

To build a future-ready workforce that can cope with the rapid shift to digitalisation, and changes to the work environment, the EPF launched three key initiatives:

- (a) Talent Assessment Framework**
A research-backed tool to help our employees understand the technical and functional competencies required to excel.
- (b) Behavioural and Leadership Competency model**
This provides a roadmap for leaders to achieve their objectives, either as an individual or a team.
- (c) HR Reflect**
The entire human resource function was put through a detailed audit of all aspects of its current performance, culminating in a comprehensive Human Resource Transformation Roadmap, that will make the human resource department a future-oriented agent of change for our organisation.

the *rakyat* during a crisis. The EPF will continue to champion a holistic and comprehensive social protection system especially for vulnerable groups that are often less visible. This is in line with our efforts to improve financial literacy and equip our members with the knowledge to plan for their future.

- (c) Leading the sustainability agenda**
Sustainability remains one of our top priorities going into 2021. To be truly effective, we hold strongly to the view that the concept of sustainability must be embedded into every aspect of our organisation including investments, decision-making, people policies, processes, and practices, as well as instilling sustainability culture and mindset for our people. Through our strategic position and wide network of stakeholders and customers, we hope to become a national champion for sustainability and lead by example - act sustainably vis-à-vis relevant internal policies and practices, impose necessary sustainability standards and policies to investee companies, vendors, and business partners, and lastly, influence our network to embrace a more sustainable way of living.

FOCUS AREAS FOR 2021

The EPF will focus on four main areas as outlined in the E3YRP 2021 - 2023:

- (a) Rebuilding trust and reputation**
To tie in with our overall strategic focus on customer experience, the EPF will put more efforts into fortifying our reputation for integrity and value among members of the public — especially the younger generation who places great importance on these factors in choosing a brand to trust. We hope to engage effectively, implement our strategies, and foster fruitful relationships with our members.
- (b) Championing social wellbeing efforts**
The events of 2020 severely tested the Malaysian social protection system. It was evident that a more comprehensive system is needed to support

- (d) Future-proofing the organisation**
Besides ensuring that our flagship projects are well-executed, it is imperative that we invest in upskilling and reskilling our people for a rapidly evolving future. Only then can the EPF continue to provide excellent customer service and safeguard our members' savings in a VUCA world.

Finally, it is urgent that the EPF and all stakeholders of the country's social protection system proactively arm ourselves with the tools and capabilities to enable sustainable, holistic solutions for the longer-term social well-being of all Malaysians, particularly those in vulnerable groups. By advancing and strengthening the social protection system, the EPF hopes to augment our collective ability to prepare, respond, and recover from future crises.



Muhammad Afhzal Abdul Rahman
| Chief Digital Technology Officer

The COVID-19 pandemic and government-mandated lockdowns throughout 2020 highlighted an urgent need for the EPF to adopt technological solutions to ensure that we could continue to operate and serve our customers — both members and employers. It was especially important for us to be able to support our members through their financial hardship during this challenging year.

To meet the extraordinary demands of 2020, the Digital Technologies Division rose to the occasion and accelerated initiatives identified in Digitise EPF 2025 — our roadmap to a digital EPF by 2025. As the country's provident fund, we need to connect, engage and empower our customers to remain relevant well into the future.

This Division moved quickly to fulfil the EPF's digital technology needs. This included delivering digital solutions for members and employers, supporting the EPF's operations, and shifting towards remote working (work from home). We adopted digital tools and enhanced our infrastructure to enable remote access and connectivity. We also carried out cybersecurity initiatives to raise awareness and protect against cybersecurity threats.

ACCELERATING THE EPF's DIGITAL AGENDA

To ensure that the EPF could operate and serve our members and employers while adhering to the various Movement Control Orders (MCOs), the Digital Technologies Division embarked on several key initiatives to adopt and deliver secured digital solutions for our customers.

To serve our members, especially those facing financial hardship during the first MCO, we developed

the i-Lestari Withdrawal facility. We adopted cloud computing and other agile practices to accelerate its development.

We also rolled out *Janji Temu* Online (JTO), a cloud-based online appointment platform to ensure the safety of our customers and employees at our branches. JTO enabled them to adhere to standard operating procedures (SOPs) and physical distancing measures. This platform also helped us manage the number of visitors by staggering their appointments for over-the-counter transactions.

Other digital initiatives for our members included the i-Sinar Withdrawal facility and the Employer COVID-19 Assistance Programme (e-CAP), which provided employers the option to defer and restructure their contributions.

