

Living Our Values



ANNUAL REPORT

2019

FACTS AT A GLANCE

MEMBERS



14,587,811 Members
of whom **7,626,262** are actively contributing

EMPLOYERS CONTRIBUTING TO THE EPF

522,297



ANNUAL CONTRIBUTION RECEIVED FROM EMPLOYEES AND EMPLOYERS

RM 75,928.08 Million

TOTAL WITHDRAWALS

RM 44,803.40 Million

TOTAL ASSETS

RM 927,894.93 Million

▲ Up 11%

from RM836,542.19 million in 2018

DIVIDEND RATE

Simpanan Konvensional

5.45%



Dividend Payout

RM 41.68 Billion

Simpanan Shariah

5.00%



Dividend Payout

RM 4.14 Billion

TOTAL GROSS INCOME

RM 49,756.59 Million

▲ Up 1%

from RM49,436.69 million in 2018

INSIDE THIS REPORT

VISION

Helping
Members
Achieve a
Better Future

MISSION

Safeguard
Members'
Savings
and Deliver
Excellent
Services

EPF SHARED VALUES

•
Integrity

•
Continuous
Improvement

•
Customer
Focused

•
Teamwork

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CHAIRMAN'S MESSAGE



TAN SRI SAMSUDIN OSMAN
Chairman

The EPF is fortunate to have envisioned the necessity for all organisations to evolve and future-proof their strategies. We have drawn from almost seven decades of experience to help us plan for the future, knowing from past financial crises and recessions, that in every season of adversity, the winners have been those who were both prepared and agile. This has led us to ensure that we are at all times in a constant state of preparedness and to take a diligent approach in managing risks and crises.

2019 was a tumultuous year as we balanced our efforts in upholding our commitment to our members, employers, and staff, and at the same time, accelerating our efforts to propel EPF into the new decade.

SOLID PERFORMANCE IN SPITE OF A VOLATILE YEAR

The year was certainly volatile and challenging with many events driving market instability. Political tensions around the globe, including Brexit and the Hong Kong protests, added to the tensions arising from the ongoing economic standoff between the US and China. These slowed down the global economy and impacted almost all markets.

Despite the unstable environment, we managed to pull through with a reasonably solid performance to deliver a Simpanan Konvensional dividend of 5.45% and Simpanan Shariah dividend of 5.00%, substantially above the 2.50% minimum mandated by the EPF Act 1991. On a rolling three-year basis, the EPF declared beyond our target of 2.00% real dividend over three years. The real dividend for Simpanan Konvensional stood at 4.33%, which is 2.33% above our three-year rolling target of 2.00%. For Simpanan Shariah, the real dividend stood at 3.93%, 1.93% above the target.

Our results are a testament to the success of our strategies, combined with the commitment of the EPF staff, and anchored

CHAIRMAN'S MESSAGE

on our vision to achieve the very best that we can for our members' well-being and future.

Focus and determination were the two driving factors that guided the EPF workforce through 2019's many storms. The established legacy of our 69-year-old organisation also provided the much needed institutional knowledge and wisdom to guide our team.

We also had the continued backing of the deeply experienced and highly capable members of the diverse EPF Board, representing our primary stakeholders of employees, employers, and the Government. Thanks to them, we were empowered with the independence to make any difficult but necessary decisions.

However, it was our members who really pushed us to achieve our goals in spite of the many challenges. With their implicit trust, we were focused on ensuring that we fulfilled our mandate and were determined to not let them down.

Combined, these internal and external factors ensured that we saw through the storms of 2019 and rode the waves of opportunities whenever they arose.

Nevertheless, we remain acutely cognisant of the need and urgency to embrace the grit and ability to evolve, so that we remain relevant in a time when uncertainty and unpredictability are the new norms.

LEARNING FROM A DECADE OF CRISIS

When I first took the helm in 2007, the EPF was already a well-established institution with a reputation for stability. It was my



priority then to ensure we continue to uphold the trust of our members as we entered a decade marked by the Global Financial Crisis, which began just over a year into the start of my tenure, and the following seasons of slow economic growth.

Since early 2000s, the EPF's investment has been guided by a disciplined approach under its Strategic Asset Allocation (SAA) to ensure that the investment is optimised while ensuring its ability to meet its mandate despite the volatility in the market. Under the SAA in 2019, 51% of EPF's investment assets is allocated in Fixed Income Instruments, 36% in Equities, 10% in Real Estate and Infrastructure, and 3% in Money Market Instruments.

Our SAA has made us resilient as we navigated the turbulent markets of the 2010s. Having most of our money in government bonds and other fixed income instruments ensured a reliable stream of returns while keeping our members' hard-

earned capital preserved. At the same time, despite some years of lacklustre market performance, our investments have added value on top of these savings by delivering returns above inflation.

In 2019, our exposure to global assets, which stood at 30.3%, contributed to 41% of the total gross investment income, cushioning the declines and underperformance from the domestic markets. We also believe that our diversification efforts into global markets, which effectively began in 2006, continue to be an important factor contributing to our success through difficult periods. Nevertheless, we continue to be a major investor in the Malaysian market with almost 70% of our total investment assets invested domestically.

In our efforts to diversify our investments strategy, we also outsourced 14.4% of the total investment asset to external fund managers across multiple domestic and global mandates in equities and fixed income assets.

CHAIRMAN'S MESSAGE

I am pleased to record 2019 as the third consecutive year that the EPF recorded a gross investment income of over RM50 billion for the benefit of our 14.60 million members. This is equivalent to a 6.53% return on investments for over three years, a significant premium over fixed deposit rates.

SUSTAINABILITY AS THE WAY FORWARD

Towards the middle of the last decade, there was a growing global consensus in favour of sustainable investing being more crisis-resistant and the better performing option for the long term.

In 2016, we introduced Simpanan Shariah as an option for our members to grow their savings with only ethical investments that are Shariah-compliant, that is, without the elements of *riba* (interest), *maysir* (gambling), and *gharar* (uncertainty in contracts) often found in investments in conventional banking and insurance. Under Section 43A of the EPF Act 1991, we established a Shariah governance framework to oversee the Shariah compliance aspects of this scheme.

In just three years, the idea of Shariah compliant investing has gained significant ground as 880,375 of our members opted to switch to Simpanan Shariah, reaping a rolling average real dividend of 3.93%.

With the issues of climate change, good governance, and social responsibility



gaining ground, we eventually signed the United Nations-supported Principles of Responsible Investing (PRI) in April 2019. This displayed our commitment towards responsible investing and Environment, Social, and Governance (ESG) best practices while protecting the long-term interests of our members. We are very encouraged that our ethical principles are now recognised as a fundamental investment direction and governance practice for our investee companies.

EMPOWERING OUR MEMBERS WITH THEIR OWN FINANCIAL DECISIONS

While we keep every investment decision rooted in safeguarding our members' retirement savings, we have always understood that a significant number of our members wanted to personally manage some of their own investments. For many

years now, the EPF Members Investment Scheme (MIS) has been instrumental in allowing members the flexibility of managing a portion of their own EPF savings. As at end 2019, there were 0.96 million members under the scheme with total Assets Under Management (AUM) of RM53.6 billion.

In August last year, we took the opportunity to embrace financial technology by introducing i-Invest, a self-service online platform which allows eligible members to invest in unit trust funds from the i-Akaun, as an enhancement to the existing MIS. The move also bridged our ongoing efforts to improve members' financial literacy while making sure that they stay on course to reach the Basic Savings Level needed for retirement.

CHAIRMAN'S MESSAGE

EVOLVING THE EPF FOR THE FUTURE

Over the years, I have been privileged to witness the EPF growing into an organisation that accounts for more than 14.60 million members with over half a million employers, and approaching close to RM1 trillion in members' funds. While the EPF benefits from the scale that such a fund provides, there is also a real risk of being too rigid or too big to change. Hence, we have always recognised the importance of adaptability and the need to stay agile so that we are always relevant.

In this light, our willingness and commitment to move into digital solutions spearheaded by the Operations Transformation Agenda have reaped rewards. The i-Akaun, expanded into a mobile application in 2013, has enabled both members and employers to transact and monitor their contributions online. I am happy to report that as of December 2019, 52.06% of our members and 99.36% of our employers are registered with the i-Akaun.

Our efforts to digitalise our brick-and-mortar services have given us the opportunity to upskill our front counter personnel into Retirement Advisory Service (RAS) officers, leveraging on them as the face of EPF to help and guide our members in their financial planning. This transformation is a uniquely EPF one, and I am grateful that it has added value to the lives of not just our members, but our EPF family as well. Since

its introduction in July 2014, the EPF's RAS is now available in 52 branches with 83 qualified RAS officers across the nation. In 2019, a total of 82,958 members have received financial advice from our RAS officers.

REDEFINING A BETTER FUTURE

The EPF also embraces its mandate as a moral obligation to create the conditions for a quality retirement, for all Malaysians. As we come to terms with a combination of rising costs of living, high household debt, and stagnating wages, we no longer see growing retirement funds as the means to all ends. That would mean addressing all contingent needs such as shelter, healthcare, and nutrition, and making the necessary shift in focus to longer-term, wider-ranging issues surrounding the economy, environment, and society that require urgent attention.

Having this in mind, we convened the International Social Well-Being Conference 2019 (ISWC 2019) with the theme of *Shaping Destiny - Between Hope and Extinction*, to cover a multitude of well-being topics arising from real-world challenges, including the trust economy, talent strategies, ageing populations, and defining happiness. The conference was a renamed evolution of the former International Social Security Conference, reflecting our urgency to redefine social protection in an increasingly competitive, digitally-driven work environment.

We have also taken a step beyond the conventional to redefine who needs an EPF account. From our data, around 60% of Malaysians are not covered by any social security system at all, as they are either self-employed or working in the informal sector. We stand firm in the belief that their economic contribution deserves to be recognised, and that they be given access to the benefits of social security.

In the last couple of years, I am glad to say that our efforts to expand coverage to these groups have begun to gain ground, with the increased uptake of both i-Suri and i-Saraan schemes. In 2019, we recorded a 28.78% yearly increase in i-Suri registrations to 81,511 and a total of 120,738 registrations for i-Saraan, a 22.11% increase from 2018.

CONFRONTING A RAPIDLY CHANGING WORLD TOGETHER

As I write this, the world has been further plunged into even more turbulence as nations entered into various states of economic lockdown to prevent the spread of COVID-19. Countries once thought strong and mighty have fallen to their knees as they scramble their resources and adapt their healthcare policies in order to save lives. Businesses have been severely impacted, and whole industries such as tourism, hospitality, and aviation, have come to a complete standstill as countries closed their borders, rightly favouring the need for health and safety above the need for economic growth.

CHAIRMAN'S MESSAGE

The measures taken to stem the pandemic have had devastating effects on economies everywhere. In this time of severe crisis, the capacity to survive and prevail is highly dependent on the extent of preparedness together with the ability to quickly adapt and redirect our course, if need be.

The EPF is fortunate to have envisioned the necessity for all organisations to evolve and future-proof their strategies. We have drawn from almost seven decades of experience to help us plan for the future, knowing from past financial crises and recessions, that in every season of adversity, the winners have been those who were both prepared and agile. This has led us to ensure that we are at all times in a constant state of preparedness and to take a diligent approach in managing risks and crises.

For many years now, the EPF has embarked on its journey of transformation, having long had a view of how a digital world will impact its members. To this end, we have enabled ourselves with the systems, tools, and capabilities required in this demanding future. At the same time, knowing that we must leave no one behind, we have striven to also empower the EPF workforce with the means to reskill and upskill themselves, and provide them with the support infrastructure to help them adapt.

I am extremely proud of the EPF team whose spirit and desire have allowed them to provide their utmost excellence in service. This has helped further solidify the EPF fortress which will weather the storms to come.

A PERSONAL THANK YOU

The new decade has already proven to be unrelentingly volatile, and it is in this climate that I now leave the EPF in the hands of my younger but certainly very capable colleagues. I have served the EPF since 2007, and the past 13 years have been a most privileged journey of national service and personal achievement. I will always remember fondly the many moments that I have shared with my colleagues and now friends, and I thank you for the honour of allowing me to lead this rock that is the EPF.

To all of you working hard, day in and day out, to bring a better future for all members, I thank you. I also take this opportunity to express my gratitude to all our members, employers, and stakeholders for their trust and support, as well as our CEO, Management team, and the EPF Board and Investment Panel, for driving us toward our noble goals.

I look back with much pride and I look forward with much confidence, that the EPF will persevere and continue to be a beacon of stability through the decades to come.

TAN SRI SAMSUDIN OSMAN

Chairman

February 2007 – April 2020



CHAIRMAN'S MESSAGE



TAN SRI AHMAD BADRI MOHD ZAHIR
Chairman

It is truly an honour for me to be able to pen my thoughts for this year's Annual Report as the new Chairman of the EPF, an organisation with a proud past and an exciting future.

First and foremost, I want to extend my appreciation and acknowledge the good work and incredible achievements of our outgoing Chairman, Tan Sri Samsudin Osman, who has left behind big shoes to fill. Tan Sri's leadership was one that was steady, assured, and pragmatic, and I will strive to continue his legacy as we step into this new decade.

This handing-off of the baton comes at a time when we are entering a new era of change and disruption. Before the world was even aware of COVID-19, people were only just beginning to make sense of the impact of the Fourth Industrial Revolution on our way of life. Rapid advances in technology are pushing us into the exciting but uncertain future of a digitalised world, even as we continue to struggle with climate change, global political tensions, and economic challenges.

In such times, there will be a desire for a continued source of stability. For decades now, the EPF has been that pillar of strength and certainty for Malaysians. As the country's provident fund serving over 14.60 million members, the EPF's mandate to safeguard their savings, no matter rain or shine, will help our members secure a better future.

I have always known the EPF as successful in living up to the expectations of our stakeholders – members, employers, and our employees, and by extension, Malaysians.

CHAIRMAN'S MESSAGE

We owe our success to a strong chain of committed and capable people who have steered our organisation through many storms: from our wise Board members, to our dedicated Management, and not forgetting the real heroes – our staff. As we look to the future, I am confident that the EPF is more than able to build on its strengths to take on new capabilities and new directions to successfully achieve its vision.

As our country expects and our members demand, we must continue with everything that we have done well, while improving and innovating to keep up with the times. All these, while ensuring our high standards of governance, transparency, and accountability are maintained. Together, we can and will bring the EPF to greater heights.

TAN SRI AHMAD BADRI MOHD ZAHIR

Chairman

Beginning 1 May 2020

CHIEF EXECUTIVE OFFICER'S MESSAGE



ALIZAKRI ALIAS
Chief Executive Officer

As we left 2019 and entered 2020, the world was thrown into upheaval yet again, with the onslaught of the COVID-19 pandemic and the race for its elusive vaccine ushering us into the new decade. We ended 2019 cautiously, welcoming a new world that is truly VUCA, full of adversities and yet bountiful with opportunities.

2019 proved to be yet another eventful and tumultuous year. Tensions in the Middle East, uncertainties in Europe owing to Brexit, and continued escalations of the US-China trade war, were among the many contributors to a constant environment of economic and political turbulence. Ongoing political change, economic instability, and growing social unrest added to a discomfiting arrival of a new decade.

A RENEWED MISSION FOR A NEW DECADE

Towards the later years of the 2010s, it has become increasingly evident that in order for the EPF to achieve our vision of helping members achieve a better future in these complicated times, we must shift our focus beyond social security. We now firmly believe that a brighter tomorrow is only possible when the overall social well-being of our members is brought to the forefront of our mission.

As we left 2019 and entered 2020, the world was thrown into upheaval yet again, with the onslaught of the COVID-19 pandemic and the race for its elusive vaccine ushering us into the new decade. We ended 2019 cautiously, welcoming a new world that is truly Volatile, Uncertain, Complex, and Ambiguous (VUCA), full of adversities and yet bountiful with opportunities.

In this age of turbulence, we are more determined than ever to achieve our mission of bringing value to our members and become their beacon of certainty, in our pursuit of a meaningful, healthy, and sustainable future.

CHIEF EXECUTIVE OFFICER'S MESSAGE

FUTURE-PROOFING OPERATIONS FOR AN UNCERTAIN WORLD

With the only certainty we are confident of is that uncertainty will continue, the EPF accelerated its efforts to transform and future-proof the way we work and how we serve our members, in order to deliver our mandate to safeguard their savings.

2019 saw our Operations and Digital teams responding to members' demands, as well as leveraging on technology to innovate and improve our product offerings and service qualities.

Foremost of these is the continued digitalisation of our business model, a timely and necessary evolution to keep up with the rapid growth of our younger, more tech-savvy members, as well as the increasing spread of the gig economy. On top of this, we are committed to delivering on the Malaysian National Strategy for Financial Literacy 2019-2023, which the EPF undertakes to incorporate into its products and services at every opportunity. This is to impress upon our members the financial understanding and knowledge needed to make educated decisions for their own future.

We launched i-Invest in August 2019, after much planning, to empower our members with the ability to manage their own EPF savings under the Members Investment Scheme (MIS). A facility under i-Akaun, i-Invest is a digitised upgrade of the MIS, offered to members at near-zero cost, which also enables them to invest into unit trust funds without going through any agent. i-Invest was well received by members, with RM81.8 million transacted up to December 2019.

Meanwhile, our initiative for self-employed workers, i-Saraan, continued to gain ground

with 120,738 new registrations, including those coming from gig workers who work on contract or ply their trade as freelancers. Uptake for i-Saraan increased by 22.1%, with further growth expected as business models change and more Malaysians opt out of the formal workforce to become part of the gig economy.

Similarly, the i-Suri programme, targeted to ensure the social protection and well-being of women homemakers are also taken care of, received 81,511 registrations in 2019. We expect this number to increase over the next few years as the EPF continues to explore ways to further grow the programme's reach.

These efforts, among other ongoing refinements to our standard operating procedures and the continuous updating of our technology, will be key to us prevailing in the next 10 years.

STABILISING OUR INVESTMENTS FOR SUSTAINED RETURNS

Despite the uncertain outlook throughout the entirety of 2019, we need to ensure the sustainability of our returns. The EPF's investments continued to record reasonably solid numbers, largely owing to our Strategic Asset Allocation (SAA) and the vigilance of our capable teams and Investment Panel.

On top of this, having taken a measured view of the continued instability of market conditions both global and local, the EPF embarked on efforts to shift our approach to managing both our financial and non-financial risks.

In April 2019, we signed the United Nations-supported Principles for Responsible Investment (PRI), underlining our commitment towards responsible investing

and Environment, Social, and Governance (ESG) best practices while acting in the best long-term interests of our members. With climate change, environmental issues, and socio-economic challenges making headlines throughout the year, ensuring positive impact beyond profit across our investee companies has become vital in determining our decisions.

The evidence is in our favour, as ESG-compliant companies are proving to be more adaptable and future-ready, and in the longer term, more resilient and yield better returns. And, very recently, during the peak of the COVID-19 spread where lockdowns across the world severely slowed down the global economy, ESG-principled companies proved to be the most resilient in times of crisis. Because of this, we are ever more confident that our shift to focusing on responsible investing is the right call.

In light of the volatile market conditions of 2019, I am satisfied that we still managed to declare a solid dividend of 5.45% with a payout amounting to RM41.68 billion for Simpanan Konvensional, and 5.00% for Simpanan Shariah with a payout amounting to RM4.14 billion. This is a clear reflection of our strong fundamentals, strategic foresight, and most importantly, prudent management.

As of 31 December 2019, our overall investment assets stood at RM924.75 billion (including cash and bank balances), with 37% in the Shariah portfolio in line with the country's aspirations of becoming an Islamic finance hub. Our overseas holdings stood at 30.3% and contributed 41.0% to the overall gross investment income of RM50.91 billion, bearing returns from the plan to diversify our assets geographically. 2019 was also the third consecutive year that the EPF recorded a gross investment income of over RM50 billion.

CHIEF EXECUTIVE OFFICER'S MESSAGE

**TRANSFORMING FOR THE NEXT DECADE**

Even though we are one of the world's oldest and most successful provident funds, the EPF has never rested on our laurels. We have continued to improve on our ranking among global peers, moving up to 16th place from 20th in the Melbourne Mercer Global Pension Index (MMGPI) in 2019.

Still, the need to continuously reflect on our successes and failures while demonstrating the willingness to transform for the better, is very critical in the EPF's journey into the next decade. The coming years are already fraught with more unpredictability and even at the time of writing, we have barely come out of the first wave of the COVID-19 pandemic before a potential global second wave is threatening to derail economic recovery.