Besides the urgent need to provide digital services for our members and their employers, the EPF had to adapt quickly to the new norm of working from home. We accelerated the provision of endpoints for our employees, adopted virtual meeting solutions, and provided remote working capabilities such as the Enterprise Mobile Management (EMM) solution and Virtual Private Network (VPN) infrastructure. EMM and VPM enabled our employees to work from home with ease, and also secured offsite access to the EPF's data.

DIGITAL TECHNOLOGIES DIVISION

As the security of the EPF's systems is of paramount importance, we implemented measures and digital solutions to reduce cyber-related risks and threats. We educated our employees on cybersecurity and the best practices for preventing cybercrime.

Table 1: Transactions via the EPF's Website and Mobile Applications

KEY STATISTICS	2019	2020
Logins on i-Akaun (Member)	19.9 million	32.5 million
Logins on i-Akaun mobile application	33.3 million	95.7 million
Logins on i-Akaun (Employer)	12.6 million	14.6 million
Logins on e-Caruman mobile application	221,076	260,977
Employers with i-Akaun	518,935	531,343
Employers with i-Akaun	99.36%	99.43%
EPF members with i-Akaun	7.6 million	8.9 million
Visitors to EPF website	28.2 million	64.2 million
i-Akaun interactions	65.9 million	143.0 million
Downloads of i-Akaun mobile application	1.5 million	4.5 million
Downloads of e-Caruman mobile application	134,000	217,000

DIVISION REVIEWS

8

Key Achievements in 2020

The Digital Technologies Division's top achievements for the year are summarised below:

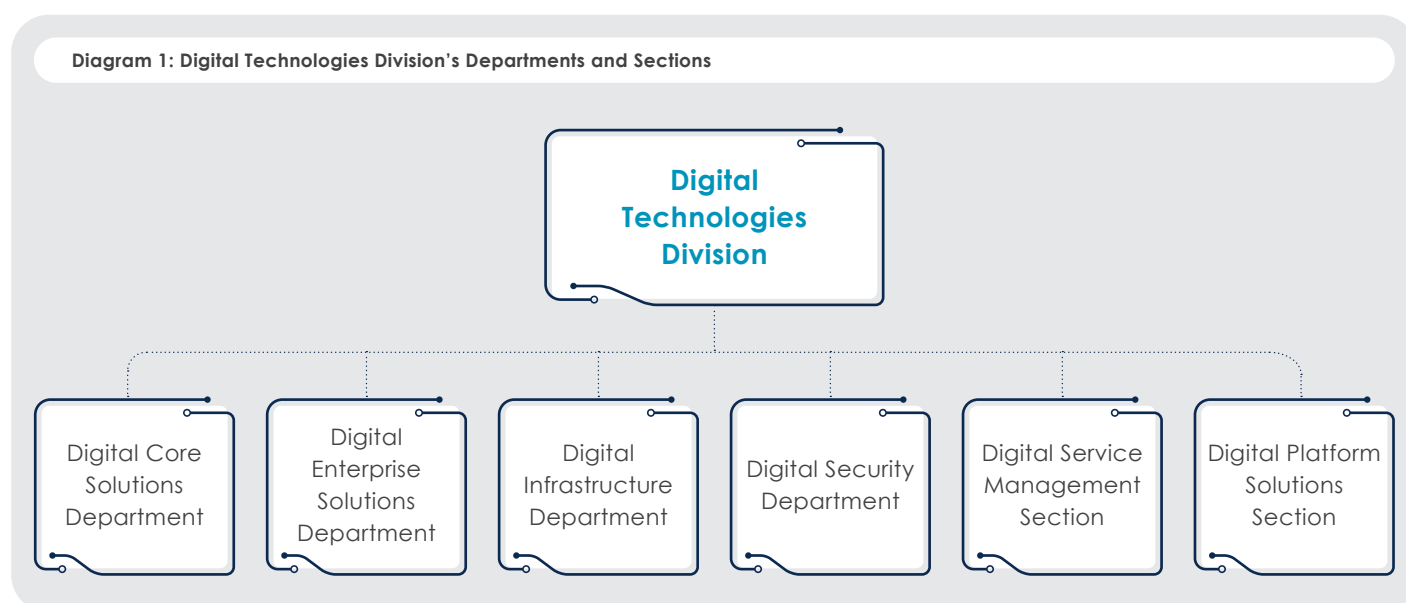
Products and Services Supported by Technology	IT Infrastructure and Cybersecurity Initiatives	Talent Development Initiatives
<ul style="list-style-type: none"> i-Lestari Withdrawal i-Sinar Withdrawal Health Withdrawal – Fertility Treatment Employer COVID-19 Assistance Programme (e-CAP) e-Withdrawals for Age 50/55/60 Withdrawals Janji Temu Online (JTO) ELYA Chatbot and Live Chat 	<ul style="list-style-type: none"> One-stop IT service portal Application lifecycle management API gateway Threat intelligence Implementation of Cyber Security Programme Social engineering campaigns 	<ul style="list-style-type: none"> Training and certification in Agile Project Management Cybersecurity awareness Leadership and behavioural excellence

DIGITAL TECHNOLOGIES DIVISION

OUR CORE FUNCTIONS

The Digital Technologies Division, which was established in 2019, enables and supports the EPF's business and operations by architecting, establishing, and operating digital technology solutions and services that are customer-centric, innovative, robust, and secure. There are four departments and two sections in this division (see Diagram 1).

Diagram 1: Digital Technologies Division's Departments and Sections



Responsibilities of each department:

(a) Digital Core Solutions Department

Develop, implement, and operate technology solutions on the EPF's Core Provident Fund System that enables the EPF to execute its principal social security mandate of ensuring adequate social security protection, enhanced coverage, efficient customer service as well as timely collection of contributions.

(b) Digital Enterprise Solutions Department

Develop, implement, and operates enterprise-wide technology solutions that supports the EPF's corporate informational, operational, and management needs as well as investment needs in addition to productivity and collaboration solutions.

(c) Digital Infrastructure Department

Develop, implement, and operate technology infrastructure that runs and supports the EPF's digital and information technology systems and operations. This department operates robust, resilient, recoverable, and secured digital infrastructure that complies with the EPF's technical architecture standards and regulations to cater for the IT capacity and performance required by the EPF's operations.

(d) Digital Security Department

Protects the confidentiality, integrity, and security of the EPF's critical information and assets. This department also develops and enforces IT security policies and procedures based on industry standards, best practices, and the relevant regulatory guidelines.

DIGITAL TECHNOLOGIES DIVISION

Responsibilities of each section:

(a) Digital Service Management Section

Ensures that the delivery of digital technology services is in accordance with the agreed service level agreements (SLAs) and service management processes. This section also manages and oversees strategic IT planning, IT financial management, IT supplier contract management, and resource planning administration that supports the delivery, operations, and maintenance of digital technology services for the EPF's operations.

(b) Digital Platform Solutions Section

Ensures cohesive technology portfolio planning and architecture governance across the enterprise by driving the overall technology strategies, architecture best practices and standards to effectively achieve EPF's business and organisational objectives. This section also designs and implements digital solutions that enhance our digital channels and touchpoints, middleware solutions that enable EPF to collaborate with partners and across ecosystems, as well as data and analytics solutions that enable the EPF to be data driven.

(d) Strengthen our cybersecurity resilience

This includes a zero-trust cybersecurity operating model, enhancing cybersecurity awareness, and training.

(e) Build robust, modular and scalable digital technology platforms

This encompasses an omni-channel micro-services platform, software-defined data centre, hybrid-cloud, and a modular enterprise architecture.

MOVING FORWARD

The ongoing COVID-19 pandemic has created an urgent need for us to accelerate our Digital EPF agenda. The Digital Technologies Division will continue to ensure Digital EPF achieves its strategic and operational objectives.

The objectives include:

- (a) Developing digital solutions that enable the EPF to deliver on our mandate and meet the needs of members and employers
- (b) Building technology capabilities that supports our digital aspirations
- (c) Implementing, operating, and maintaining a robust, secure, and scalable technology infrastructure to support our digital platforms

Our plan for 2021 includes integrating smart building technology into our new corporate headquarters in Kwasa Damansara, which is currently under construction. The new corporate headquarters will house a new next-generation data centre that will drive cost-efficiencies, support unpredictable business demands, provide speed and agility, and enable effective administration of cybersecurity measures.

The Digital Technologies Division will continue to fortify the EPF's digital aspirations by investing in digital solutions and a robust technology infrastructure. This will help the EPF achieve its strategic and operational goals. Our operations will be secure, scalable, and resilient.

DIGITISE EPF 2025

Digitise EPF 2025 is the Digital Technologies Division's roadmap to a digital EPF by 2025. The goal is for the EPF to be a trusted and relevant social security organisation that can connect, engage, and empower customers.

Digitise EPF 2025 consists of five pillars:

(a) Build a motivated and capable tech team

This includes initiatives such as training, certification, talent development, leadership development, as well as resource augmentation and strategic partnerships.