This is on top of Malaysia becoming an ageing population by the year 2025. We are expecting the general population to grow to nearly 33.3 million this year, with 7.5% of them aged 65 and above. Also, despite living longer, according to the latest Khazanah Research Institute study,

Malaysians lose more than one-fifth of a year to the burden of medical conditions such as non-communicable diseases and mental disorders. As we consider the fact that a significant number of Malaysians do not have enough savings to last through their golden years, this new reality will surely impact the quality of life of our members.

Considering these factors, coupled with an increasingly volatile global economy, high local youth unemployment, and the recent business slowdown in many industries, the EPF must therefore bolster its efforts to help members achieve sufficient savings to lead a meaningful life as they leave their working years.

The fast-changing work landscape and rise of the gig economy, as well as shifts in business models and global supply chains, will all factor into the EPF's long-term strategies. For now, our priority is clear: we want to strengthen a purpose-driven, values-based foundation, and evolve from being just a social security organisation to building a more inclusive social well-being ecosystem. Sustainability will be at the core of this framework, both in terms

of financial returns to our members and also in judging the impact of the EPF as an organisation, on the environment and society at large. We will hold ourselves to the same high standards which we apply to our investments.

All changes must start with a shift in mindset. As VUCA defines the new normal, the EPF in turn seeks to embrace our very own connotation of it, one that emphasises Vision and Values, Understanding, Compassion, and Adaptability. Towards this end, we will continue to uphold and preserve our corporate culture through the values that have proven resilient over the past decades: Customer Focused, Continuous Improvement, Integrity, and Teamwork.

Finally, I would like to extend my deepest appreciation to our Chairman, the EPF Board, our passionate and talented personnel, our partners, employers, and of course our members, for being on this journey towards creating well-being for all Malaysians. We will forge ahead into the new decade with a renewed sense of vigour and purpose to help our members achieve a better future.

ALIZAKRI ALIAS

Chief Executive Officer

FIVE-YEAR FINANCIAL HIGHLIGHTS

	2015	2016	2017	2018	2019
	RESTATED				
FINANCIAL RESULTS SNAPSHOT					
Gross Investment Income*	44,234.03	46,557.22	53,139.68	49,436.69	49,756.59
Net Investment Income*	40,701.25	37,917.09	49,231.23	48,175.69	48,485.10
Other Income	231.71	196.31	171.82	200.05	172.51
Total Income	40,932.96	38,113.39	49,403.05	48,375.74	48,657.61
Total Expenditures**	1,245.88	1,248.26	1,412.83	1,483.30	1,439.00
Net Income	39,687.08	36,865.13	47,990.22	46,892.44	47,218.61
Dividend Credited to Member's Account	38,243.40	37,076.32	48,130.15	47,312.80	45,817.42
SUMMARISED FINANCIAL POSITION					
Total Net Assets Attributable to Members***	688,294.55	737,048.39	810,399.34	832,310.41	924,882.09
Total Assets	696,113.49	742,324.48	813,425.35	836,542.19	927,894.93
Total Liabilities	7,818.94	5,276.09	3,026.01	4,231.78	3,012.84
KEY FINANCIAL RATIOS					
PERCENTAGE (%)					
Return on Investment	7.48	7.12	7.30	6.57	5.71
Total Expenditures over Total Income****	2.78	2.67	2.86	3.07	2.96
Total Expenditures over Total Assets	0.18	0.17	0.17	0.18	0.16
Investments' Growth	8.42	7.34	8.96	9.87	8.50
Annual Dividend Rate: Simpanan Konvensional	6.40	5.70	6.90	6.15	5.45
Annual Dividend Rate: Simpanan Shariah	-	-	6.40	5.90	5.00

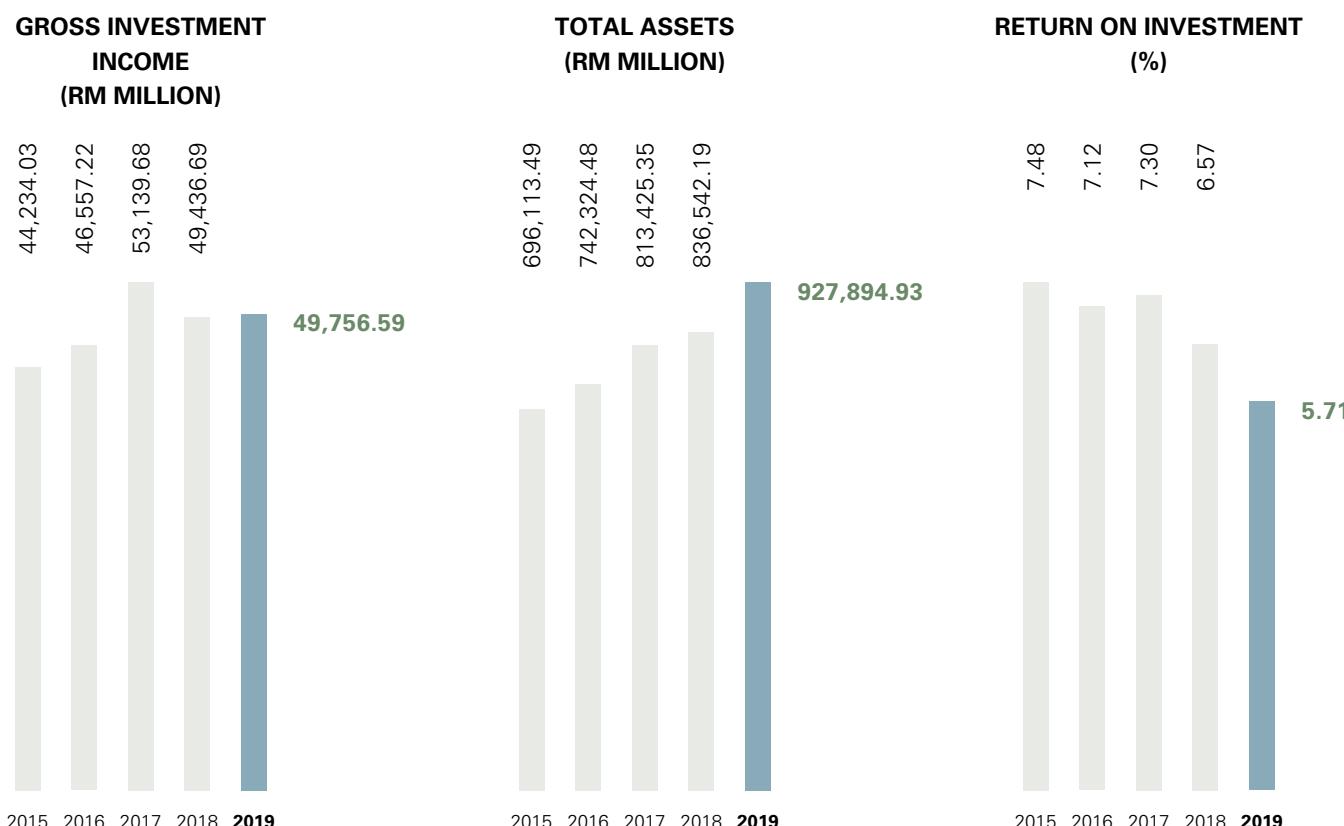
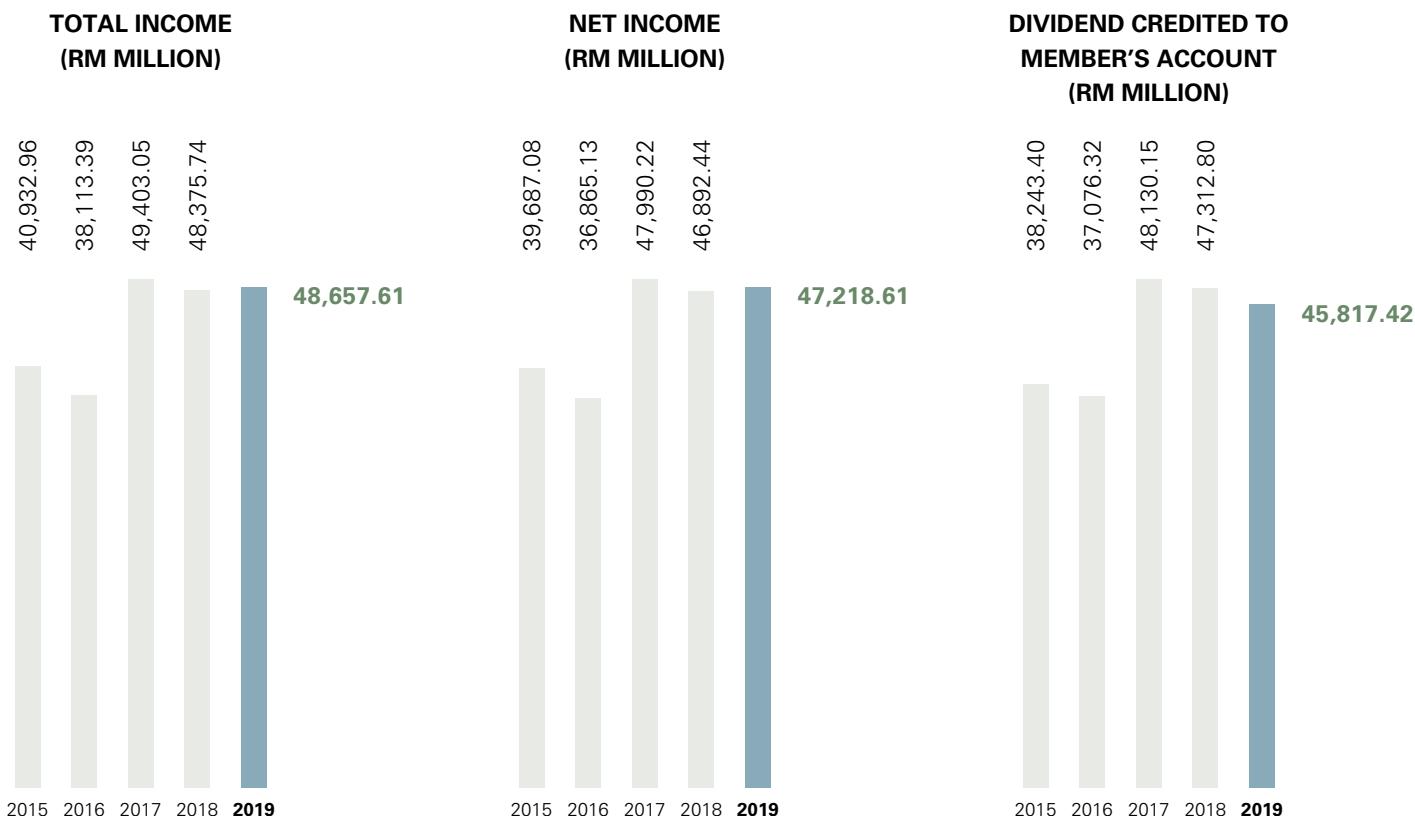
* Gross Investment Income and Net Investment Income after taking into account Cost Write Down on Listed Equities.

** Comprised of Operating Expenditures and Statutory Charges.

*** Comprised of Contributions Account, Cumulative Surplus and Financial Asset at Fair Value through Other Comprehensive Income Reserve.

**** Total Income includes Net Impairment on Financial Assets and Investment in Subsidiaries and Associates.

FIVE-YEAR FINANCIAL HIGHLIGHTS



EPF OVER THE YEARS 1951-2019

1951

- The Employees Provident Fund (EPF) was established under the EPF Ordinance 1951 and placed under the National Director of Posts.

1952

- Our network grew to 518,948 members and 11,918 registered employers. A total of RM2.6 million was collected in contributions.

1956

- We made our first short- and long-term investments in Federation, Singapore, and Municipal Government securities.

1958

- The EPF Board took over the administration of the EPF from the National Director of Posts.

1960

- We officially opened our new headquarters in Petaling Jaya, Selangor.

1961

- Tan Sri Dato' Abdul Jamil Abdul Rais was appointed as the EPF's first Malaysian Chairman.

1963

- The EPF Ordinance was amended, to cover employers who employ at least three persons, as opposed to five or more persons.

1967

- Automated data processing was introduced with the installation of a mainframe computer.

1968

- The EPF Ordinance was amended, to provide for the withdrawal of one-third of a member's savings upon reaching age 50, to assist in purchasing a house and preparing for retirement.

1969

- We extended our coverage to include Sabah and Sarawak.

1970

- Our asset size grew to RM2.1 billion, while membership approached 2 million.

1975

- The contribution rates increased to 6% for employees and 7% for employers. By this time, we had 2.6 million members and 75,000 registered employers.

1977

- The EPF Ordinance was amended to:
 - Increase employees' contribution rate;
 - Allow the self-employed the option to contribute to the EPF; and
 - Allow members to withdraw up to 10% of the purchase price of a low-cost house from their savings.

1980

- Membership increased to 3.7 million with close to 110,000 registered employers, while contributions for the year surpassed the RM1 billion mark. The employee contribution rate was raised from 6% to 9% and employers rate from 7% to 11% effective 1 December.

1981

- To mark the EPF's 30th anniversary, the Minister of Finance laid the foundation stone for a new 28-storey EPF building in Jalan Raja Laut, Kuala Lumpur.

1982

- On 22 July, the EPF Ordinance 1951 became the EPF Act 1951.

1983

- We declared our highest dividend rate of 8.5%, which we maintained until 1987.

1990

- We invested significantly in corporate bonds for the first time and increased the number of our portfolio managers.

1991

- We celebrated our 40th anniversary, and the EPF Act 1951 (Amended 1982) was replaced with the EPF Act 1991 to liberalise investment regulations and enhance the withdrawal schemes while facilitating enforcement.

1993

- We ventured into project financing and joint ventures for the first time, in line with the Government's privatisation agenda.

1995

- We introduced the first Social Security Course in the country, attended by our officers as well as those from other social security organisations.

1996

- We launched the Members Investment Scheme, allowing members with more than RM55,000 in their Account 1 to invest in unit trusts through approved Fund Management Institutions appointed by the Securities Commission.

1997

- Construction began at the EPF Social Security Training Institute, currently known as EPF Learning Campus, in Bangi, Selangor.

1999

- Our Computer Department successfully ensured all our systems achieved Y2K compliance.

2000

- We introduced the Education Withdrawal Scheme and the Pensionable Employees Withdrawal Scheme.

2001

- Membership grew to 10 million and total assets to RM186 billion. In April, Tan Sri Azlan Zainol was appointed as Chief Executive Officer of the EPF.

2003

- We established a Call Management Centre and set up a one-stop customer service centre at the EPF Headquarters at Jalan Raja Laut, Kuala Lumpur.
- A high-level Business Process Reengineering project, known internally as SERVE (Service Excellence), was initiated to redesign and streamline our work processes and IT systems through the replacement of the legacy mainframe system.



2004

- We introduced the Balanced Score Card management system as part of our strategy to become a world-class social security organisation and the top government agency in Malaysia.
- The e-Kiosk, which allows members to print their statement using their MyKad, was set up in 13 states and 28 branch offices nationwide.

2007

- We introduced Beyond Savings, which restructured members' accounts from three to two; introduced the Flexible Age 55 Withdrawal scheme; and allowed members with savings in excess of RM1 million to manage their savings on their own.

2008

- Effective 1 February, we extended the liability period for EPF contributions from age 55 to 75. We also set Basic Savings targets for different age levels to help members accumulate at least RM120,000 by age 55.
- We established the nation's first Social Security Endowed Chair at the University of Malaya.
- We established the International Social Security Association Sub-Regional Office for ASEAN countries in Kuala Lumpur to enhance cooperation among the ASEAN social security organisations in the area of social security development.

2009

- We introduced the Anti-Fraud and Whistleblowing policies.
- We were awarded a Five-Star Rating by the Malaysian Administrative Modernisation and Management Planning Unit (MAMPU).

2010

- We launched the 1Malaysia Retirement Savings Scheme for the self-employed, and the service was later extended to include housewives.
- We introduced the electronic Members Investment Option system to replace the manual system of withdrawal applications by members for investment in unit trusts.

2011

- We extended our list of critical illnesses under the Health Withdrawal from 39 illnesses to 55, and permitted members to purchase medical support equipment effective 15 July 2011.

2012

- We were awarded a Five-Star Excellence Ranking as a top front-line agency by MAMPU for the second time.

2013

- We introduced e-Caruman, an online facility that allows employers to remit their contributions through i-Akaun on the myEPF website (www.kwsp.gov.my).
- The e-Pengeluaran was introduced, allowing EPF members to submit withdrawal applications online through their i-Akaun.
- Datuk Shahril Ridza Ridzuan was appointed EPF's Chief Executive Officer on 16th April 2013.

2014

- We revised the Basic Savings, setting RM196,800 as the minimum amount members should have in their EPF accounts when they reach age 55.
- We launched our first mobile application, the EPF i-Akaun.
- We introduced the Retirement Advisory Service at our main branches in Jalan Raja Laut, Kuala Lumpur and Jalan Gasing, Petaling Jaya.

2015

- We carried out the Members' Consultation exercise to obtain members' feedback on our proposed enhancement initiatives. The exercise received overwhelming response with 96,448 respondents.
- The Members' Consultation also revealed that 65.7% of respondents were members aged 40 and below. This demonstrated that members aged 40 and below are increasingly interested in actively taking charge of their retirement planning.

2016

- We introduced Simpanan Shariah to provide members with the option to have their account managed and invested according to shariah principles.
- Registration for Simpanan Shariah started on 8 August and to be eligible for Simpanan Shariah 2017, members were required to register by 23 December.

2017

- We announced the reclassification of data involving the number of EPF Members and employers starting with the Q32017 Operations results.
- We announced four enhancements to our schemes and policies which came into effect on 1 January 2018 as part of our continuing effort to improve and meet members' increasing expectations.

2018

- For the first time ever, we declared a dividend rate of 6.40% for Simpanan Shariah 2017, with payouts amounting to RM3.98 billion.
- The iconic EPF Petaling Jaya building caught fire. No casualties were reported and our staff was relocated to other branches and offices.
- The Deputy Prime Minister launched Caruman Sukarela Insentif Suri (i-Suri) at the EPF International Social Security Conference 2018.
- In August, Tunku Alizakri Alias assumed the post as EPF's Chief Executive Officer, replacing Datuk Shahril Ridza Ridzuan who was appointed as Managing Director of Khazanah Nasional Berhad.

2019

- The Minister of Finance launched *Belanjawanku: Expenditure Guide for Malaysian Individuals and Families*, on which we collaborated with University of Malaya's Social Wellbeing Research Centre.
- In April, we announced our signing of the United Nations-supported Principles for Responsible Investment (PRI), underlining our commitment towards responsible investing and ESG best practices.
- i-Invest was launched in September, as we continue to deliver value to members by embracing the digital future.
- We convened the International Social Well-being Conference 2019, reflecting the necessary shift in focus on longer-term economic, environmental, and civil issues.



GROUP CORPORATE STRUCTURE



REAL ESTATE

100%	Affordable Homes Sdn Bhd
100%	Alpha Real Estate Investment Trust
100%	Common Icon Sdn Bhd
100%	Kwasa Land Sdn Bhd
100%	Kwasa Logistics Sdn Bhd
100%	Kwasa Properties Sdn Bhd
100%	Kwasa Utama Sdn Bhd
100%	Naungan Sentosa Sdn Bhd
100%	Symphony Insight Sdn Bhd
100%	Tanjung Wibawa Sdn Bhd

FINANCIAL INSTITUTIONS

100%	Yarra Development Holdings (Australia) Sdn Bhd	98.33% Rashid Hussain Berhad^
85%	PPNK - Harta Sdn Bhd	64.48% Malaysia Building Society Berhad
80%	YTR Harta Sdn Bhd	41.69% RHB Capital Berhad^
40%	Nusa Gapurna Development Sdn Bhd	41.55% RHB Bank Berhad
34%	Bandar Eco - Setia Sdn Bhd	20% FWD Takaful Berhad
30%	Jelas Puri Sdn Bhd	(previously known as HSBC Amanah Takaful (Malaysia) Berhad)
30%	Panca Pesona Sdn Bhd	
29.27%	Iskandar Capital Sdn Bhd	
20%	Iskandar Investment Berhad	

Nota:

1. ^ The Companies are under liquidation process.
2. * New company incorporated in 2019.
3. Refer to Note 40 and 41 to the EPF Financial Statement 2019 for the complete list of EPF subsidiaries, associates, and joint ventures.