(b) Deliver innovative solutions at speed

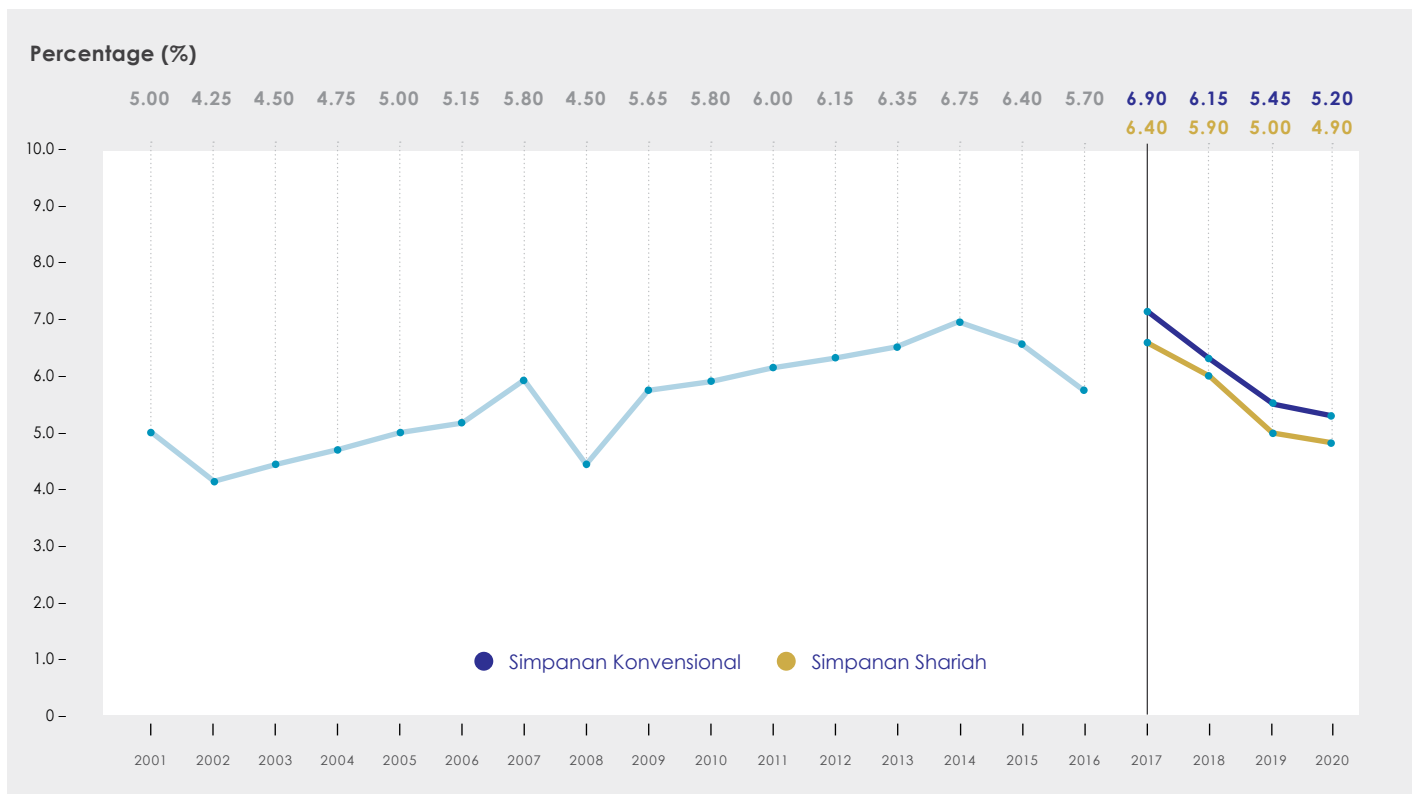
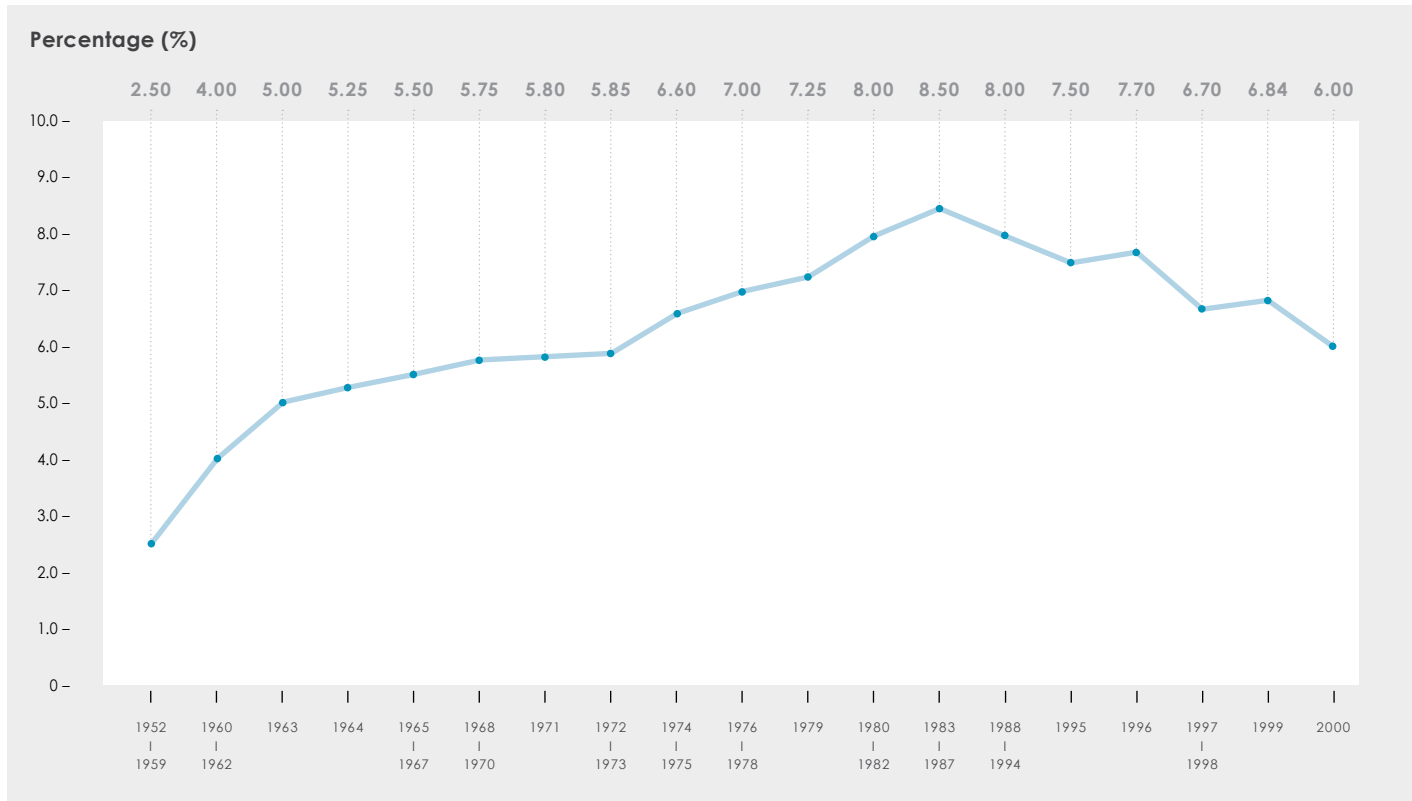
This covers the adoption of DevOps and Agile practices, and the development of a digital delivery factory.

(c) Delight our customers with exceptional service

Initiatives aimed at delighting our customers with exceptional service include focusing on service excellence, building a continuous service improvement culture, as well as process simplification and digitalisation.

STATISTICS

Dividend Rates



STATISTICS

List of Top 30 Equity Holdings by Percentage of Issued Shares as at 31 December 2020

No	Share	% Holding
1	Malaysia Building Society Bhd	65.39%
2	RHB Bank Bhd	42.80%
3	Malaysian Resources Corp Bhd	35.85%
4	Bermaz Auto Bhd	20.01%
5	Tenaga Nasional Bhd	17.77%
6	Axiata Group Berhad	17.20%
7	Telekom Malaysia Bhd	16.88%
8	IJM Corp Berhad	16.56%
9	Sime Darby Plantation Bhd	16.04%
10	CIMB Group Holdings Bhd	16.03%
11	Yinson Holdings Bhd	15.97%
12	Public Bank Bhd	15.92%
13	Sunway Real Estate Investment Bhd	15.21%
14	Digi.com Berhad	14.80%
15	Malaysia Airport Hldgs Bhd	14.74%
16	Gamuda Bhd	14.54%
17	Axis Real Estate Investment Bhd	14.46%
18	Kuala Lumpur Kepong Bhd	14.22%
19	Panasonic Manufacturing Malaysia Bhd	14.12%
20	Malayan Banking Bhd	14.10%
21	IJM Plantations Bhd	13.77%
22	Alliance Bank Malaysia Berhad	13.76%
23	Aeon Co. (M) Bhd	13.55%
24	UMW Holdings Bhd	13.21%
25	Capitamalls Malaysia Trust Bhd	13.16%
26	BIMB Holdings Berhad	13.10%
27	KPJ Healthcare Bhd	13.10%
28	IOI Corporation Bhd	13.07%
29	Petronas Gas Bhd	13.06%
30	United Plantations Bhd	12.95%