GROUP CORPORATE STRUCTURE**CONSTRUCTION**

35.85% Malaysian Resources Corporation Berhad

**INFRASTRUCTURE/
MANUFACTURING**

100% Ekuiti Merdu Sdn Bhd
 100% Kwasa Suria Sdn Bhd*
 100% Melati Infrastruktur Sdn Bhd*
 100% Pinggiran Ventures Sdn Bhd
 49% PLUS Malaysia Berhad
 40% Konsortium Lebuhraya Utara-Timur (KL) Sdn Bhd

GLOBAL

100%	ADF Kwasa Korea Professional Investment Private Real Estate Investment LLC	100%	Kwasa Singapore Trio Pte. Ltd.
100%	Kwasa Asia	100%	KWASA US
100%	Kwasa Capital Limited	99.50%	Merbau Investors Offshore, L.P.
100%	KWASA Capital Partners Limited	99.18%	Merbau Investors Offshore, II L.P.
100%	Kwasa Emerald	99.01%	Merbau Investors Offshore, III L.P.
100%	KWASA Europe S.à r.l.	99.50%	Cengal Private Equity Investments plc
100%	KWASA Europe-I	99.47%	Cengal Private Equity Investments II plc
100%	KWASA Global (Jersey) Limited	99.35%	Cengal Private Equity Investments III plc
100%	KWASA Global-I (Jersey) Limited	99.25%	Meranti Fund L.P.
100%	Kwasa Infrastructure I	99.25%	Meranti Fund II L.P.
100%	Kwasa Infrastructure Alpha	99%	Jati Private Equity Fund L.P.
100%	Kwasa Infrastructure Beta	99%	Jati Private Equity Fund II L.P.
100%	Kwasa Infrastructure Sapphire*	99%	Jati Private Equity Fund III L.P.
100%	KWASA Invest Limited		
100%	KWASA Korea Limited		
100%	Kwasa Singapore Duo Pte. Ltd.		
100%	Kwasa Singapore Solo Pte. Ltd.		

68 BRANCHES ACROSS MALAYSIA

PULAU PINANG

- Bayan Baru
- Georgetown
- Seberang Jaya

PERAK

- Ipoh
- Kuala Kangsar
- Manjung
- Parit Buntar
- Taiping
- Teluk Intan

SELANGOR

- Gombak
- Kajang
- Klang
- Kuala Selangor
- Petaling Jaya
- Puchong
- Rawang
- Shah Alam

FEDERAL TERRITORY OF KUALA LUMPUR

- Jalan Raja Chulan
- Kepong
- Kuala Lumpur
- Seri Petaling
- Wangsa Maju

NEGERI SEMBILAN

- Bahau
- Nilai
- Seremban

MELAKA

- Alor Gajah
- Bandar Melaka
- Jasin

PERLIS

- Kangar

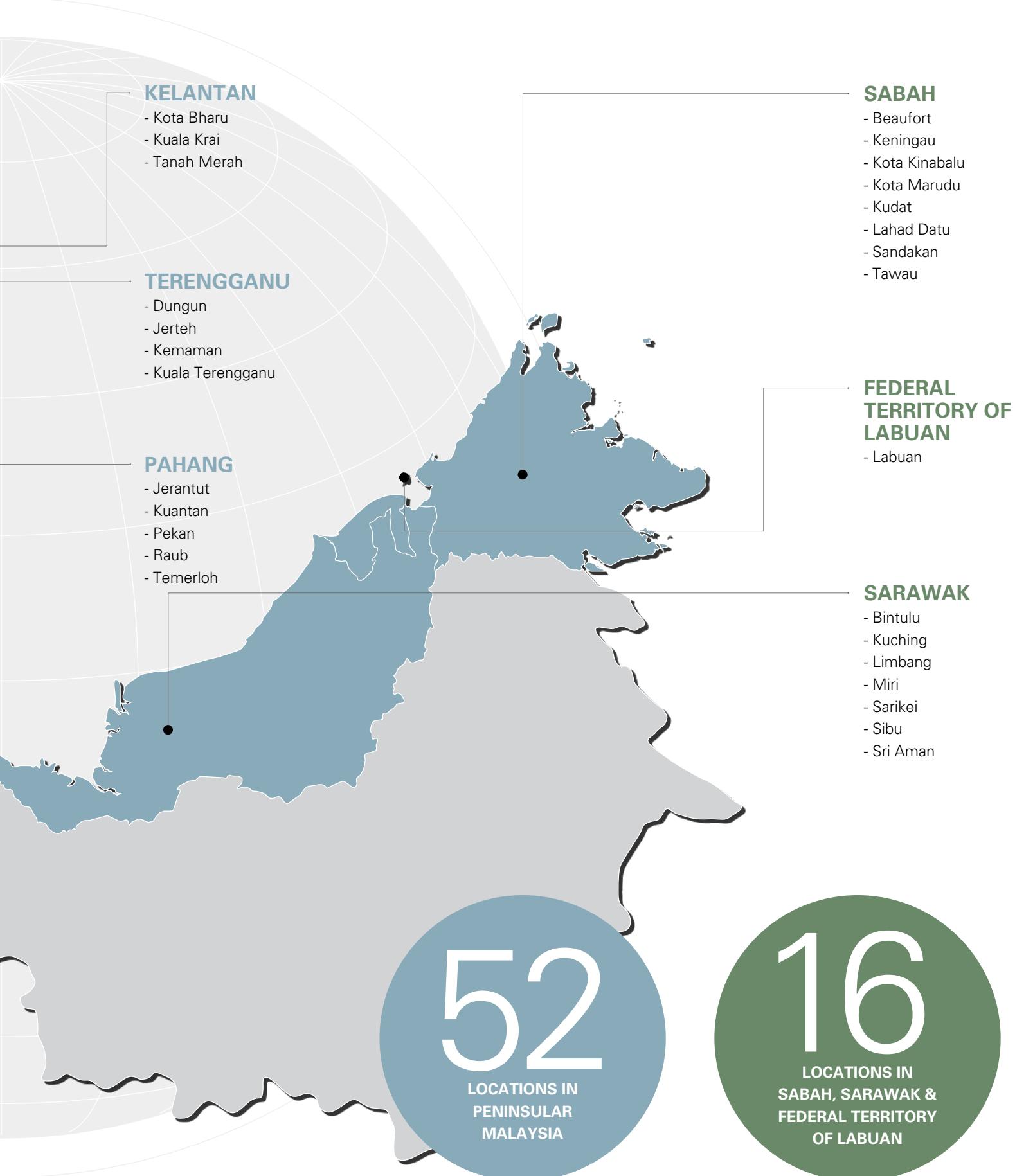
KEDAH

- Alor Setar
- Kulim
- Langkawi
- Sungai Petani

JOHOR

- Batu Pahat
- Johor Bahru
- Kluang
- Kulai
- Mersing
- Muar
- Segamat

68 BRANCHES ACROSS MALAYSIA



68 BRANCHES ACROSS MALAYSIA

STATE	BRANCH	ADDRESS	TELEPHONE NO.	STATE	BRANCH	ADDRESS	TELEPHONE NO.
Perlis	Kangar	Tingkat Bawah, Blok Podium, Bangunan KWSP, Jalan Bukit Lagi, 01000 Kangar, Perlis	04-9761190	Selangor	Kuala Selangor	Tingkat GF & 1, No. 1, Jalan Medan Niaga 6, Medan Niaga 45000 Kuala Selangor, Selangor	03-32896504
Kedah	Alor Setar	Aras Bawah, Mezzanine, 8 & 9, Bangunan KWSP Peladang, No. 33, Jalan Sultan Badlishah, 05000 Alor Setar, Kedah	04-7332506		Petaling Jaya	Lot A, Ground Level, Menara PJX-HM Shah Tower, No. 16 A, Persiaran Barat, 46050 Petaling Jaya, Selangor	03-79322913
	Kulim	No. 33 & 34, Persiaran 7, Kulim Avenue, Kulim Hi-Tech Park, 09000 Kulim, Kedah	04-4034600		Puchong	No.19, Jalan Bandar Lapan Belas, Pusat Bandar Puchong, 47160 Puchong, Selangor	03-80754747
	Langkawi	No 25 (GF-1), Langkawi City, Mukim Kuah, 07000 Kuah, Langkawi, Kedah	04-9671405		Rawang	No. 3S-10-G & 3S-10-1, Rawang One, Jalan Pintas Rawang, 48000 Rawang, Selangor	03-60910286
	Sungai Petani	Tingkat Bawah & 1, Wisma Keladi, No. 11A, Jalan Bank, 08000 Sungai Petani, Kedah	04-4225800		Shah Alam	Tingkat G, 1 & 2, Corporate Tower IDCC Shah Alam, Jalan Pahat L 15/L, 40200 Shah Alam, Selangor	03-55451577
Pulau Pinang	Bayan Baru	Tingkat Bawah & Tingkat 1, Blok F-2, Lorong Bayan Indah 1, Bay Avenue, 11900 Bayan Baru, Pulau Pinang	04-6442841	Federal Territory of Kuala Lumpur	Jalan Raja Chulan	Tingkat Bawah, Mezzanine & 1, No. 3, Bangunan KWSP, Changkat Raja Chulan, 50200 Off Jalan Raja Chulan, Kuala Lumpur	03-20786788
	Georgetown	Menara KWSP, Tingkat 3 & 4, No. 38, Jalan Sultan Ahmad Shah, 10050 Georgetown, Pulau Pinang	04-2261000		Kepong	No. 1 & 3, Jalan Laman Rimbunan Raya 1, Laman Rimbunan, 52100 Kepong, Kuala Lumpur	03-61794569
	Seberang Jaya	Bangunan KWSP Tingkat 1-5, No. 3009, Off Lebuh Tenggiri 2, 13700 Bandar Seberang Jaya, Pulau Pinang	04-3992000		Kuala Lumpur	Tingkat Bawah, Bangunan KWSP, Jalan Raja Laut, 50350 Kuala Lumpur	03-26946566
Perak	Ipoh	Tingkat Bawah, 6, 7 & 8, Bangunan KWSP, Jalan Greentown, 30450 Ipoh, Perak	05-2420000		Seri Petaling	No. 2, Jalan Radin Bagus 6, Bandar Baru Seri Petaling, 57000 Kuala Lumpur	03-90545249
	Kuala Kangsar	No. 8B, Tingkat Bawah & 1, Jalan Raja Chulan, 33000 Kuala Kangsar, Perak	05-7767484		Wangsa Maju	No. 32A, Dataran Wangsa, Wangsa Melawati, 53300 Kuala Lumpur	03-41499499
	Manjung	No. 260 & 261, Jalan PPMP 3/4, Pusat Perniagaan Manjung Point 3, 32040 Seri Manjung, Perak	05-6883800	Negeri Sembilan	Bahau	No. 4, 5 & 6, Pusat Perniagaan Kiara, 72100 Bahau, Negeri Sembilan	06-4542846
	Parit Buntar	No. 2 & 4, Jalan Wawasan 1, Taman Wawasan Jaya, 34200 Parit Buntar, Perak	05-7162428		Nilai	D'Nilai Convention Mall, No. G-6 & M-6, PT 9946, Jalan BBN 1/3F, Bandar Baru Nilai, 71800 Negeri Sembilan	06-7953323
	Taiping	No. 37 (GF-2) & No. 39 (GF), Persiaran TBC, Taiping Business Centre Jalan Tupai, 34000 Taiping, Perak	05-8085889		Seremban	No. 1 Jalan Dato' A.S. Dawood, 70100 Seremban, Negeri Sembilan	06-7663500
	Teluk Intan	No. 1-3G, Jalan Intan 2, Bandar Baru Teluk Intan, 36000 Teluk Intan, Perak	05-6215600	Melaka	Alor Gajah	8670-Lot 10, Kompleks Perniagaan Alor Gajah, Jalan Besar, 78000 Alor Gajah, Melaka	06-5565919
Selangor	Gombak	Lot 5, Sunway Batu Caves, 68100 Batu Caves, Selangor	03-61850780		Bandar Melaka	Bangunan KWSP, Jalan MITC, Hang Tuah Jaya, 75450 Ayer Keroh, Melaka	06-2853200
	Kajang	No. 1, Jalan Hentian 3, Pusat Hentian Kajang, Jalan Reko, 43000 Kajang, Selangor	03-87375223		Jasin	JC 538, Tingkat Bawah & 1, Jalan Bestari 5, Bandar Jasin Bestari Seksyen 2, 77200 Bemban, Melaka	06-5216080
	Klang	Tingkat Bawah & 1, Unit B-G-1, North Tower (Tower B), BBT One The Towers, Lebuh Batu Nilam 1, Bandar Bukit Tinggi, 41200 Klang, Selangor	03-33251626				

68 BRANCHES ACROSS MALAYSIA

STATE	BRANCH	ADDRESS	TELEPHONE NO.	STATE	BRANCH	ADDRESS	TELEPHONE NO.
Johor	Batu Pahat	No. 6 & 8, Jalan Sulaiman, 83000 Batu Pahat, Johor	07-4325436	Sarawak	Bintulu	Lot 6 & 7, Jalan Court, 97000 Bintulu, Sarawak	086-312909
	Johor Bahru	Tingkat 1, 12-17, Bangunan KWSP, Jalan Dato' Dalam, 80000 Johor Bahru, Johor	07-2225234		Kuching	Bangunan KWSP Kuching, Jalan Uplands, Beg Berkunci 2089, 93598 Kuching, Sarawak	082-240331
	Kluang	No. 8 & 10, Tingkat Bawah, 1 & 2, Jalan Haji Manan, 86000 Kluang, Johor	07-7724276		Limbang	Lot 1565, Tingkat Bawah, Jalan Buangsioi, 98700 Limbang, Sarawak	085-213051
	Kulai	No. 259 & 260, Jalan Kenanga 29/8, Indahpura, 81000 Kulai, Johor	07-6625919		Miri	Lot 1255 & 1256, Blok 10, MCLD Centre Point, Jalan Melayu, 98008 Miri, Sarawak	085-418418
	Mersing	Lot. No. 2, Tingkat Bawah, 1 & 2, Bandar Tepian Sungai, Jalan Jemaluang, 86800 Mersing, Johor	07-7982633		Sarikei	Tingkat GF & 1, No. 5, Jalan Nenas, 96100 Sarikei, Sarawak	084-655499
	Muar	Tingkat Bawah, 1, 2 & 3, No. 9, Jalan Petrie, 84000 Muar, Johor	06-9539288		Sibu	No. 10-12, Tingkat Bawah & 1, Lorong Kampung Datu 5, Jalan Kampung Datu, 96000 Sibu, Sarawak	084-310611
	Segamat	No. 5 & 6, Jalan Genuang Perdana, Taman Genuang Perdana, 85000 Segamat, Johor	07-9437166		Sri Aman	Tingkat Bawah & Tingkat 1, Lot 654, Blok 3, Daerah Bandar Simanggang, Jalan Hospital, 95000 Sri Aman, Sarawak	083-327357
Pahang	Jerantut	Tingkat Bawah, No. 7, Jalan Inderapura, 27000 Jerantut, Pahang	09-2667105	Federal Territory of Labuan	Labuan	Tingkat Bawah, Lot E004 Financial Park, Jalan Merdeka, 87000 Wilayah Persekutuan Labuan	087-424963
	Kuantan	Pejabat KWSP Kuantan, Bangunan KWSP Kuantan, Persiaran KWSP, Bandar Indera Mahkota, 25200 Kuantan, Pahang	09-5739666		Beaufort	Tingkat GF & FF, Unit No. A-005, Blok A, Beaufort Square Avenue 2, Jalan Binunuk, 89800 Beaufort, Sabah	087-225985
	Pekan	No. 10, Tingkat Bawah & Tingkat 1, Lorong Peramu Permai 1, Taman Peramu Permai, 26600 Pekan, Pahang	09-4264404	Sabah	Keningau	Beg Berkunci 20, Jalan Masak, 89009 Keningau, Sabah	087-337820
	Raub	No. 79, Jalan Tun Razak, 27600 Raub, Pahang	09-3551188		Kota Kinabalu	Blok A, Bangunan KWSP, Beg Berkunci 2019, 88598 Kota Kinabalu, Sabah	088-520100
	Temerloh	No 128B (GF, 1F & 2F) & No 128A (GF), Persiaran Damai 1, Damai Court, 28000 Temerloh, Pahang	09-2962948		Kota Marudu	Lot No. 2, Taman WTK Fasa II, Jalan Tandek, 89100 Kota Marudu, Sabah	088-662842
Kelantan	Kota Bharu	Tingkat 2, 3 & 5, Bangunan KWSP, Jalan Padang Garong, 15000 Kota Bharu, Kelantan	09-7445191	Kudat	Tingkat Bawah & Tingkat 1, Lot 1, Blok G, Jalan Mawar, Pekan Tomborungus, 89058 Kudat, Sabah	088-622819	
	Kuala Krai	Lot PT 5556, Tingkat Bawah & Tingkat 1, Taman Yani, 18000 Kuala Krai, Kelantan	09-9606629		Lahad Datu	Bangunan KWSP, MDLD 3330, Lot 65, Fajar Centre, Jalan Segama, Peti Surat 61828, 91126 Lahad Datu, Sabah	089-880801
	Tanah Merah	Lot 655, Jalan Hospital, 17500 Tanah Merah, Kelantan	09-9554200	Sandakan	Tingkat GF & 1, Lot 3A & 5, Midtown Plaza, Beg Berkunci 36, Jalan Lintas Utara, 90000 Sandakan, Sabah	089-210681	
Terengganu	Dungun	Tingkat GF & 1, Lot PT 15824 (Unit 22), Sura Gate Commercial Centre, Jalan Sura Jeti, 23000 Dungun, Terengganu	09-8443269		Tawau	Tingkat Bawah & 1, TB- 308, Blok 35, Kompleks Fajar, Jalan Perbandaran, 91000 Tawau, Sabah	089-779740
	Jerteh	Tingkat GF & 1, Lot 226, Jalan Dato Kamaruddin, 22000 Jerteh, Terengganu	09-6903778				
	Kemaman	Tingkat Bawah & Tingkat 1, PT 10720 & 10721, Taman Cukai Utama Fasa 4, Jln Kubang Kurus, 24000 Kemaman, Terengganu	09-8592132				
	Kuala Terengganu	Bangunan KWSP, Jalan Kemajuan, Padang Hiliran, 21100 Kuala Terengganu, Terengganu	09-6225866				

CORPORATE DIARY 2019

JANUARY

- 07 Townhall with Chief Executive Officer in Sabah
- 16 Launching of EPF Operations Initiative 2019



FEBRUARY

- 14 Chinese New Year Celebration
- 15 EPF Dividend 2018 Briefing to The Malaysian Trades Union Congress (MTUC)
- 16 Special Briefing and EPF Dividend 2018 Announcement
- 18 Media Briefing on EPF Dividend 2018
- 25 Visit from Korean Trade Minister H.E. Kim Hyun Chong



MARCH

- 04 Launching of Belanjawanku: Expenditure Guide for Malaysian Individuals and Families



- 08 2019 Women's Day Celebration
- 27 External Fund Managers Award

MAY

- 14 Visit from TNB Global Business Solution Division (TGBS)
- 15 Breaking of Fast at EPF HQ
- 16 Launching of New EPF Website



APRIL

- 16 Opening of EPF Taiping
- 24 EPF Management Conference 2019
- 27 Visit from Centre for Financial Sector Policy Agency, Ministry of Finance Indonesia
- 30



JUNE

- 19 Hari Raya Celebration at EPF HQ
- 20 Opening of New EPF Contact Management Centre (CMC) Office



- 23 Opening of EPF Langkawi

JULY

- 19 Visit from Retirement Fund Incorporated (KWAP)
- 23 Visit from Inland Revenue Board of Malaysia (LHDN)
- 30 EPF Medical Board Conference 2019

**SEPTEMBER**

- 20 Visit from Government Employees Pension Service (GEPS) Korea
- 23 Visit from the Malacca Chief Minister's Office
- 24 Launching of i-Invest



- 27 Visit from Negeri Sembilan Shariah Judiciary Department

NOVEMBER

- 21 International Social Well-being Conference (ISWC) and Signing of Memorandum of Understanding (MoU) with National Pension Service of Korea (NPS)



- 26 Visit from Malaysian Department of Insolvency
- 27 Deepavali Celebration
- 30 EPF Challenge Run 2019

AUGUST

- 06 Visit from Employees Provident Fund Nepal
- 17 EPF Challenge 2019 - Obstacle

**OCTOBER**

- 01 EPF 68th Anniversary
- 09 EPF Knowledge Fair 2019



- 09 Visit from Bank Negara Malaysia (BNM)
- 10 Visit from Badan Penyelenggara Jaminan Sosial (BPJS) Indonesia

DECEMBER

- 06 EPF HQ Annual Dinner 2019



STATEMENT ON CORPORATE GOVERNANCE

We believe that a sound corporate governance framework, supported by strong leadership and good management practices, contribute towards enhanced integrity, accountability, and transparency. In this regard, we continue to focus our efforts in raising awareness and adopting of sound corporate governance. As Malaysia's largest retirement fund with investment assets totaling RM924.75 billion, we strive to be at the forefront in championing sustainable investments by incorporating Environmental, Social, and Governance (ESG) principles in our investment considerations.