STATISTICS

Withdrawal by Schemes

Year	2020		2019		2018	
	Number	Amount (RM)	Number	Amount (RM)	Number	Amount (RM)
Withdrawal Schemes						
55 years	425,466	15,582,812,067	441,376	15,920,504,550	379,504	15,810,003,592
50 years	140,339	4,406,028,593	157,291	4,617,493,415	160,751	4,712,680,608
Incapacitation	3,715	312,852,388	5,821	467,210,536	5,347	391,038,106
Leaving Country	2,516	298,544,851	4,132	437,102,971	4,032	392,456,135
Buy First House	77,476	1,779,132,436	99,280	2,326,197,915	91,074	2,149,948,937
Buy Second House	3,706	150,236,915	5,216	214,896,132	5,147	214,335,855
Housing Loan Monthly Installment	1,934,956	1,829,954,489	2,281,335	2,237,909,683	1,748,506	2,001,339,134
Reduction/Redemption of Housing Loan	46,839	736,103,722	103,110	1,271,681,009	112,518	1,447,916,201
Health	7,388	79,308,233	8,228	82,350,228	6,972	67,403,964
Death	61,392	1,928,253,887	65,747	1,961,714,928	62,658	1,715,602,371
Periodical Payment	478	715,169	516	900,993	587	1,122,730
Members Investment Scheme	563,488	7,248,263,535	556,130	5,640,324,723	851,933	9,251,295,326
Pensionable Employees and Optional Retirement	63,157	2,122,814,777	82,626	2,327,308,586	76,395	2,259,743,254
Education	136,629	679,755,980	101,239	1,157,231,920	140,769	1,319,456,484
Monthly Payment Scheme	72	110,392	63	79,522	61	76,842
Withdrawal of Savings in Excess of RM1 Million	24,372	1,778,049,534	13,565	1,553,231,588	8,018	1,518,976,786
Hajj	478	1,319,456	777	2,173,872	427	1,209,732
60 Years	261,929	4,803,201,871	289,036	4,557,680,814	238,551	4,330,245,142
Prima Housing Withdrawal	36	11,520	36	11,520	13	3,820
i-Lestari	25,556,630	14,546,881,726	-	-	-	-
Total	29,311,062	58,284,351,540	4,215,524	44,776,004,907	3,893,263	47,584,855,018
Annual Dividend*	3,888	60,860,161	3,114	56,401,957	2,816	56,771,016
Death And Incapacitation Benefits						
(i) Death Benefits	20,310	50,775,050	22,186	55,465,000	21,387	53,485,571
(ii) Incapacitation Benefits	646	3,230,000	1,033	5,165,000	883	4,415,000
Total (i) and (ii)	20,956	54,005,050	23,219	60,630,000	22,270	57,900,571

* Withdrawal on annual dividend for 2020 was adjusted as current year dividend expenses.

STATISTICS

Withdrawal by Schemes (cont'd)

Year	2017		2016		2015	
	Number	Amount (RM)	Number	Amount (RM)	Number	Amount (RM)
Withdrawal Schemes						
55 years	384,795	17,757,759,010	597,771	22,292,814,380	530,459	21,400,282,188
50 years	154,063	4,738,729,140	156,991	4,855,680,128	148,699	4,831,008,499
Incapacitation	5,117	384,862,946	4,986	360,187,080	4,659	331,060,249
Leaving Country	4,377	427,410,624	4,467	445,244,745	3,833	377,363,471
Buy First House	86,642	2,107,996,219	83,401	2,002,008,099	89,071	2,108,847,723
Buy Second House	5,259	230,516,514	5,752	248,452,755	6,483	287,952,489
Housing Loan Monthly Installment	1,916,877	1,825,859,748	1,781,735	1,666,932,871	1,551,508	1,375,789,117
Reduction/Redemption of Housing Loan	130,604	1,702,566,769	148,368	1,956,998,548	164,033	2,212,036,347
Health	6,266	58,183,038	6,101	57,000,845	5,692	51,766,353
Death	58,281	1,520,975,212	56,172	1,386,616,927	52,127	1,233,878,032
Periodical Payment	719	1,391,202	1,159	2,553,546	1,745	3,586,456
Members Investment Scheme	747,243	8,788,079,682	710,064	6,305,355,131	602,262	5,855,745,390
Pensionable Employees and Optional Retirement	118,146	2,484,663,943	51,230	2,157,264,348	48,688	1,972,703,781
Education	89,328	1,695,206,787	86,725	1,459,203,497	65,787	578,180,407
Monthly Payment Scheme	77	86,357	98	108,725	104	116,982
Withdrawal of Savings in Excess of RM1 Million	6,882	1,320,100,522	6,143	1,369,448,593	5,471	1,390,499,668
Hajj	705	1,965,567	415	1,151,035	390	1,044,974
60 Years	170,963	4,106,433,535	-	-	-	-
Prima Housing Withdrawal	2	19,140	-	-	-	-
i-Lestari	-	-	-	-	-	-
Total	3,886,346	49,152,805,954	3,701,578	46,567,021,253	3,281,011	44,011,862,123
Annual Dividend*	2,566	44,006,013	2,267	42,372,125	1,971	39,595,874
Death And Incapacitation Benefits						
(i) Death Benefits	18,225	45,565,000	18,180	45,459,162	17,201	43,007,028
(ii) Incapacitation Benefits	864	4,320,000	821	4,105,000	771	3,857,000
Total (i) and (ii)	19,089	49,885,000	19,001	49,564,162	17,972	46,864,028

* Withdrawal on annual dividend for 2020 was adjusted as current year dividend expenses.