In 2019, we continue to raise awareness on corporate governance and practices through the following initiatives:

CORRUPTION RISK MANAGEMENT

The EPF has developed a Corruption Risk Management (CRM) mechanism through the Q-Radar system. It is one of the anti-corruption initiatives undertaken by the EPF to support the efforts of the Malaysian Anti-Corruption Commission (MACC), in preventing corruption, and the Management's commitment, under the Corporate Integrity Pledge signed on December 7, 2015. A total of 10 departments have implemented the Corruption Risk Management. They are as follows:

DEPARTMENT
Treasury Department
Private Market Department
Domestic Equity Department
International Equity Department
Capital Market Department
Enforcement Department
Digital Infrastructure Department
Property Management Department
Procurement Management Department
Investment Services Department

COMMUNICATION AND OUTREACH INTEGRITY PROGRAMME

The EPF has expanded its communication and awareness programmes to its employees on integrity and anti-corruption to educate and raise awareness on integrity through the Integrity Video Edu Promo, SmartFAQ Integrity, Integrity Portal, Integrity Fact Check Programme, and Integrity Outreach Dashboard. Face-to-face programmes have also been implemented as follows:

(a) Integrity Dimension Programme:

- (i) Briefing on Integrity by Syamsul Amri (Syamsul Debat), held on 1 October 2019;
- (ii) Briefing on the Procedure for Enabling Corporate Liability Section 17 (A) of the Malaysian Anti-Corruption Commission Act 2009, held on 11 November 2019, was presented by Y.Bhg Tan Sri Abu Kassim Mohamed, Director-General of the National Centre for Governance, Integrity and Anti-Corruption (GIACC); and
- (iii) Integrity briefing by officers from the Integrity and Governance Department (JITU) to eight departments and 11 branches.

(b) Integrity Reflection Programme:

The Integrity Reflection Programme featured speakers such as Edika Yusof, Ameng Spring and Ras Adiba Radzi, sharing their life experiences to inculcate values among EPF employees.

STATEMENT ON CORPORATE GOVERNANCE

EPF INTEGRITY AND ANTI-CORRUPTION PLAN

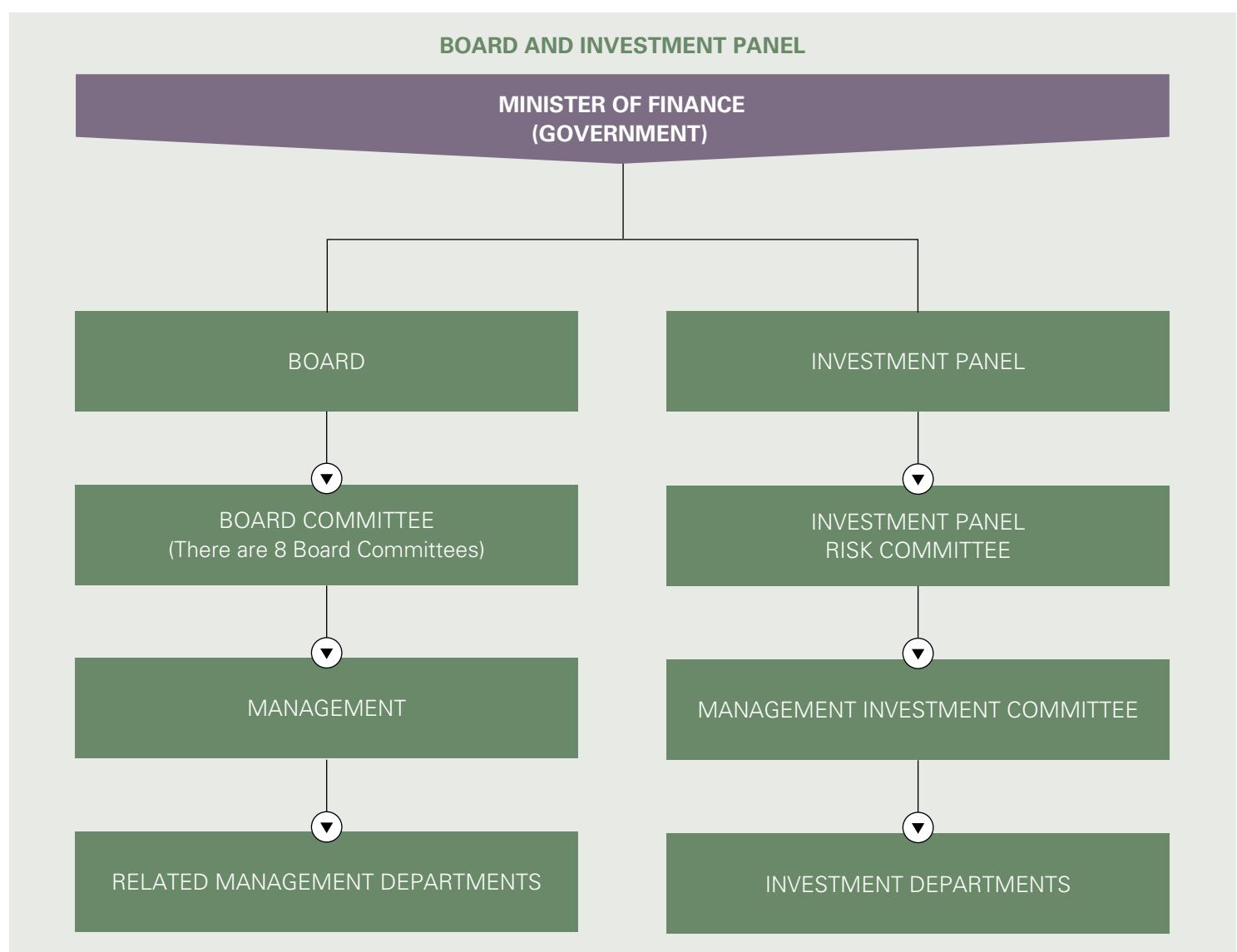
The Government launched the National Anti-Corruption Plan (NACP) 2019–2023 in early 2019 with the following aspiration, “Malaysia to be known for her integrity and not corruption”. All ministries, departments, agencies, and organisations are required to develop an Organisational Anti-Corruption Plan (OACP) within a year and report its status to the Anti-Corruption Committee, Ministry of Finance.

The Integrity & Governance Department (JITU), in line with the National Anti-Corruption Plan (NACP), has developed an OACP, known as the **EPF's Integrity and Anti-Corruption Plan**, which covers aspects of governance, integrity, and anti-corruption within

the organisation. The EPF's Integrity and Anti-Corruption Plan will be fully implemented involving everyone, including the Board, Management, all departments, branches, and EPF employees. This Integrity and Anti-Corruption Plan will be presented to the EPF Board for approval by year 2020.

CERTIFIED INTEGRITY OFFICER

The MACC requires that every organisation's integrity unit must include a Certified Integrity Officer (CeIO). In light of this, the EPF currently has two Certified Integrity Officers serving in the Integrity & Governance Department (JITU). All JITU officers will be certified as CeIO within two years.



STATEMENT ON CORPORATE GOVERNANCE

BOARD AND INVESTMENT PANEL APPOINTMENT PROCESS

The Board committee and Investment Panel members and the Chief Executive Officer (CEO) are appointed by the Minister of Finance. The Minister of Finance appoints persons who possess strong record of integrity, high calibre, and trustworthiness in executing their duties in an effective manner. The period of such appointment is two years.

BOARD AND INVESTMENT PANEL COMPOSITION

The EPF Act 1991 stipulates that membership of the Board must not exceed 20 persons, including the Chairman and CEO. In 2019, there were 18 members of the Board representing various interest groups:

- (a) Chairman;
- (b) Five members representing the Government, including a representative of the Ministry of Finance as Deputy Chairman;
- (c) Four members representing Employers;
- (d) Four members representing Employees;
- (e) Three professional members from various backgrounds; and
- (f) CEO as an ex-officio member.

The Investment Panel, headed by the Chairman of the EPF Board, comprises seven members:

- (a) Chairman;
- (b) One representative from the Ministry of Finance as Deputy Chairman;
- (c) One representative from Bank Negara Malaysia;
- (d) Three professional members from various backgrounds; and
- (e) CEO as an ex-officio member.

The EPF Board committee and Investment Panel members consist of individuals with distinguished achievements, diverse skills, competencies and experiences.

ROLES AND RESPONSIBILITIES OF THE BOARD AND INVESTMENT PANEL

The Board assumes a number of specific responsibilities, such as overseeing the implementation of policies related to the operations of the EPF, identifying key risk areas, and taking appropriate steps to manage these risks, as well as reviewing the adequacy and integrity of the internal control systems.

The Board relies on the integrity and due diligence of Senior Management, external auditors, and advisors to oversee the EPF's overall performance, key operational initiatives, financial plans and

annual budget, financial performance reviews, risk management, and corporate governance practices.

The EPF Act 1991 provides for the establishment of an Investment Panel to impart strategic directions on investment related issues. The Investment Panel determines and approves investment activities in line with existing guidelines, policies on risk control, and asset allocation.

Chairman and Chief Executive Officer

The roles and responsibilities of the Chairman and CEO are kept separate in accordance with best practices, and to ensure appropriate balance of power and supervision of the Management, increased accountability, and greater independence.

The Chairman leads and ensures effective and comprehensive discussion on matters brought to the Board and the Investment Panel. These include strategic issues as well as investment planning. The Chairman supervises the decisions of the Board and the Investment Panel, and ensures that the Board's decisions are translated into executive action.

The CEO's primary role is to manage the EPF's operations and investments effectively, in accordance with its strategies and policies, and provide close oversight, guidance, advice, and leadership to Senior Management.

Board and Investment Panel Effectiveness Evaluation (BEE/IPEE)

The EPF carries out a Board and Investment Panel Effectiveness Evaluation (BEE/IPEE) to assess the performance of the Board, the Investment Panel, Audit Committee, Board Risk Management Committee, Strategy Committee, Investment Panel Risk Committee, including the Chairman and CEO. This is in addition to the self and peer evaluation of the individual Board members. The review is carried out once in every two years by an independent professional body.

Board Diversity

In line with good governance practice, the EPF is committed to ensure diversity for the efficient functioning of the Board. The Board endeavours to bring together the diverse range of experiences, skills, knowledge, industry backgrounds, ethnicities, and genders to optimally achieve its investment objectives and governance performance.

STATEMENT ON CORPORATE GOVERNANCE**Board Attendance**

A total of eight Board and 20 Investment Panel meetings were held in 2019. Details of members' attendance at these meetings are as follows:

	BOARD	BOARD AUDIT COMMITTEE	BOARD RISK MANAGEMENT COMMITTEE	FINANCE AND DEVELOPMENT COMMITTEE	STRATEGY COMMITTEE	PERSONNEL, APPOINTMENT AND SERVICES COMMITTEE	BOARD DISCIPLINARY COMMITTEE	BOARD DISCIPLINARY APPEAL COMMITTEE	PROCUREMENT BOARD
Tan Sri Samsudin Osman (<i>Chairman</i>)	8/8	-	-	4/4	-	-	-	1/1	-
Datuk Siti Zauyah Md Desa (<i>Deputy Chairman</i>) (Service completed on 14 November 2019) Hazim Jamaluddin (<i>Alternate Member</i>) (Service completed on 14 November 2019)	5/6	6/6	-	3/3	-	-	-	-	-
Tan Sri Borhan Dolah (Appointed with effect from 8 October 2018 and completed his service on 9 September 2019) Datuk Dr. Rosslina Ahmad Mokhtar (<i>Alternate Member</i>) (Appointed with effect from 1 June 2019 and completed her service on 9 September 2019)	1/5	-	-	-	-	1/1	-	1/1	-
Dato' Amir Omar Dato' Lim Eng Hock (Retired on 26 July 2019)	5/8	-	-	-	1/2	-	1/1	-	-
Tan Sri Datuk Amar Haji Mohamad Morshidi Abdul Ghani (Service completed on 12 August 2019) Datu Dr. Sabariah Putit (<i>Alternate Member</i>) (Service completed on 12 August 2019)	4/4	-	1/2	-	-	-	1/1	-	-
Datuk Amar Jaul Samion (Appointed with effect from 13 August 2019) Datu Haji Mohamad Abu Bakar Marzuki (<i>Alternate Member</i>) (Appointed with effect from 13 August 2019)	3/4	-	1/2	-	-	-	-	-	-
Datuk Seri Panglima Hashim Paijan (Service completed on 2 November 2019) Datuk (Datu) Rosmadi Datu Sulai (<i>Alternate Member</i>) (Service completed on 2 November 2019)	3/6	-	-	-	-	1/2	-	-	-
Tan Sri Azman Shah Haron	6/8	-	4/4	1/2	1/1	-	-	-	-
Datuk Mohd Hasnol Ayub	7/8	-	-	2/2	-	1/2	-	-	5/5
Datuk Abang Haji Abdul Karim Tun Abang Haji Openg (Service completed on 31 May 2019)	3/4	4/5	-	-	1/1	-	-	1/1	-
Datuk Dr. Ting Ding Ing (Appointed with effect from 1 June 2019)	3/4	3/3	-	-	1/1	-	-	-	3/3
Tan Sri Dr. Lim Wee Chai	3/8	-	-	-	-	1/1	-	-	-
Dato' Abdul Halim Mansor	8/8	-	-	-	2/2	-	-	1/1	-
Tuan Haji Adnan Mat	7/8	-	-	3/4	-	1/1	-	-	8/8
Hadiyah Leen	8/8	7/8	-	-	1/2	-	1/1	-	5/5
Catherine Jikunan	8/8	-	3/4	-	-	1/1	-	1/1	3/3
Datuk Thomas George M.S. George	8/8	5/5	2/2	-	2/2	1/1	-	1/1	3/3
Khalid Haji Sufat	8/8	8/8	-	4/4	-	1/1	-	-	5/5
Zainal Abidin Mohd Kassim	7/8	3/3	2/2	-	2/2	-	1/1	-	-
Alizakri Alias	8/8	-	4/4	4/4	2/2	2/2	-	-	6/8

STATEMENT ON CORPORATE GOVERNANCE

	INVESTMENT PANEL	INVESTMENT PANEL RISK COMMITTEE
	ATTENDED	ATTENDED
Tan Sri Samsudin Osman (Chairman)	20/20	-
Tan Sri Ahmad Badri Mohd Zahir	9/20	-
Adnan Zaylani Mohamad Zahid	15/20	-
David Lau Nai Pek	18/20	3/3
Rossana Annizah Ahmad Rashid	17/20	3/3
Dato' Md Agil Mohd Natt	20/20	3/3
Alizakri Alias	20/20	3/3

BOARD AND INVESTMENT PANEL MEMBERS REMUNERATION

Board and Investment Panel members are paid a Fixed Monthly Allowance and a Meeting Attendance Allowance for each meeting attended. Remuneration details for each Board and Investment Panel member during the financial year are as follows:

Fixed Monthly Allowance and Meeting Attendance Allowance of Board and Investment Panel Members

ALLOWANCE	BOARD (RM)	INVESTMENT PANEL (RM)	BOARD/INVESTMENT PANEL/BOARD AUDIT COMMITTEE/BOARD RISK MANAGEMENT COMMITTEE/INVESTMENT PANEL RISK COMMITTEE/BOARD DISCIPLINARY APPEAL COMMITTEE (RM)	OTHER BOARD COMMITTEE COMMITTEES (RM)
Fixed Monthly Allowance	5,000	5,000	-	-
Chairman of Meeting	-	-	2,000	1,500
Meeting Attendance Allowance including Alternate Members	-	-	1,500	1,300

For the year 2019, the total Fixed Monthly Allowance and Meeting Attendance Allowances paid to the Board and Investment Panel members was RM1,851,752.00.

Emolument of Top Management

Position	EMOLUMENT (RM)
Chief Executive Officer and Deputy Chief Executive Officers	9,400,145.52

QUALITY AND SUPPLY OF INFORMATION TO THE BOARD AND INVESTMENT PANEL

To assist the Board and the Investment Panel in keeping abreast of the EPF's operational and financial performance, key issues, challenges and opportunities, the Management releases adequate operations and investment reports as well as financial statements to the Board and Investment Panel on a regular and timely basis.

STATEMENT ON CORPORATE GOVERNANCE**BOARD AND INVESTMENT PANEL COMMITTEES**

The Board and Investment Panel have established various Board and Investment Panel Committees to oversee specific matters pertaining to organisational operations and investments. Each committee operates within clearly defined terms of reference.

BOARD COMMITTEE	COMPOSITION	KEY FUNCTIONS
Audit Committee	Five members, including the Chairman	<ul style="list-style-type: none"> Assists the Board in evaluating the effectiveness of the internal controls, risk management (except in making investment decisions), and EPF governance processes. Oversees the financial reporting process and quality of financial reporting of the annual and interim financial statements. Reviews the appropriateness of the EPF's accounting policies and changes to the policies. Reviews matters which include internal audit functions and audit plans for the year, and held eight meetings in 2019 to deliberate on the reports of the internal and external auditors. Maintains a formal and professional relationship with external auditors, and convened one meeting with external auditors in 2019 without the presence of the Management.
Board Risk Management Committee	Five members, including the Chairman	<ul style="list-style-type: none"> Assists the Board in overseeing all operational risk management activities, except in making investment decisions. Held four meetings in 2019.
Investment Panel Risk Committee	Four members, including the Chairman	<ul style="list-style-type: none"> Oversees investment risk, which includes recommending the level of risk appetite for the Investment Panel to sign off, approving risk management policies, limits and methodologies for measuring investment risks, and providing direction in relation to risk management practices within the investment function. Held three meetings in 2019.
Finance and Development Committee	Six members, including the Chairman	<ul style="list-style-type: none"> Approves additional budget of not more than 5% from the total annual budget approved by the Board. Assists the Board in approving matters relating to financial impact such as write-offs of loss (other than Investment related matters). Held four meetings in 2019.
EPF Strategic Committee	Eight members, including the Chairman	<ul style="list-style-type: none"> Reviews in detail proposed amendments and policy changes related to the EPF Scheme. Endorses any recommendations and policy changes to the Board for approval. Oversees organisation and strategic initiatives performance. Held two meetings in 2019
Personnel, Appointment and Services Committee	Seven members, including the Chairman	<ul style="list-style-type: none"> Assists the Board in considering and approving matters on employment, which includes employment terms and conditions. Held two meetings in 2019.
Board Disciplinary Committee	Five members, including the Chairman	<ul style="list-style-type: none"> Responsible for any disciplinary proceedings and imposes penalties on employees as provided under the EPF Rules and Regulations (Conduct and Discipline) 1993. Held one meeting in 2019.
Board Disciplinary Appeal Committee	Seven members, including the Chairman	<ul style="list-style-type: none"> Considers any appeal by employees against the decisions made by the Disciplinary Committees. Held one meeting in 2019.
Procurement Board	Five members, including the Chairman	<ul style="list-style-type: none"> Responsible for matters relating to the procurement of works, services and supply of goods, excluding appointment of services of consultants in relation to investments. Held eight meetings in 2019.

STATEMENT ON CORPORATE GOVERNANCE

MANAGEMENT COMMITTEES

Apart from the EPF Board and Investment Panel committees, other management committees have been established and report directly to the Chief Executive Officer (CEO) or relevant key Senior Management members.

MANAGEMENT COMMITTEE	KEY FUNCTION
Management Investment Committee	<ul style="list-style-type: none">• Recommends investment activities to the Investment Panel in line with the EPF's guidelines, policies on risk control, and asset allocation.• Consists of 12 members, including the CEO (or Deputy CEO in the absence of the CEO) as Chairman.• Held 54 meetings in 2019.
Management Procurement Committee	<ul style="list-style-type: none">• Responsible for matters relating to procurement of works, services and supply of goods, except for the service appointment of consultants relating to investment.• Consists of key Senior Management, including the CEO as Chairman.• Held 12 meetings in 2019.

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board aims to provide a clear, balanced, and comprehensive assessment of the EPF's financial performance and prospects through the annual financial statements. This is in addition to providing transparent and up-to-date disclosures on the EPF's financial performance and prospects through quarterly announcement of results to stakeholders. Refer to page 117 to 321 of the Annual Report.

Risk Management and Internal Control

The Board and Management are fully committed to a robust internal control system, policies and procedures, to ensure stakeholders' interests and the EPF's assets are safeguarded. The Statement on Risk Management and Internal Control is on page 46 to 50 of this Annual Report, providing an overview of the state of internal control system within the EPF.

Corporate Responsibility

The EPF believes that there should be a balance between value creation and corporate responsibility.

COMMUNICATION WITH STAKEHOLDERS

The EPF believes that communication with stakeholders forms an important part of the corporate governance framework and acknowledges the need to be transparent to its stakeholders. The EPF discloses quarterly reports on its investment activities, comprising information on asset allocation, revenue generated from each asset class, and total fund size. It also discloses the top 30 equity investments on a quarterly basis to ensure transparency and provide stakeholders with information on the EPF's holdings in public listed companies in Malaysia.

The EPF continues to hold dialogues with its investee companies. In 2019, the Management visited 39 companies (11 local and 28 overseas). The EPF also attended and voted actively in 120 annual general meetings (AGM) and 18 extraordinary general meetings (EGM) of its investee companies.

As the EPF becomes more active in overseeing its investments, the organisation has appointed nominees on the boards of listed and unlisted companies. As at 31 December 2019, the EPF has nominees in 11 listed companies and 24 unlisted companies.

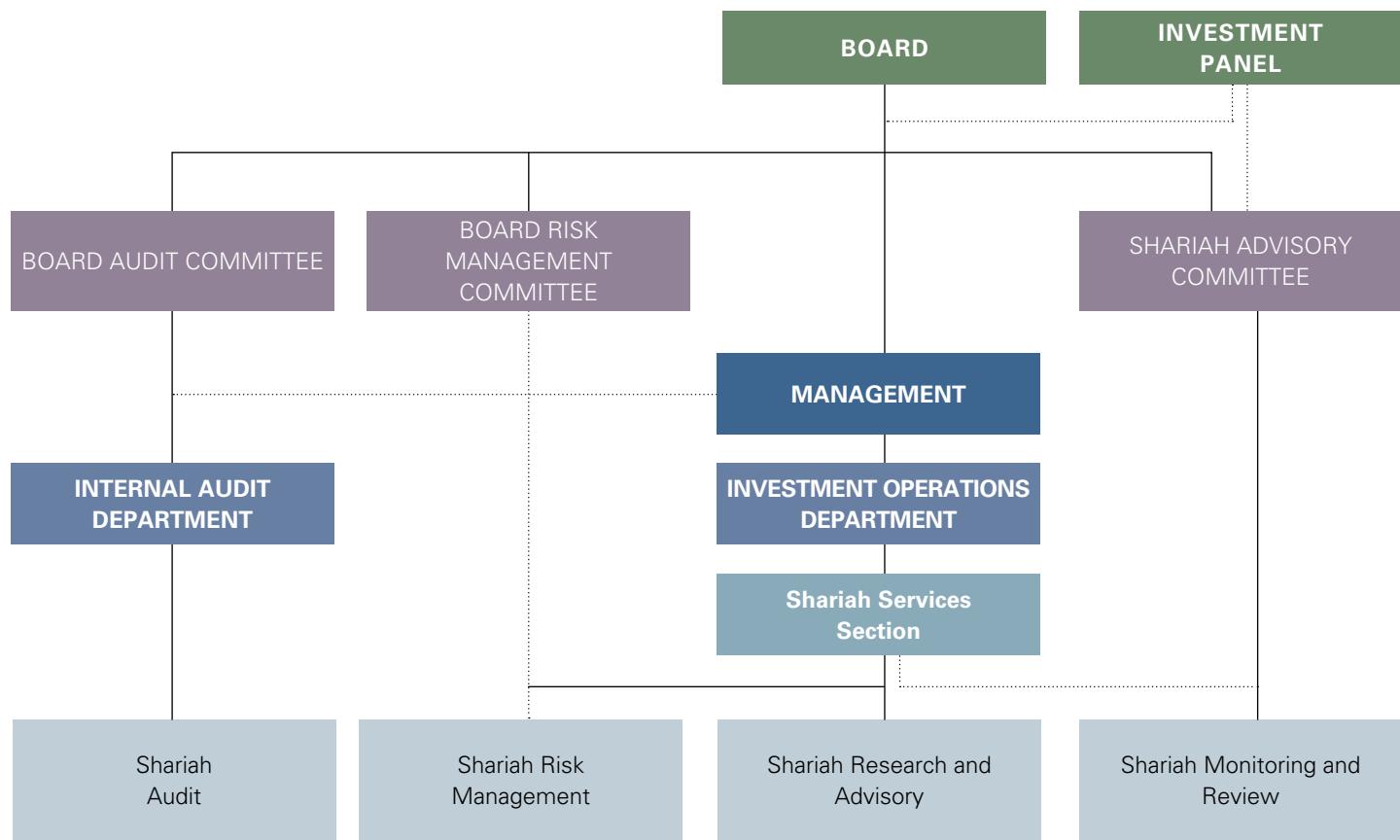
STATEMENT ON SHARIAH GOVERNANCE FOR SIMPANAN SHARIAH

Simpanan Shariah is a savings option for members that is managed and invested by the EPF in accordance with Shariah principles.

A Shariah governance framework has been established to govern the Shariah compliance aspects of Simpanan Shariah to ensure that the fund is managed in accordance with Shariah principles as required under Section 43A of the EPF Act 1991.

SHARIAH GOVERNANCE STRUCTURE

The Shariah governance structure under the framework is as described below:



COMPONENT	FUNCTIONS IN RESPECT OF EPF SIMPANAN SHARIAH
Board	<ul style="list-style-type: none"> Establishes the Shariah Advisory Committee (SAC) as the authority for the ascertainment of Shariah matters, for the purpose of advising the Board and Investment Panel in ensuring that the management of Simpanan Shariah complies with Shariah principles. Refers to the SAC on any matters relating to Shariah that requires the ascertainment of Shariah principles. The advice given by the SAC shall be binding on the Board. Establishes a Shariah compliance framework as described below.
Investment Panel	<ul style="list-style-type: none"> Refers to the SAC on any investment matter relating to Shariah that requires the ascertainment of Shariah principles. The advice given by the SAC shall be binding on the Investment Panel.

STATEMENT ON SHARIAH GOVERNANCE FOR SIMPANAN SHARIAH

COMPONENT	FUNCTIONS IN RESPECT OF EPF SIMPANAN SHARIAH
Shariah Advisory Committee	<ul style="list-style-type: none"> • Ascertains the application of Shariah principles on any matters relating to Simpanan Shariah. • Advises the Board and Investment Panel on any Shariah-related matters and the application of Shariah principles related to Simpanan Shariah. • Verifies and approves any Shariah Compliance Report in relation to the management of Simpanan Shariah for the EPF Annual Report.
Management	<ul style="list-style-type: none"> • Ensures that the operations and investments of Simpanan Shariah adhere strictly to Shariah principles by referring to the SAC for advice on all Shariah related matters and implementing all SAC rulings.
Shariah Compliance Framework	<p>There are four functions established by the Board under the framework:</p> <ul style="list-style-type: none"> • Shariah Research and Advisory is responsible for conducting Shariah research and providing Shariah advice. • Shariah Monitoring and Review is responsible for monitoring and review for the purpose of continuous assessment on the degree of Shariah compliance. • Shariah Risk Management is responsible for the management of Shariah non-compliance risk for the purpose of mitigating any possible Shariah non-compliance based on the EPF Operational Risk Management Framework. • Shariah Audit is responsible for Shariah auditing for the purpose of independent assessment of the adequacy and effectiveness of internal controls, risk management systems, governance processes and objective assurance on the compliance of Shariah policies and guidelines endorsed by the SAC.

APPOINTMENT OF SAC MEMBERS

The Board appoints not less than three persons as SAC members who are qualified in Shariah, or who have knowledge or experience in Shariah and in banking, finance, law, or other related disciplines.

The Board also stipulates that the SAC members must have a minimum of five years' experience in Islamic finance, and that two-thirds of its members must have at least a degree in Shariah, which includes Islamic Commercial Law (*Fiqh Muamalat*) or Principles of Islamic Jurisprudence (*Usul Fiqh*). Each appointment is for a two-year term and the appointee(s) may be reappointed.

SAC MEETING ATTENDANCE

A total of 13 SAC meetings, including one special meeting, were held in 2019. Details of SAC members' attendance are as follows:

SAC Members	MEETING ATTENDANCE
Prof. Dr. Mohamad Akram Laldin (Chairman)	13/13
Assoc. Prof. Dr. Aznan Hasan (Deputy Chairman)	13/13
Dr. Zaharuddin Abdul Rahman	13/13
Prof. Dr. Engku Rabiah Adawiah Engku Ali	13/13
Dr. Kamaruzaman Noordin	13/13

The EPF Management has appointed the EPF Legal Department as the SAC Secretariat.

STATEMENT ON SHARIAH GOVERNANCE FOR SIMPANAN SHARIAH

SAC HONORARIUM AND ALLOWANCES

The SAC members are paid a monthly honorarium and allowance for each meeting attended in 2019 as follows:

- (a) Honorarium (per month): RM5,000.00
- (b) Meeting Attendance: RM1,500.00

ACCESS TO INFORMATION AND DOCUMENTS

To assist the SAC in discharging its functions, the EPF Management provides the SAC access to all necessary information and documents, and the SAC shall safeguard the confidentiality of such information and documents.

SAC EFFECTIVENESS EVALUATION

The EPF carries out SAC Effectiveness Evaluation to assess the performance of the SAC. The review is carried out once in every two years by an independent professional body.

SAC ENGAGEMENT WITH THE BOARD AND INVESTMENT PANEL

The SAC is involved in various discussions with the Board and Investment Panel on matters related to Simpanan Shariah.

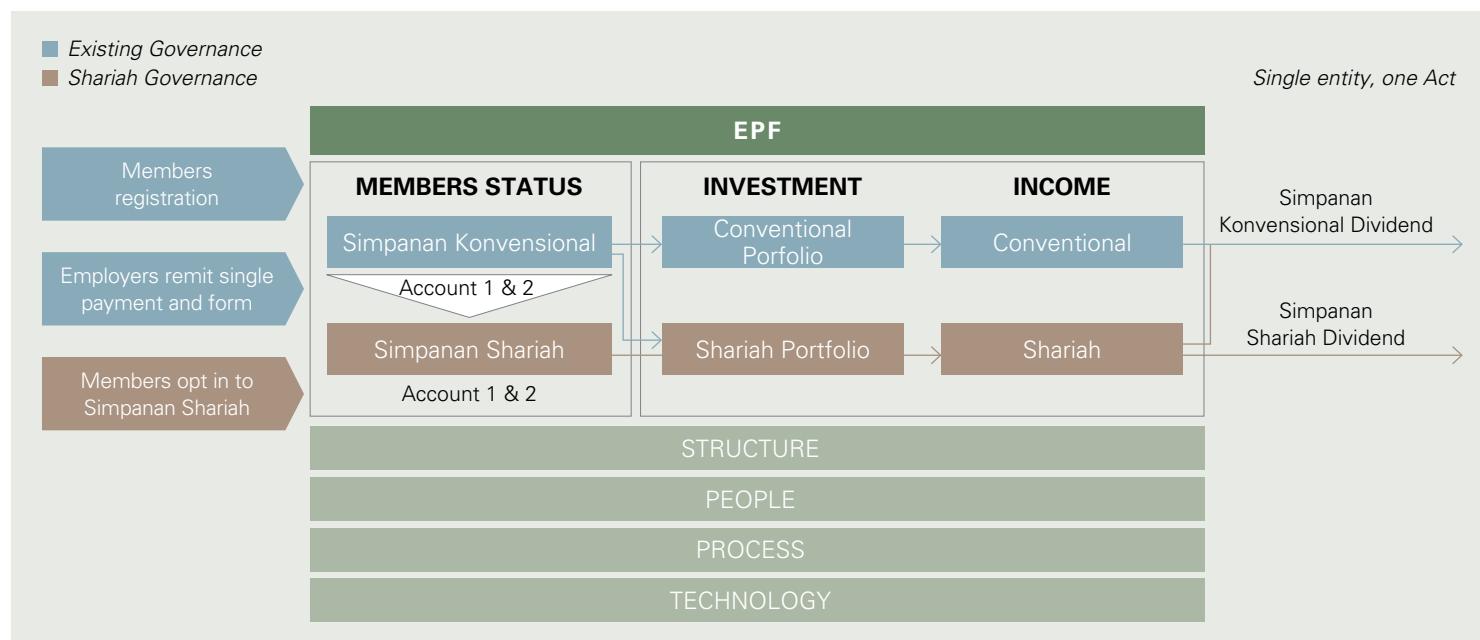
SAC REPORT

For each financial year, a Shariah Compliance Report in relation to the management of the Simpanan Shariah and approved by the SAC, is presented in the EPF Annual Report.

SHARIAH POLICIES FOR SIMPANAN SHARIAH

The Shariah governance framework is supported by detailed policies and procedures to ensure that every Shariah-compliant transaction complies with Shariah requirements. The SAC has formulated Shariah policies for Simpanan Shariah with respect to its operations, investment, finance, and treatment of Shariah non-compliant income, which among others are as follows:

1. Operating Model of Simpanan Shariah



STATEMENT ON SHARIAH GOVERNANCE FOR SIMPANAN SHARIAH

Simpanan Shariah adopts a portfolio-based management model as follows:

- (a) Simpanan Shariah and Simpanan Konvensional co-exist under one fund and managed by the Board.
- (b) EPF members opting for Simpanan Shariah are bound by the *Wakalah* contract, where members agree to appoint the Board as representative and trustee to manage and invest all credit (savings) in members' account in accordance with Shariah principles.
- (c) In addition to the EPF's corporate governance, Simpanan Shariah is also subject to the Shariah governance framework and Shariah policies relating to the operations and investment, as determined by the SAC from time to time.
- (d) The EPF's investment assets are segregated into two portfolios, namely the Shariah portfolio and conventional portfolio. Simpanan Shariah will only invest in the Shariah portfolio.
- (e) Simpanan Shariah leverages on the existing structures, resources, with some enhancement to the legal framework of EPF, operational processes, and IT systems to meet the Shariah requirements as prescribed by the SAC.

2. Shariah-compliant Investment

In addition to ethical investment practices, which prohibits from investing in sectors that manufacture and promote alcohol, gambling, adult entertainment, tobacco and military weapons, among others, all EPF's investment assets will undergo Shariah screening process based on Shariah criteria and guidelines set by the SAC. These serve to eliminate Shariah non-compliant elements such as *riba* (interest/usury), *gharar* (uncertainty in contract), *maysir* (gambling), and other prohibited elements such as non-halal goods and services.

Shariah policies on compliance and monitoring aspects of EPF's Shariah investments have also been set out by the SAC, and the policies will be updated from time to time.

As at 31 December 2019, 37.1% or RM342.96 billion of the EPF's investment assets are Shariah-compliant. As Simpanan Shariah members' savings balance is smaller than the total

EPF's Shariah-compliant investment assets in the Shariah portfolio, both Simpanan Shariah and Simpanan Konvensional will jointly invest in the Shariah portfolio. The Shariah income derived from the Shariah portfolio is allocated to Simpanan Shariah in proportion to its share in the said portfolio.

3. Reclassification Of Shariah-compliant Investment

The EPF's investments in both listed and private equities, real estates, and infrastructure are subject to periodic Shariah screening to review the Shariah compliance status of such investments.

For listed equities, Shariah classification will be reviewed periodically based on Shariah screening conducted by the Shariah Advisory Council of the Securities Commission Malaysia (SAC SC) for the domestic market and the relevant Shariah index providers subscribed by the EPF for global markets.

Shariah screening for investments in private equities, real estates, and infrastructure, will be conducted internally on an annual basis based on Shariah screening criteria and guidelines set by the SAC.

If any of the above investments fail the Shariah screening, the investment will be reclassified as Shariah non-compliant and will be transferred to the conventional portfolio.

Similarly, if any of the above investments in the conventional portfolio passed the Shariah screening, the investment will be reclassified as Shariah-compliant investment and will be transferred to the Shariah portfolio.

For Shariah mandates managed by external fund managers, any Shariah-compliant instruments being reclassified as Shariah non-compliant will be disposed of in accordance to the guidelines set by the SAC SC.

4. Treatment Of Shariah Non-compliant Income

In 2019, the Shariah non-compliant income was mainly derived from the late payment charges imposed on employers for late contributions; and the excess gain due to reclassification of Shariah-compliant equities into Shariah non-compliant equities.

STATEMENT ON SHARIAH GOVERNANCE FOR SIMPANAN SHARIAH

The late payment charges and/or dividends are imposed on employers and other parties for late payment of contributions and/or any financial obligation due and payable to the EPF, to safeguard the interest of members.

With regards to the Simpanan Shariah, the SAC allows the charges to be imposed as deterrent and penalty to defaulters either in the form of *ta'widh* (compensation) or *gharamah* (penalty at the rate above the *ta'widh* rate). The *ta'widh* amount as endorsed by the SAC, may be recognised as Shariah-compliant income, while any excess amount will be recorded as Shariah non-compliant income.

Any transactions suspected to be Shariah non-compliant will be reported to the SAC to determine the Shariah status of the transactions, including any income therefrom.

The SAC had resolved that the Shariah non-compliant income can only be utilised for allowable expenses through charitable activities, such as payment of statutory charges (death benefit, incapacitation benefit and invocation cost), and any excess Shariah non-compliant income (if any) may be utilised for operating expenditure and indirect investment expenditure.

For the financial year ended 31 December 2019, total Shariah non-compliant income was RM41.92 million and had been utilised for members' welfare through payment of statutory charges.

5. Dividend

The dividend policy for Simpanan Shariah is presented to the SAC for deliberation and Shariah endorsement.

The annual dividend of the Simpanan Shariah is based on the actual performance of the EPF's Shariah-compliant investments in the Shariah portfolio, i.e. realised Shariah-compliant investment income and non-investment income, after netting off expenses, allocated to Simpanan Shariah in proportion to its share in the Shariah portfolio.

Simpanan Shariah dividend declared by the Board for the financial year ended 31 December 2019 was 5.00%.

6. Dividend Purification

Muslim members who have opted for Simpanan Shariah, are exempted from the requirement to purify EPF dividends received prior to the offering of Simpanan Shariah, i.e. EPF dividends for financial year 2016 and earlier. Furthermore, any Simpanan Konvensional dividend credited to a member's account after switching to Simpanan Shariah (as the Simpanan Shariah account had not yet been in force) are also exempted from purification, as the member has no right to determine the effective date of the Simpanan Shariah account.

The Special *Muzakarah* of the *Fatwa* Committee of the National Council for Islamic Religious Affairs Malaysia, held on 18 August 2015, had also resolved that EPF is not obliged to purify dividends on EPF savings for all members who opted for Simpanan Shariah.

However, for Muslim members who recently chose to convert their account to Simpanan Shariah, they are advised to purify Simpanan Konvensional dividends as per resolution of the 87th *Muzakarah* of the *Fatwa* Committee of the National Council of Islamic Religious Affairs Malaysia, held on 23-25 June 2009:

"In Islam, property acquired by means that are not Shariah-compliant, such as usury, ambiguous transaction, gambling, fraud, robbery, plunder, corruption, etc is illegal and cannot be used for personal gain and benefit and must be cleansed through the following methods:

- (a) *channeled to Baitulmal for the general public interest of Muslims such as for funding the construction or maintenance of bridges, roads, toilets, etc; or*
- (b) *given to the poor."*

The purification rate for Simpanan Konvensional dividend 2019 is 71% of the total dividends credited to member's account.

SHARIAH ADVISORY COMMITTEE REPORT

In the name of Allah, the most Beneficent, the most Merciful.

All praise be to Allah and peace be upon the Prophet Muhammad, his family, his companions, and those who followed them.