STATISTICS

Active Members' Profile by Savings Range and Gender as at 31 December 2020

Savings Range (RM)	Number of Males	Number of Females	Total	Savings (RM)
<1-1,000	175,398	170,845	346,243	173,462,273
1,001-2,000	136,368	123,796	260,164	382,080,289
2,001-3,000	111,296	93,486	204,782	510,392,575
3,001-4,000	99,934	84,899	184,833	645,697,344
4,001-5,000	91,179	78,084	169,263	760,951,452
5,001-6,000	85,985	72,370	158,355	870,248,213
6,001-7,000	80,822	68,181	149,003	967,961,179
7,001-8,000	76,450	64,435	140,885	1,056,071,589
8,001-9,000	72,439	61,277	133,716	1,135,950,969
9,001-10,000	65,379	56,614	121,993	1,157,561,367
10,001-15,000	270,845	233,226	504,071	6,249,323,369
15,001-20,000	219,211	187,544	406,755	7,085,489,553
20,001-25,000	185,433	157,696	343,129	7,699,549,046
25,001-30,000	160,019	136,797	296,816	8,145,016,930
30,001-35,000	140,691	119,018	259,709	8,427,219,527
35,001-40,000	125,957	106,886	232,843	8,721,892,973
40,001-45,000	114,015	95,568	209,583	8,896,932,923
45,001-50,000	103,409	86,163	189,572	9,000,223,668
50,001-55,000	96,129	78,737	174,866	9,173,858,748
55,001-60,000	89,582	71,975	161,557	9,287,532,269
60,001-65,000	83,567	66,408	149,975	9,368,828,197
65,001-70,000	78,279	61,290	139,569	9,417,173,575
70,001-75,000	73,125	57,046	130,171	9,433,885,004
75,001-80,000	69,203	53,146	122,349	9,478,211,196
80,001-85,000	64,614	49,133	113,747	9,380,925,306
85,001-90,000	60,312	46,404	106,716	9,335,807,262
90,001-95,000	57,471	43,483	100,954	9,335,393,238
95,001-100,000	53,638	40,113	93,751	9,138,270,647
100,001-150,000	395,632	296,593	692,225	84,848,163,701
150,001-200,000	228,612	172,605	401,217	69,370,582,853
200,001-250,000	141,156	108,014	249,170	55,569,940,071
250,001-300,000	87,938	70,230	158,168	43,205,493,905
300,001-350,000	58,701	47,450	106,151	34,335,336,563
350,001-400,000	41,705	33,427	75,132	28,071,394,502
400,001-450,000	30,723	23,954	54,677	23,167,344,203
450,001-500,000	23,389	17,885	41,274	19,562,037,854
500,001-600,000	33,782	24,229	58,011	31,678,689,056
600,001-700,000	22,314	14,821	37,135	24,003,469,562
700,001-800,000	15,284	9,721	25,005	18,669,959,726
800,001-900,000	11,266	6,549	17,815	15,091,395,339
900,001-1,000,000	8,617	4,682	13,299	12,619,076,665
> 1,000,000	39,286	17,118	56,404	95,552,567,845
Total	4,179,155	3,411,898	7,591,053	720,981,362,528

Source: EPF Business Intelligence (BI) System.

Note: Total Savings Amount not inclusive of 2020 annual dividend.

STATISTICS

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 - December 2008	11%	12%	23%
January 2009 - December 2010	8%	12%	20%
January 2011 - December 2011	11%	12%	23%
January 2012 - February 2016			
Salary RM5,000 and less	11%	13%	24%
Salary more than RM5,000	11%	12%	23%
March 2016 - December 2017			
Members below age 60			
Salary RM5,000 and less	8%	13%	21%
Salary more than RM5,000	8%	12%	20%
Members age 60 until age 75			
Salary RM5,000 and less	4%	6.5%	10.5%
Salary more than RM5,000	4%	6%	10%
January 2018 - December 2018			
Members below age 60			
Salary RM5,000 and less	11%	13%	24%
Salary more than RM5,000	11%	12%	23%