We, members of the Shariah Advisory Committee of EPF (SAC), have reviewed the operations and investment of the EPF in relation to Simpanan Shariah for the year ended 31 December 2019, to form an opinion as to whether the scheme has complied with Shariah principles and rulings made by us on all Shariah-related matters. We hereby submit our report for the financial year ended 31 December 2019:

- (a) We have advised the Board and Investment Panel on all Shariah-related matters presented to us by the EPF Management through the Shariah decision made by the SAC, in relation to the operations and investment of Simpanan Shariah, to ensure compliance with Shariah principles as well as the relevant local and global Shariah resolutions and standards as recognised by us.
- (b) The EPF Management is responsible for ensuring that Simpanan Shariah is managed in accordance with Shariah principles by referring to the SAC for advice on any Shariah-related matters and implementing all Shariah rulings and policies set forth by the SAC.
- (c) In advising the EPF on Shariah-related matters, we have obtained all information and explanation from the EPF Management which we consider necessary to form any Shariah rulings. The EPF Management has also arranged for the SAC to visit selected EPF's Shariah-compliant assets.
- (d) We are also supported by the Shariah research and advisory as well as Shariah monitoring and review functions in the day-to-day oversight of Shariah compliance of Simpanan Shariah. In addition, the internal audit evaluates the internal control system and compliance with policies and procedures advised by the SAC, on a regular basis.
- (e) For the financial year ended 31 December 2019, there were 13 SAC meetings held to discuss the following:
 - (i) Shariah screening and issues relating to proposals on Shariah-compliant investment and the existing investment of the EPF, including relevant documents;
 - (ii) Shariah issues relating to the operations of Simpanan Shariah, including the implementation of online Simpanan Shariah via i-Akaun mobile application;
 - (iii) Research on Shariah matters carried out by the Shariah Services Section;
 - (iv) Updates on the Shariah governance framework and Shariah compliance policies and guidelines relating to the investment and operations of Simpanan Shariah, including financial reporting and dividend policy; and
 - (v) Reports on the reclassification of Shariah-compliant investments and Shariah non-compliant income.
- (f) We have also received and deliberated on the Shariah review reports that were presented by the Shariah Services Section on a quarterly basis as per the Shariah monitoring and review plan for 2019, approved by us. This was done for the purpose of continuous assessment on the degree of Shariah compliance of Simpanan Shariah with regards to annual Shariah screening of EPF holdings in alternative investment and initial public offering (IPO) and treatment of non-compliant income.

SHARIAH ADVISORY COMMITTEE REPORT

- (g) The Internal Audit Department has performed reviews on the operation and investment activities in relation to Simpanan Shariah. Result of the reviews were communicated to the EPF Management and reported to the Board Audit Committee. The Internal Audit Department is continuously monitoring the findings to ascertain action is being taken to resolve the audit observations. The SAC was informed about the audit observations and status of actions taken.
- (h) We acknowledge that appropriate efforts have been taken to rectify the gaps identified, and management actions are taken to prevent similar gaps from recurring.
- (i) In our opinion:
- (i) The contracts, transactions and dealings entered into by the Board in relation to Simpanan Shariah throughout the financial year ended 31 December 2019 that we have reviewed, are in compliance with Shariah principles;
 - (ii) The allocation of profits and losses relating to Simpanan Shariah as disclosed in Note 34.3 to the Financial Statements conforms to the basis that had been endorsed by us in accordance with the Shariah principles; and
 - (iii) All income earned by Simpanan Shariah from sources or means prohibited by the Shariah principles amounting to RM41.93 million as disclosed under Note 34.4 to the Financial Statements have been used for charitable activities such as payment of death benefit, incapacitation benefit, and invocation cost.

We, members of the SAC, hereby confirm that Simpanan Shariah for the financial year ended 31 December 2019 has been managed in conformity with Shariah principles.

On behalf of the SAC,



NAME : **PROF. DR MOHAMAD AKRAM BIN LALDIN**
TITLE : CHAIRMAN OF THE SAC
DATE : 1st June 2020

On behalf of the SAC,



NAME : **ASSOC. PROF. DR. AZNAN BIN HASAN**
TITLE : DEPUTY CHAIRMAN OF THE SAC
DATE : 1st June 2020

STATEMENT ON RISK MANAGEMENT

Uncertainties about the effects or implications of any one activity (internal or external), coupled with geopolitics, economic slowdown, change in political landscape, and any form of pandemic, requires the understanding of new risks to strengthen EPF's existing risk management process. Exercises like Scenario Analysis/Impact Assessment remain worthwhile to rationally assess some of the new uncertainties. Continuous strengthening of the organisation's governance structure, internal controls, and risk management framework are also key to address additional risks, if any.

OVERVIEW

2019 proved to be another challenging year for the EPF with changes in the political landscape, weak ringgit, and economic slowdown contributing to the market volatility that led to various events, which continue to shape the economic, financial, and risk landscape. Acknowledging this, the EPF continues to strengthen and enhance its robust risk management system to remain relevant and resilient ahead of the changing risk landscape to ensure that risks are managed effectively within the organisation.

THE RISK MANAGEMENT STRUCTURE

The EPF's risk management structure provides clear lines of responsibility and accountability for the risk management processes and outlines the principal risk management and control responsibilities. The EPF Board and Investment Panel oversee the organisation's overall risk management, and are assisted by the Board Risk Management Committee (BRMC) and Investment Panel Risk Committee (IPRC) to oversee all operational risk management activities, recommend the risk appetite, and allocate the risk budget.

STATEMENT ON RISK MANAGEMENT**EPF BOARD**

The EPF Board is responsible for the overall organisation's risk management, except for activities related to investment decisions.

INVESTMENT PANEL (IP)

The IP is responsible for overseeing risk management pertaining to the EPF's investment decision-making, and defines the level of risks that the EPF is willing to tolerate through its Risk Appetite Statements, which form the basis of fund allocation for investment.

BOARD RISK MANAGEMENT COMMITTEE AND INVESTMENT PANEL RISK COMMITTEE**BOARD RISK MANAGEMENT COMMITTEE (BRMC)**

The BRMC is responsible for assisting the Board in overseeing all operational risk management activities, except for activities pertaining to making investment decisions, and ensuring that the risk management process is in place and functioning effectively.

INVESTMENT PANEL RISK COMMITTEE (IPRC)

The IPRC is responsible for assisting the IP in recommending the risk appetite and appropriate allocation of risk budget. The IPRC is delegated with the responsibility to review and approve appropriate risk measurements, policies, processes, and limits to ensure their continued effectiveness.

DEDICATED COMMITTEES**MANAGEMENT OPERATIONS RISK COMMITTEE (MORC)**

The MORC oversees, implements, and executes the EPF's operational risk management (which includes strategies, culture, structure, people, and processes) and to ensure that the risk management framework is implemented effectively throughout the organisation.

INVESTMENT SERVICES DEPARTMENT (ISD)

The ISD department is responsible for monitoring and compliance of all investment-related risk policies and limits.

MANAGEMENT RISK COMMITTEE (MRC)

The MRC is responsible for developing and reviewing risk policies and appropriate limits for managing the EPF's investment risks.

DIVISIONS, DEPARTMENTS AND BRANCHES

All divisions, departments, and branches are responsible for managing risks in their respective functions on a day-to-day basis, as well as for escalating significant potential risks to the MORC via the RMD. Among the principal roles and responsibilities of these divisions, departments and branches are:

- (a) Identify, assess, and manage risks;
- (b) Constantly review their risk profiles to ensure relevancy and appropriateness;
- (c) Update the risk status and level of risk management and controls;
- (d) Develop and implement action plans to manage risks; and
- (e) Adhere to risk management practices and guidelines

MANAGEMENT INVESTMENT COMMITTEE (MIC)

The MIC is responsible for evaluating and recommending investment proposals to the IP. It also evaluates and recommends investment strategies and performance of external fund managers.

RISK MANAGEMENT DEPARTMENT (RMD)

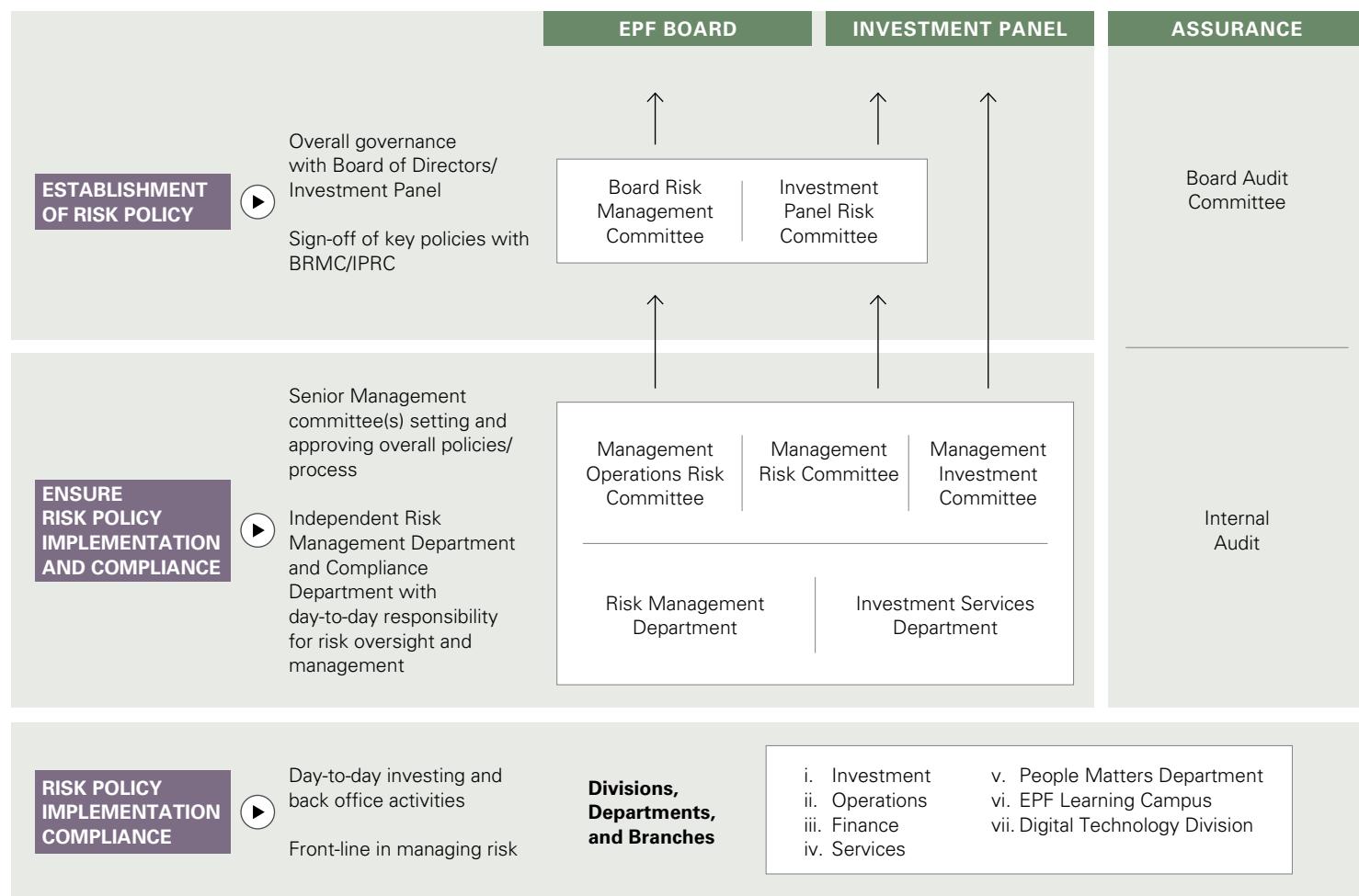
The RMD supports the MIC, MRC, MORC, IPRC, BRMC, and IP in all risk management matters covering investment risk, operational risk, risk measurement, independent assessment, and the monitoring and reporting of risk exposures.

STATEMENT ON RISK MANAGEMENT

RISK MANAGEMENT GOVERNANCE

The EPF believes that a strong governance structure is important to ensure an effective and consistent implementation of risk management throughout the entire organisation. In achieving that, the EPF's risk governance places accountability and ownership between three lines of defence where departments, branches, and the Management constantly engage in healthy and productive discussions on key risk matters and processes, thus creating a robust risk-practising culture. To further support its risk governance structure, the EPF has also developed structured policies and procedures to address all key risk areas in the organisation.

The EPF Risk Governance Structure consists of three lines of defence as shown below:



RISK APPETITE

The EPF's risk appetite defines the amount, level, and type of risk that the EPF is able and willing to accept in pursuit of its strategic objectives. It also sets out the level of risk tolerance and limits to govern, manage, and control the EPF's risk-taking activities.

The Risk Appetite Statements in investment define the level of risks that the EPF is willing to tolerate and form the basis of the allocation of funds for investment. The asset allocation is regularly reviewed to ensure that funds are invested within the EPF's risk appetite.

STATEMENT ON RISK MANAGEMENT

ENTERPRISE RISK MANAGEMENT

Operational Risk Management

The Operational Risk Management (ORM) supports and enhances the EPF's activities in all of its operational areas as ORM is an integral part of the EPF's decision making process and corporate culture. The four key areas of the ORM are:

- (a) Operational Risk Management Framework
- (b) Operational Risk Management Methodology and Process
- (c) Corporate Risk Scorecard
- (d) Business Continuity Management

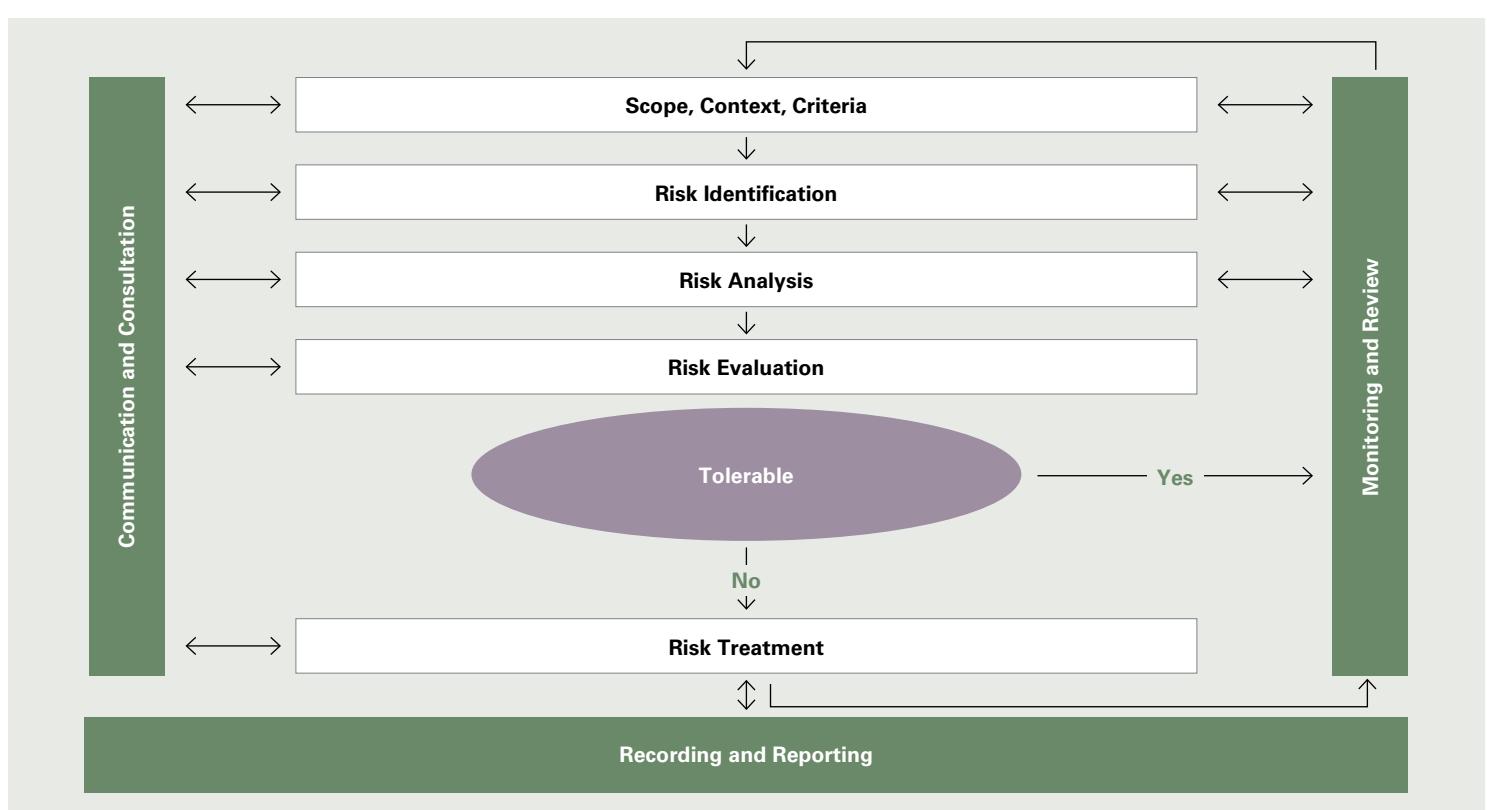
Operational Risk Management Framework

Through the adoption of the ORM framework (MS ISO 31000:2018 Risk Management – Principles and Guidelines) and robust processes, the EPF is able to manage its risks effectively by minimising the impact to an acceptable level. This framework is regularly reviewed to ensure its continuous application and relevance.

Operational Risk Management Methodology and Process

The main elements of the ORM process are as follows:

- (a) **Establishing the context:** Articulates the organisation's objectives, and defines the external and internal parameters to be taken into account when managing risks.
- (b) **Risk assessment:** The overall process of risk identification, risk analysis, and risk evaluation.
- (c) **Risk treatment:** Actions to be taken to prevent, detect, or manage the Net Risks to an acceptable level.
- (d) **Communication and consultation:** The two-way communication between Risk Management Department and stakeholders about the existence, nature, form, severity, or acceptability of risks.
- (e) **Monitoring and review:** Both activities are planned and are an integral part of the risk management process that involve regular checking or surveillance.
- (f) **Recording and reporting:** Risk management process where risks, its details, and minutes of meetings are recorded and reported periodically.



STATEMENT ON RISK MANAGEMENT

Corporate Risk Scorecard (CRS)

The CRS methodology incorporates the Risk and Control Self-Assessment (RCSA) module which allows employees to self-assess and update their risk profiles. The CRS is implemented through the Operational Risk Management (ORM) System that records the ownership and details of risks, controls, management actions, and incorporates changes to the risk scorecard. All business units use the risk scorecard as a tool to manage their risks effectively.

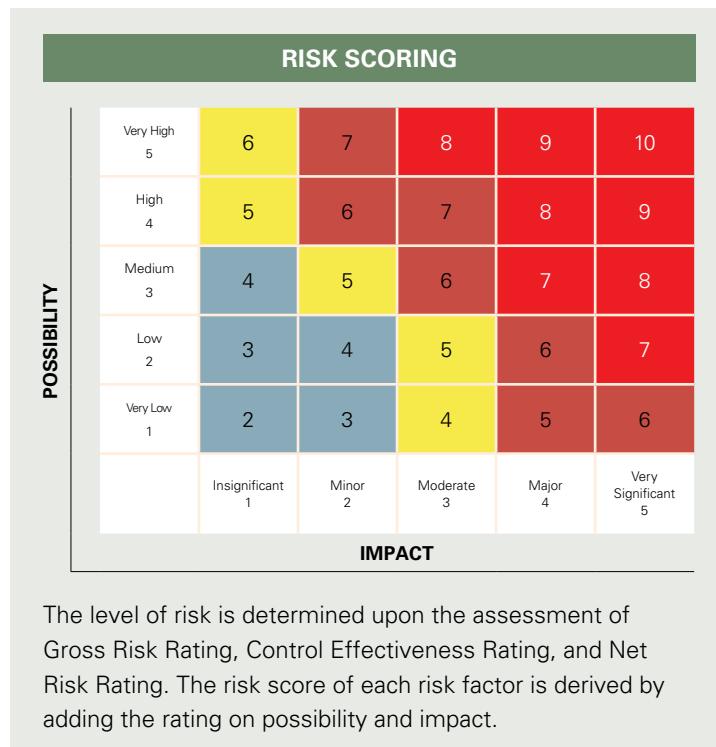
Access to the ORM system is provided on an enterprise-wide basis so that all Risk Scorecard Owners, Risk Owners, Control Owners, and Management Action (MA) Owners can undertake RCSA activities effectively. A total of 107 risk scorecards were established in 2019, comprising risk scorecards for C-Suites – Chief Executive Officer, Deputy Chief Executive Officer, Chief Investment Officer, Chief Strategy Officer, Chief Financial Officer, Chief Digital Technology Officer, 33 departments, and 68 branches. Risks in the EPF are monitored and managed through ownership from the line management, and the assurance process is implemented through the Corporate Digital Assurance (CDA) process.

Owners of scorecard, risk, control, and MA are required to provide digital assurance four times a year to the Management to give assurance that they have been managing risks within their risk profiles appropriately.

Key Risk Indicators (KRIs) identified in the risk scorecards act as an early warning system, enabling the EPF to monitor potential risks before they escalate into serious concerns.

The Risk Management Department reports and highlights risk management related issues in the Management Operations Risk Committee (MORC), Board Risk Management Committee (BRMC), and the EPF Board for their information and/or decision making on a periodic basis.

The methodology, which underlies our Corporate Risk Scorecard, is shown in the chart below:



STATEMENT ON RISK MANAGEMENT**BUSINESS CONTINUITY MANAGEMENT (BCM)**

The implementation of BCM in the EPF is based on these three components:

(a) Human Resource Readiness

This refers to the development of knowledge and skills in managing disasters. The implementation is carried out through awareness trainings, tutorials, walkthroughs, call trees, crisis simulation exercises, and BCM i-learning.

(b) Infrastructure Readiness

The system and equipment at the disaster recovery centre are tested to ensure optimal readiness and functionality in the event of a disaster, and that the infrastructure is adequate, to cater to the business continuity activities.

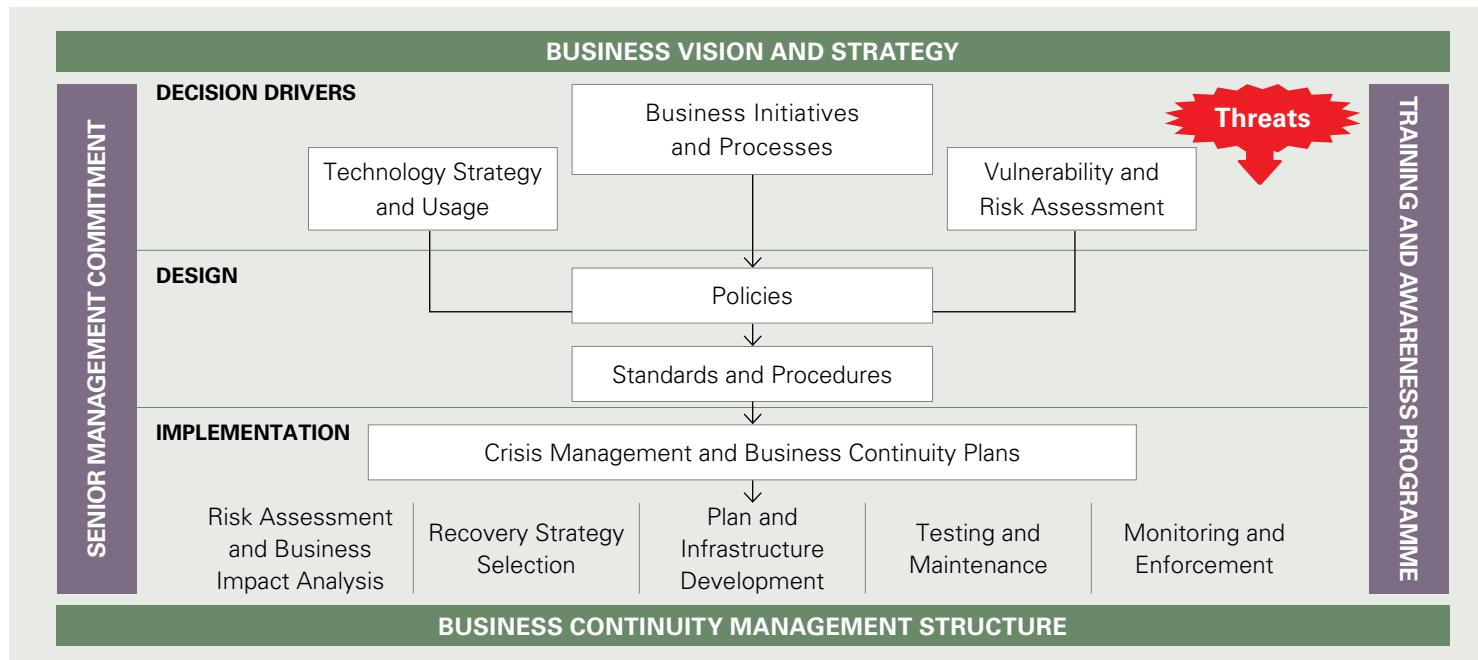
(c) Plan Readiness

The Business Continuity Plan (BCP) is regularly updated, based on current work functions, to ensure organisational readiness at all times. It applies to all departments and branches in EPF.

To ensure the EPF's readiness in facing disasters, unrehearsed crisis simulation exercises are conducted at selected branches annually. In 2019, one crisis simulation exercise was carried out to evaluate the branch's readiness in scenarios such as handling riots, fire, chemical leakages, cyber-attacks, together with the appropriate communication and relocation to the recovery site. The evaluation of the exercise and key recommendations were presented to the Board and Management, and also shared among EPF staff for their knowledge and learning.

The BCM Framework serves to develop a well-coordinated and consistent BCP that would allow the EPF to respond effectively to business disruptions, resume essential operations within the required time frame, and minimise the cost of damages and interruptions to business operations as a result of the disaster.

The illustration below shows the components of the EPF's BCM Framework:



STATEMENT ON RISK MANAGEMENT

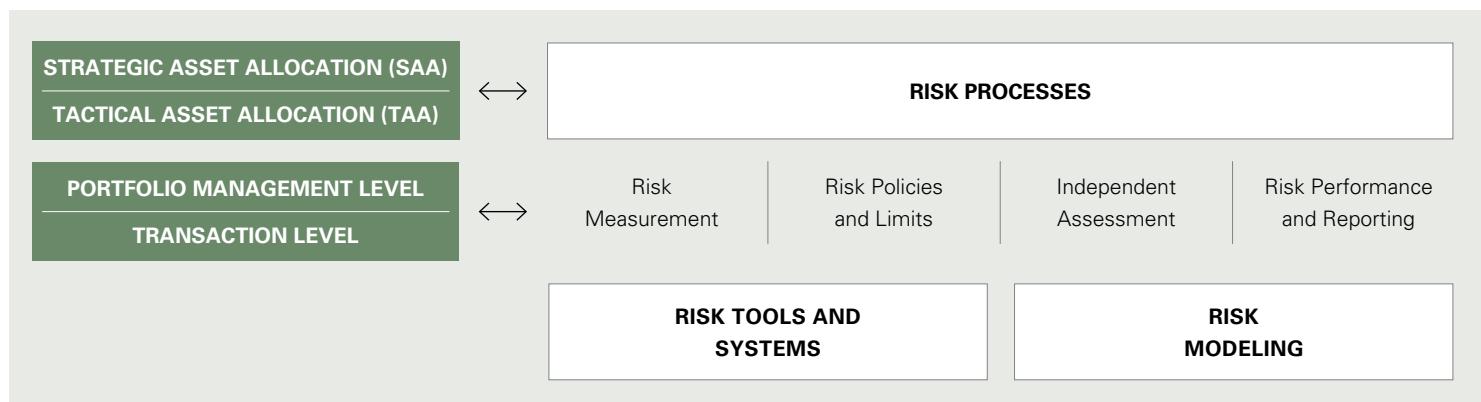
INVESTMENT RISK MANAGEMENT

There are four key areas of investment risk management:

- (a) Investment Risk Management Framework
- (b) Market Risk
- (c) Credit Risk
- (d) Liquidity Risk

Investment Risk Management Framework

The Investment Risk Management Framework governs the EPF's investment processes and ensures that effective risk management



Market Risk

Market risk is the risk of loss from changes in the value of portfolios and financial instruments due to movements in interest rates, foreign exchange, and equity prices.

The objective of market risk management in the EPF is to ensure that the risk exposures undertaken by the EPF are within its risk appetite. This is done through an annual review of various policies and limits, periodic reports to monitor market risk at portfolio level for each asset class, and independent validation performed on the underlying risk methodology:

- (a) **Name, ownership, country, and sector concentration limits:** to ensure appropriate diversification of risk exposures.
- (b) **Value-at-Risk (VaR):** a statistical measure of the potential losses that could occur as a result of movements in market rates and prices over a specified time horizon within a given confidence level.
- (c) **Duration:** to manage the sensitivity of the price of a fixed income investment arising from interest rate movement.

controls and procedures are in place with regards to investment decision-making.

This framework provides an approach to managing and anticipating both existing and potential risks arising from the EPF's investment portfolio, and enables the EPF to have a structured process to measure, assess, monitor, and manage its portfolio risks. This ensures the EPF optimises its returns on risk-taking activities within the risk appetite level as approved by the Board.

The Investment Risk Management framework is illustrated below:

- (d) **Tracking error:** a standard deviation of the portfolio's excess returns relative to a benchmark in measuring and benchmarking the performance of the portfolio.
- (e) **Backtesting:** a validation process performed to check the accuracy of the risk methodology used in computing VaR for both fixed income and equity portfolios.
- (f) **Stress testing:** an exercise conducted to capture the potential market risk exposure of 'what-if' scenarios. It incorporates factors such as correlation, volatility, and returns at different levels.

Credit Risk

Credit Risk arises when a counterparty's or an obligor's failure to meet its payment obligations results in a loss. EPF's credit risk exposure is in direct correlation towards its investing activities within fixed income instruments, private equity, real estate, and infrastructure asset classes.

The EPF's credit risk management involves detailed credit analysis, in-depth risk assessment methodology, and prudent underwriting

STATEMENT ON RISK MANAGEMENT

standards. Furthermore, EPF consistently and continuously reviews and updates its risk assessment methodology and credit underwriting standards to ensure consistency with industry or market best practices as well as being at par with other institutional peers.

At the portfolio level, the following credit risk management has been put in place to manage credit risk exposure:

- (a) Credit risk limits and Management Action Triggers (MATS) incorporating minimum broad credit criteria for investment, including name concentration and counterparty exposures;
- (b) Credit portfolio system to measure credit risk of the relevant portfolios using Credit Value-at-Risk (CVaR);
- (c) Periodic review of existing internal credit rating templates for obligors to ensure their relevance; and
- (d) Strong credit awareness or culture across the investment personnel in the EPF through active engagement with the investment personnel at all levels.

At the transaction level, the following credit risk management has been put in place to manage credit risk:

- (a) Independent risk assessment is conducted for every new investment proposal presented to the Management Investment Committee and Investment Panel meetings for decision making;
- (b) Close monitoring of changes to existing investments via assessments on an ad-hoc as well as periodic basis; and
- (c) Credit rating tools to measure the creditworthiness or Probability of Default (PD) of the obligors are as follows:
 - i) **Corporate rating template** which provides internal risk rating for corporate obligors;
 - ii) **Financial institution rating template** which provides internal risk rating for financial institution obligors; and
 - iii) **Credit tool** which measures the Expected Default Frequency (EDF) or Probability of Default (PD) to provide early warning signals for the EPF's close monitoring of respective obligors.

Liquidity Risk

Liquidity risk relates to the inability of the EPF to meet its financial commitments and obligations when they fall due. The EPF's liquidity risk is limited, as all contributions are mandated by the EPF Act 1991 through the deduction of salaries, and members

are allowed to make withdrawals under the pre-retirement and retirement schemes. The EPF manages its liquidity requirements through:

- (a) Monitoring of its daily cash flow and projecting monthly cash flow on a rolling 12-month basis;
- (b) Allocating 3.00% of its asset's value for short-term instruments in the form of cash and placements in financial institutions in order to meet members' withdrawals and other financial commitments and obligations; and
- (c) Diversifying its investment portfolio by setting the concentration limits on name, sector and asset type.

Over the medium and longer term, the EPF is able to meet its liquidity requirements through its holdings of liquid investments such as publicly traded equities and available-for-sale fixed-income securities. The maturity profile of the EPF's asset and liability is also monitored within a stipulated level. The Group and the EPF's financial liabilities are categorised into relevant maturity groupings based on the remaining period at the Statement of Financial Position date to the contractual maturity date.

TECHNOLOGY RISK MANAGEMENT

The EPF understands the need to manage technology risk, given the increasing compliance and regulatory requirements in the technology and digital landscape. In this respect, the EPF continues to ensure the necessary technology risk management

The Technology Risk Management (TRM) not only provides technical support and integrates robust investment risk systems to continuously enhance risk analytical and reporting capability within the user community, but also provides independent risk assessments to enterprise-wide IT systems and projects, and recommends effective security controls to mitigate risks for better protection of mission-critical IT systems that store, process, and transmit sensitive information.

It is also a part of the Cyber Security Maturity Programme that monitors and provides assistance from the risk perspective for Information Risk Management and Business Continuity Management.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

This Statement is in accordance with the Statement on Risk Management and Internal Control – Guidelines for Directors of Listed Issuers (the Guidelines) issued by an industry-led task force supported by Bursa Malaysia and the Securities Commission Malaysia.

The Guidelines are also in accordance with Principle B of the Malaysian Code on Corporate Governance issued in April 2017, which states that the Board should establish an effective risk management and internal control framework.

It is with the EPF's intention to promote good corporate governance, that this statement outlines our risk management and internal control framework during the year under review.

BOARD RESPONSIBILITY

The Board acknowledges its overall responsibility to ensure the adequacy and effectiveness of the EPF's risk management and internal control framework so that the organisation's objectives are achieved.

The framework is designed to identify, analyse and evaluate significant risks, thus providing insights to the Board, which plays a pivotal role as a risk oversight in ensuring these risks are properly mitigated. Accordingly, the internal control system is in place to manage rather than to eliminate those risks. It can, therefore, provide reasonable but not absolute assurance.

In order to effectively carry out the oversight responsibilities, three committees have been established:

- (a) The Board Audit Committee (BAC) on the internal controls, governance processes and risk management, except for risk management activities related to investment decision making;
- (b) The Board Risk Management Committee (BRMC) on the risk management activities, except for activities in making investment decisions; and
- (c) The Investment Panel Risk Committee (IPRC) on investment risk management matters covering risk appetite, risk measurement, policies limits, except for activities involving investment operations.

More information on IPRC is provided in the Statement on Investment Risk Management in this Annual Report.

Management Responsibility

The Management is responsible for implementing the Board's policies and procedures on risk and control, comprising of these roles:

- (a) Identifying relevant risks in achieving the EPF's objectives and strategies;
- (b) Designing, implementing and monitoring the risk management and internal control framework in accordance with the EPF's strategic vision and overall risk appetite; and
- (c) Identifying changes to risks or emerging risks, taking appropriate action and keeping the Board informed on a timely basis.

RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

The EPF has in place an effective risk management and internal control framework as part of good corporate governance practice.

It adopts the Three Lines of Defence Model. The first line is represented by departments and branches, which are responsible for establishing a risk control and incorporating all risk controls in their day-to-day operations.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The second line of defence is represented by the Risk Management Department, which develops the risk management framework, policy, methodologies, and tools for the management of key risks in the organisation.

The Internal Audit Department, being the third line of defence, reviews the key activities of the EPF's businesses, and evaluates the effectiveness and adequacy of the internal control system, operational risk management, and governance processes.

The key systems and processes that the Board has established for the purpose of reviewing the adequacy and effectiveness of the risk management and internal control framework are as follows:

Risk Management Framework

The Board has adopted an Operational Risk Management (ORM) Framework based on the ISO 31000:2018 Risk Management – Guidelines, which outlines the principles, policies, and processes in managing the EPF's enterprise risks.

Clear lines of responsibility and accountability has been established for the risk management process. The principal risk and control responsibilities under the risk management structure comprise of:

- (a) The Board Risk Management Committee (BRMC), overseeing all operational risk management activities and ensures that appropriate risk management processes are in place and functioning effectively. The Committee reviews and

recommends risk management strategies and assesses the adequacy of the risk management framework.

- (b) The BRMC is assisted by the Management Operational Risk Committee (MORC), which reviews the risk management framework and ensures that it is implemented effectively throughout the organisation.

Internal Control Framework

The EPF adopts guiding principles for its internal control mechanism based on the COSO Internal Control Integrated Framework, which outlines the five interrelated control components - control environment, risk assessment, control activities, information and communication, and monitoring.

The Internal Audit Department provides the BAC with an independent and reasonable assurance on the adequacy and effectiveness of the risk management and internal control framework. The Committee is responsible for reviewing internal control issues identified in reports prepared by both the internal and external auditors.

The BAC also further reviews the internal audit function, with particular emphasis on the internal audit's independence, scope, resources and quality of internal audits.

Details of the activities undertaken by the Committee are further described in the Board Audit Committee (BAC) Report and the Statement on Internal Audit in this Annual Report.

KEY ELEMENTS OF INTERNAL CONTROL

CONTROL ENVIRONMENT

The control environment sets the tone of an organisation, influencing the control consciousness of its people. It is the foundation for all other components of internal control, providing discipline and structure. Key activities include:

Terms of Reference

Clearly defined terms of reference on the roles and responsibilities of all EPF Board committees and the Investment Panel, as stated in the Statement on Corporate Governance.

committees meet on a regular basis to identify, discuss and resolve operational, financial, investment and key management issues, and periodically report to the Board, Investment Panel, and its respective committees.

Organisational Structure

The EPF organisational structure has clearly-defined lines of accountability, delegation of responsibility, and levels of authorisation for all aspects of the business. Management

In 2019, several changes in the organisational structure of the EPF were made. Under the Investment Division, the Department of Investment Operations was established in January, comprising of Investment Services, Investment Transformation, and Shariah Services.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

KEY ELEMENTS OF INTERNAL CONTROL

With the advent of the Fourth Industrial Revolution, the EPF formed the EPF EVO project team to develop a digital blueprint for the organisation. The blueprint serves as an antecedent to strengthen organisational strategy and digital capabilities so that the EPF remains relevant and prepared to meet future customers' expectations.

To support this endeavour, the Information Technology Department had been expanded into a division with various key specification areas, comprising four departments and two sections.

Human Resource Policies and Procedures

Proper guidelines outlining procedures involving the hiring and termination of employees, implementation of training programmes, annual employee performance appraisals, and other relevant procedures, are established to ensure that employees are adequately trained and own a certain level of competencies to carry out their tasks and responsibilities.

Culture of Integrity

Entrusted with managing members' savings, various programmes and initiatives are in place to inculcate and uphold the culture of integrity, such as timely declarations of assets by staff, declarations of conflict of interest in both procurement and investment processes as well as a no-gift policy.

The Corporate Integrity Pledge is a commitment by the EPF to uphold integrity, which is essential to create a business and operating environment that is transparent and in line with global best practices in governance.

The EPF has adopted an Anti-Corruption Statement and implemented a zero-tolerance policy on corruption and unethical behaviour in its operations.

In 2019, the Corruption Risk Management (CRM) process was introduced as an additional measure to monitor activities that have high exposure to potential corruption risks. The CRM helps to identify structural weaknesses that may lead to corruption, provides a framework for all staff to take part in identifying risk factors and treatments, and embeds corruption prevention in the organisation.

Code of Ethics

The EPF Code of Ethics provides guidance for employees to carry out their duties and responsibilities that are consistent with the EPF's Vision, Mission, and Shared Values. The Code serves to clarify ethical behaviours that are in accordance with the relevant laws, policies and procedures.

RISK ASSESSMENT

Risk assessment involves a dynamic and ongoing process of identifying and assessing risks that may impede the achievement of objectives. Key activities include:

Corporate Risk Scorecard (CRS)

The Corporate Risk Scorecard (CRS) methodology is a detailed risk management approach where risks are identified based on internal and external sources, and are analysed, evaluated, treated, monitored, and reported.

The CRS allows for continuous Risk and Control Self-Assessment (RCSA) to be performed so employees can self-assess and update their risk profiles.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

CONTROL ACTIVITIES

Control activities are policies and procedures that ensure management directives are carried out effectively. This include necessary actions taken to mitigate the risks that impede the achievement of the organisation's objectives. Key activities include:

Business Performance Management

The EPF uses the Balanced Scorecard (BSC) methodology to operationalise its strategies aligned to its Vision and Mission, and to drive performance. The business performance is measured through a set of Key Performance Indicators (KPIs), integrated with risk management to enable the EPF to identify and monitor key risks impacting its business objectives.

Three-Year Rolling Plan

The EPF's Three-Year Rolling Plan incorporates pertinent outcomes, key priorities, and strategic initiatives to be implemented for the next three years to meet both the immediate and medium- to long-term objectives of the organisation. It is reviewed by the relevant management committees and approved by the Board.