Year	Employee	Employer	Total
January 2018 - December 2018			
Members age 60 until age 75			
Salary RM5,000 and less	5.5%	6.5%	12%
Salary more than RM5,000	5.5%	6%	11.5%
January 2019 - March 2020			
Members below age 60			
Salary RM5,000 and less	11%	13%	24%
Salary more than RM5,000	11%	12%	23%
Members age 60 until age 75			
Salary RM5,000 and less	-	4%	4%
Salary more than RM5,000	-	4%	4%
April 2020 - December 2020			
Members below age 60			
Salary RM5,000 and less	7%	13%	20%
Salary more than RM5,000	7%	12%	19%
Members age 60 until age 75			
Salary RM5,000 and less	-	4%	4%
Salary more than RM5,000	-	4%	4%
January 2021 - December 2021			
Members below age 60			
Salary RM5,000 and less	9%	13%	22%
Salary more than RM5,000	9%	12%	21%
Members age 60 until age 75			
Salary RM5,000 and less	-	4%	4%
Salary more than RM5,000	-	4%	4%

Active Members Profile by Age Group and Gender as at 31 December 2020

Age Group (Year)	Number of Males	Number of Females	Total Members	Total Members (%)	Total Cum Members (%)	Total Savings (RM)	Total Savings (%)	Total Cum Savings (%)
<16	371	234	605	0.01	0.01	719,648	0.00	0.00
16-25	908,604	764,546	1,673,150	22.04	22.05	14,450,669,805	2.00	2.00
26-30	752,419	665,097	1,417,516	18.67	40.72	45,031,045,999	6.25	8.25
31-35	621,198	504,100	1,125,298	14.82	55.55	78,666,403,317	10.91	19.16
36-40	495,902	397,339	893,241	11.77	67.31	103,669,568,653	14.38	33.54
41-45	408,829	339,269	748,098	9.85	77.17	126,177,672,243	17.50	51.04
46-50	353,356	286,325	639,681	8.43	85.60	137,690,269,518	19.10	70.14
51-55	286,775	221,653	508,428	6.70	92.29	112,039,547,651	15.54	85.68
56-60	197,934	149,286	347,220	4.57	96.87	58,464,456,205	8.11	93.79
61-65	93,044	55,188	148,232	1.95	98.82	26,435,595,980	3.67	97.45
66-70	42,752	21,528	64,280	0.85	99.67	11,971,989,307	1.66	99.11
71-75	15,134	6,389	21,523	0.28	99.95	4,973,283,945	0.69	99.80
76-80	2,543	859	3,402	0.04	100.00	1,294,167,649	0.18	99.98
81-85	268	75	343	0.00	100.00	109,931,160	0.02	100.00
>85	26	10	36	0.00	100.00	6,041,447	0.00	100.00
Grand Total	4,179,155	3,411,898	7,591,053	100.00		720,981,362,528	100.00	

Source: EPF Business Intelligence (BI) System.

Note: Total Savings Amount not inclusive of 2020 annual dividend.

STATISTICS

Active Members' Average Savings at Age 54 by Sex

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
2017	51,579	12,062,316,509	233,861	33,198	6,067,433,813	182,765
2018	55,250	12,858,768,219	232,738	39,010	6,922,796,631	177,462
2019	53,955	14,041,957,159	260,253	40,916	7,575,416,308	185,146
2020	55,585	15,284,553,919	274,976	41,873	8,294,615,228	198,090

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	132,539.78	130,653	2,860,548,303	21,894
2009	54,939	7,681,372,168	139,816.38	134,556	3,055,433,736	22,708
2010	62,028	8,868,040,956	142,968.35	148,844	3,528,282,764	23,705
2011	62,358	9,304,858,493	149,216.76	146,172	3,418,820,359	23,389
2012	68,151	10,788,445,936	158,302.09	157,425	3,802,693,654	24,156
2013	73,168	12,193,461,751	166,650.20	160,131	4,203,516,072	26,250
2014	76,424	13,767,990,019	180,152.70	166,131	4,578,149,209	27,557
2015	81,646	15,875,114,998	194,438.37	169,425	5,343,743,319	31,540
2016	82,332	16,819,459,387	204,288.24	170,844	5,812,652,311	34,023
2017	84,777	18,129,750,322	213,852.23	147,160	6,456,208,469	43,872
2018	94,260	19,781,564,850	209,861.71	151,577	6,660,005,444	43,938
2019	94,871	21,617,373,467	227,860.71	151,021	7,412,652,489	49,084
2020	97,458	23,579,169,147	241,941.85	156,841	8,530,230,424	54,388

Source: EPF Business Intelligence (BI) System.

Note: Note: Total Savings Amount not inclusive annual dividend.