Risk Culture Index

To enhance risk management practices in the EPF, the Risk Culture Index is incorporated as KPI for all departments and branches.

Policies and Procedures

Policies and procedures are set out in guidelines, directives, operation manuals, and work instruction documents issued by the EPF to ensure compliance with internal controls such as segregation of duties, independent checks, verification processes and system access controls.

These are updated regularly and signed off by the respective Heads of Departments, Heads of Divisions and the Chief Executive Officer. Policy guidelines and delegated authority limits are also imposed on the Management with regards to day-to-day operations.

Information Technology Security Management

Information security management in the EPF is based on ISO 27001, which outlines the appropriate controls and procedures to ensure confidentiality, integrity, and availability of information and application systems.

The EPF security architecture and design are constantly reviewed and improved to strengthen security controls and mitigate key technology and cyber risks. Efforts were already underway in 2019, to develop a Technology Risk Management Framework (TRMF) for the EPF to ensure the adoption of a risk-based approach towards managing technology risk and cyber security. This framework covers areas such as Governance, Risk Management, Audit, Technology Operations, Cyber Resilience, and Employee Awareness.

Chinese Wall Policy

The Chinese Wall Policy and its procedures are issued to safeguard against any compromise on the tenets of integrity, transparency and accountability by controlling, restricting, and managing the flow of price sensitive information.

Business Continuity Management (BCM)

The BCM plans and systems are regularly monitored, tested, updated, and communicated to all levels to ensure that the EPF is prepared in the event of a crisis or disaster.

Insurance Coverage

Adequate insurance coverage of major assets is in place to ensure protection against incidents that could result in material loss.

Shariah Governance Framework

The EPF has established a Shariah governance framework since 2016 to ensure strict adherence to Shariah requirements in managing Simpanan Shariah. The establishment of a dedicated Shariah Services Section in the Investment Operations Department, is to undertake Shariah functions related to Shariah research and advisory, Shariah compliance review and monitoring as well as Shariah risk management as part of the first and second lines of defence under the Shariah governance framework. The framework outlines the Shariah governance structure and policies as deliberated under the Statement on Shariah Governance for Simpanan Shariah in the Annual Report.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

KEY ELEMENTS OF INTERNAL CONTROL

INFORMATION AND COMMUNICATION

Information and Communication support all other control components by communicating control responsibilities to employees and by providing information in a form and time frame that allow people to carry out their duties. Key activities include:

Fraud Control Management Plan

The Fraud Control Management Plan, which includes Fraud Risk Assessment, Anti-Fraud Policy and Whistleblower Protection Policy, outlines the EPF's approach to the prevention, detection, reporting, and handling of fraud.

Communication of Operational Risk Management (ORM)

The ORM principles, framework, and processes adopted by the EPF are communicated to all employees for better understanding of the practices adopted.

MONITORING

Ongoing monitoring and evaluation of the effectiveness of internal control are built into business processes at different levels of the organisation. Key activities include:

Operational Risk Management System

An integrated operational risk management system is used to monitor and manage the EPF's risk exposure. Key risks are identified and the effectiveness of internal control is assessed and electronically confirmed by the respective departments and branches on a timely basis. If the mitigated risks are not within acceptable levels, individual action plans will be identified and implementation monitored to reduce the gap.

to parties responsible for taking corrective action in a timely manner.

Regular Reporting

Adequate processes are in place to discuss issues on risk management and internal control deficiencies, which are reported regularly to the Management through various committees. The Management evaluates and communicates

Monitoring Activities by Internal Audit

The results of all audit engagements are reported to the Board Audit Committee (BAC) and communicated to the Management. The Internal Audit Department maintains a follow-up process to monitor and help ensure all the agreed audit observations and resolutions have been promptly addressed.

Quality Management Standard

All the EPF's core processes comply with the MS ISO 9001:2015 Quality Management System.

ASSURANCE ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board is of the opinion that the EPF's risk management and internal control framework are effective to safeguard the interests of EPF members. The Board's review of the effectiveness of the risk management and system of internal control is supported by:

- (a) The Board Risk Management Committee (BRMC), which meets a minimum of four times a year to oversee risk management activities;

- (b) The Board Audit Committee (BAC), which meets a minimum of four times a year, reviews the areas of concerns and recommendations identified by the internal and external auditors;
- (c) The Auditor-General's issuance of the annual audit certificate on the financial statements; and
- (d) The Management's assurance that the EPF's risk management and internal control framework is operating adequately and effectively in all material aspects.

This statement is made in accordance with the resolution of members of the Board dated 29 April 2020.

BOARD AUDIT COMMITTEE REPORT

OVERVIEW

The Board Audit Committee is committed to its role in ensuring high corporate governance practices and providing oversight on EPF's financial reporting, risk management, and internal control systems.

MEMBERSHIP

The Board Audit Committee consists of the following members:

- (a) For the term 1 June 2019 to 31 May 2021

Board Audit Committee Members	Representative
Khalid Haji Sufat	Chairman – Professionals
Dato' Siti Zauyah Mohd Desa <i>(Service completed on 14 November 2019)</i>	Deputy Chairman – Government
Hazim Jamaluddin (Alternate Member) <i>(Service completed on 14 November 2019)</i>	
Datuk Dr. Ting Ding Ing	Employers
Hadiyah Leen	Employees
Zainal Abidin Mohd Kassim	Professionals

- (b) Previous term, from 1 June 2017 to 31 May 2019

Board Audit Committee Members	Representative
Datuk Thomas George M.S. George	Chairman – Professionals
Dato' Siti Zauyah Mohd Desa	Deputy Chairman – Government
Hazim Jamaluddin (Alternate Member)	
Datuk Abang Haji Abdul Karim Tun Abang Haji Openg	Employers
Hadiyah Leen	Employees
Khalid Haji Sufat	Professionals

MEETINGS

During the financial year 2019, the Board Audit Committee met nine times: four Special Board Audit Committee meetings, four Board Audit Committee meetings, and one Board Audit Committee meeting with the Auditor-General.

Deliberations at the Board Audit Committee meetings were robust and detailed. Minutes of the Board Audit Committee meetings held were provided to members of the Board Audit Committee. The Board was briefed on significant matters deliberated during the Board Audit Committee meetings.

Further details on the Board Audit Committee attendance have been set out in the Statement on Corporate Governance.

TERMS OF REFERENCE

The Board Audit Committee is governed by its own terms of reference. The terms of reference establish the authority, duties, and responsibilities of the Board Audit Committee, which were approved by the Board, and accessible via the EPF's official website at www.kwsp.gov.my.

BOARD AUDIT COMMITTEE REPORT

SUMMARY OF PRINCIPAL ACTIVITIES

During the financial year 2019, the Board Audit Committee carried out the following activities:

(a) Internal Audit

- (i) Reviewed and approved the annual audit plan to ensure adequate audit scope and comprehensive coverage of the EPF's activities as planned, based on risk assessment conducted;
- (ii) Reviewed and deliberated on internal audit reports tabled during the year, including recommendations made, root causes identified and the Management's response to these recommendations, as well as the timely mitigation actions taken by Management to improve the system of internal controls and its processes on the highlighted areas;
- (iii) Reviewed findings of investigations and other ad-hoc special reviews on specific areas of operations to ascertain the root cause of the issues and effectiveness of corrective actions taken to address weaknesses;
- (iv) Monitored corrective actions taken on outstanding audit issues to ensure all key risks and control lapses had been addressed;
- (v) Reviewed effectiveness of audit process and resource requirements for the year, and assessed the performance of the Internal Audit Department on a half-yearly basis and provided written feedback for improvements; and
- (vi) Reviewed and endorsed disclosures on the Statement on Internal Audit, and Statement of Risk Management and Internal Control for inclusion in the Annual Report.

(b) External Audit

- (i) Reviewed all areas of concerns identified by external auditors together with the Management's response to their findings;
- (ii) Met the Auditor-General on 29 April 2019 without the presence of the Management to discuss relevant issues and obtain feedback for improvements; and
- (iii) Met external auditors appointed by Auditor-General for the provision of audit services in the EPF on 26 November 2019, to discuss the scope of work and areas of audit emphasis for the year.

(c) Financial Reports

Reviewed quarterly unaudited financial results and annual audited financial statements of the EPF before recommending them for approval by the Board, focusing on:

- (i) The impact from changes in accounting policies and practices, to the financial statements;
- (ii) Significant matters highlighted and how these matters were addressed. These include financial reporting issues, judgements by the Management, and unusual events or transactions; and
- (iii) Compliance with applicable and approved accounting standards in Malaysia, and other legal regulatory requirements.

(d) Related Party Transactions

Reviewed related party transactions as disclosed in the financial statements entered into by the EPF and its subsidiaries.

TRAINING

During the year, members of the Board Audit Committee attended the following training programmes, conferences, and seminars:

Course
Audit Committee Conference 2019: Meeting The New Expectations
IIA Malaysia National Conference 2019 – GRC 4.0: Are You Ready?
PNB Leadership Forum: Organisational Excellence From Governance To Performance
International Social Well-Being Conference 2019: Shaping Destiny - Between Hope and Extinction
International Directors Summit 2019: The Trust Compass – Resetting the Course
EPF Investment Seminar 2019: Inspiring A Greater Tomorrow
EPF Thought Leadership: FutureFit 2019
MIA International Accountants Conference 2019: Trust and Sustainability In A Digital Economy
Islamic Finance For Board of Directors (IF4BoD)
Financial Institution Directors Education (FIDE) Forum: Rethinking Strategy
FIDE Forum 4th Distinguished Board Leadership Series: Digital To The Core
BNM-FIDE Forum: Masterclass on Cybersecurity – Unseen Threats
FIDE Forum Dinner Talk: Digital Assets – Global Trends Legal Requirements and Opportunities for Financial Institutions
Corporate Liability Under MACC Act 2018: New Amendments – Implication to Directors
Corporate Governance: Enhancement – MACC Act Section 17A
Value-Based Intermediation
Board Strategy Session 2019

INTERNAL AUDIT FUNCTION

- (a) The Board Audit Committee is supported by the Internal Audit Department in the discharge of its duties and responsibilities. The Internal Audit Department reports directly to the Board Audit Committee on its activities based on the approved annual internal audit plan.
- (b) The Internal Audit Department provides independent, objective assurance and consulting services designed to improve and add value to the EPF's operations. The Internal Audit Department helps the EPF accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, internal control, and governance processes.
- (c) Further details on internal audit function have been set out in the Statement on Internal Audit.

STATEMENT ON INTERNAL AUDIT

The Internal Audit Department provides independent, objective assurance, and consulting services designed to improve and add value to the EPF's operations. The department helps the EPF accomplish its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of risk management, internal control, and governance processes.

INDEPENDENCE AND OBJECTIVITY

The Head of Internal Audit Department reports functionally to the Board Audit Committee and administratively to the Chief Executive Officer. The internal audit activities are free from interference in determining the scope of internal auditing, performance of work and communication of results.

In the interest of protecting its independence, the department has no executive or managerial powers, authority, functions or duties except those relating to the management of internal audit functions. The department is also not responsible for the detailed development or implementation of new systems, plans, regulations, policies, or procedures.

SCOPE OF WORK

The Internal Audit Department's functions include the auditing of the financials, operations, compliance, and management of the EPF. Its scope of work, primarily, is to determine whether the EPF's risk management, internal control systems, management information systems and governance processes, as designed and represented by the Management, are adequate and functioning in a manner which ensures:

- (a) Risks are appropriately identified and managed;
- (b) Resources are acquired economically, and employed effectively and efficiently;
- (c) Assets are safeguarded;
- (d) Significant management, financial and operating information are accurate, reliable and timely;
- (e) Applicable laws and regulations, policies, standards and procedures are complied with; and
- (f) Established objectives and goals are achieved.

The Internal Audit Department's secondary scope of work encompasses the following:

- (a) Carrying out special investigations as requested by the Management / Board Audit Committee;
- (b) Coordinating with external auditors to ensure adequate audit coverage and minimal duplication of work; and
- (c) Participating as an observer in management committees set up to develop or implement new systems or processes. Such participation is limited to providing advice on control matters and does not preclude the Internal Audit Department from auditing the systems or processes.

STATEMENT ON INTERNAL AUDIT

The Internal Audit Department continues to adopt a risk-based audit plan approach, prioritising the internal audit activities according to the audit risk level. Audit engagements carried out have been prioritised based on the assessment of inherent risks, control risks and detection risks for each operation, function and information technology system.

In 2019, a total of 119 reports were presented to the Board Audit Committee.

Status of outstanding audit findings are reported to the Management on a quarterly basis and to the Board Audit Committee on a half-yearly basis. The Internal Audit Department continues to monitor the implementation of action plans as agreed by the Management.

INTERNAL AUDIT RESOURCES

The Board Audit Committee reviews and approves the department's human resource requirements to ensure the department is adequately equipped with competent internal auditors. As at 31 December 2019, the Internal Audit Department had a staff strength of 89 individuals from diverse background and qualifications, as follows:

Field of Expertise	No. of Auditors	Percentage
Finance and Accounting	59	66%
Information Technology	14	16%
Business Administration	14	16%
Engineering / Quantity Surveying	2	2%
Total	89	100%

PROFESSIONAL QUALIFICATIONS AND CONTINUOUS COMPETENCY DEVELOPMENT

The Internal Audit Department is committed to equip its auditors with sufficient knowledge, skills and competencies to discharge their duties and responsibilities. The internal auditors are also encouraged to obtain appropriate professional certifications and qualifications. To date, 19 of the internal auditors hold a total of 27 professional certifications and qualifications, such as Association of Chartered Certified Accountants (ACCA), Certified Practising Accountants (CPA) Australia, Certified Internal Auditor (CIA), Certified Information Systems Auditor (CISA) and Certified Fraud Examiner (CFE). These qualifications and professional memberships have been awarded by various recognised professional bodies.

STATEMENT ON INTERNAL AUDIT

During the year, the auditors underwent continuous training programmes to equip themselves with the requisite audit and product knowledge, soft skills on leadership, communication and negotiation skills to enhance their job performance and career prospects. The list of courses attended are as follows:

Course
(A) In-House Training
Certified Internal Auditor (Part 2)
Implementing Data Analytics in Internal Audit
MFRS 9 – Financial Instruments
Internal Audit Department Teambuilding
(B) External Training
IIA Malaysia National Conference 2019 – GRC 4.0: Are You Ready?
Cybersecurity, IT Assurance And Governance Conference (CIAG) 2019
Forensic Investigation And Fraud Analytics Conference
International Social Well-Being Conference 2019
Leadership Energy Summit Asia 2019
EPF Thought Leadership: FutureFit 2019
ICLIF's Women Of The World – Be The Change
Attachment Program at Aztec Financial Services (Luxembourg)
100 Common Problems In Construction Contract
Applied Data Analytics
Balanced Scorecard Refresher
Data Storytelling For Business
Effective IT Audit Techniques
Forex Derivatives
Global Fixed Income Academy
ISO 9001:2015 Internal Audit Training
Leadership Signature
Masterclass On Integrated Cybersecurity Management
MFRS 16 Leases – Transforming Assets and Liabilities
MFRS Update And Refresher
Management Conference 2019
Premier Shariah RFP Capstone Programme
Private Equity Academy
Real Estate Academy
Seminar On ISO/IEC 20000:2018 IT Service Management System (ITSMS) – Upgrading
Shaping Shared Leadership
Shariah RFP Course
Tea Talk Session: Project Management Review
The Art Of Storytelling
The Risk Management Audit
Winning In The Open Source World

QUALITY AND IMPROVEMENT PROGRAMMES

- (a) The Internal Audit Department has established and maintained a quality assurance and improvement programme designed to evaluate the operations of the department. This programme includes periodic internal and external quality assessments and ongoing internal monitoring.

The internal assessments include:

- (i) Ongoing reviews of the performance of internal audit activities; and
- (ii) Peer reviews of the audit processes, procedures and documentation on a periodic basis.
- (b) The Internal Audit Charter stipulates that a Quality Assurance Review by a qualified independent reviewer is required at least once every five (5) years.
- (c) Based on the review by KPMG Management & Risk Consulting Sdn. Bhd., in 2014, the Internal Audit Department has generally conformed with all of the International Standards for the Professional Practice of Internal Auditing (IIA Standards) promulgated by the Institute of Internal Auditors.
- (d) PricewaterhouseCoopers Risk Services Sdn. Bhd. was appointed to conduct Quality Assurance Review of the Internal Audit Department in February 2020.

STATEMENT ON INVESTMENT RISK MANAGEMENT

RESPONSIBILITY

In accordance with Section 18 (1) of the Employees Provident Fund Act 1991, the Investment Panel (IP) is responsible for matters pertaining to the EPF's investments and acknowledges responsibility for the investment risk management framework. The framework is designed to provide reasonable assurance and to mitigate rather than to eliminate the risk of misstatement or loss in carrying out the organisation's investment policies and objectives.

INVESTMENT RISK MANAGEMENT FRAMEWORK

The EPF's investment risk management framework encompasses the organisation's governance structure, risk appetite, asset allocation, policies and processes. It is reviewed regularly to ensure relevance and effectiveness.

INVESTMENT RISK MANAGEMENT STRUCTURE

The Investment Panel is responsible for overseeing risk management pertaining to the EPF's investment decision making.

The Investment Panel Risk Committee (IPRC) is responsible for assisting the IP in recommending the risk appetite and appropriate allocation of the risk 'budget'. The IPRC regularly reviews the risk measurement, policies, processes, and limits to ensure their continued effectiveness.

The IPRC is assisted by the Management Risk Committee (MRC) to monitor and review risk management activities.

The Risk Management Department supports the MRC, IPRC and IP in risk management related matters covering independent measurement and credit assessment, monitoring and reporting of the EPF's investment risk exposures.

RISK CONTROLS

The Risk Appetite Statements, as approved by the IP, broadly outline the levels of risk that the EPF is willing to tolerate and form the basis of the allocation of funds for investment. Asset allocation reviews are regularly conducted to ensure funds are invested within the EPF's risk appetite.

Various policies and limits are in place to ensure risks are adequately mitigated for each asset class. Risk and Performance Systems have been installed and continuously enhanced to ensure that risks are systematically measured and monitored.

CONCLUSION

The IP is of the opinion that the investment risk management practices in place are effective to safeguard the EPF's investments. The IP is supported by the IPRC, which meets a minimum of two times a year to review the risk and compliance reports from the Management.

This statement has been made in accordance with the resolution of members of the Investment Panel dated 29 April 2020.

MEMBERS OF THE BOARD

**TAN SRI
SAMSUDIN
OSMAN**
Chairman, EPF



Tan Sri Samsudin Osman was appointed Chairman of the EPF Board beginning 1 February 2007.

A long-serving civil servant, Tan Sri Samsudin has served as President of Putrajaya Corporation, Chief Secretary to the Government, Director-General of the Public Service Department, Secretary-General of the Ministry of Home Affairs, Secretary-General of the Ministry of Domestic Trade and Consumer Affairs, Federal Secretary of Sabah, and Deputy Secretary-General of the Ministry of Transport.

Aside from being Chairman of the EPF, he currently serves as Chairman of Kwasa Land Sdn Bhd and a Director of Sime Darby Berhad. He is also Pro-Chancellor of Universiti Malaysia Terengganu, Chancellor of University College Bestari, and Chairman of the Board of Trustees of the Mahathir Science Award Foundation.

He holds a Master of Public Administration from Pennsylvania State University, United States.

**DATUK SITI
ZAUYAH
MD DESA**
*Deputy Secretary-General (Policy),
Ministry of Finance*



Datuk Siti Zauyah Md Desa was appointed to the EPF Board as a Government representative beginning 1 March 2016 until 14 November 2019.

Datuk Siti Zauyah sits on the Boards of Johor Corporation, Majlis Amanah Rakyat, Bank Kerjasama Rakyat Malaysia Berhad, Pengurusan Aset Air Berhad, Bintulu Port Holdings Berhad, Samalaju Industrial Port Sdn Bhd, Petroliam Nasional Berhad, Malaysia Airports Holdings Berhad, and the National Trust Fund. She was formerly a board member of Felda Global Ventures Holdings Berhad, Felda Holdings Berhad, Malaysia Digital Economy Corporation Sdn Bhd, and the Retirement Fund (Incorporated).

She holds a Bachelor of Science (Hons) in Quantity Surveying from the University of Reading, United Kingdom and a Master of Business Administration (International Banking) from the University of Manchester, United Kingdom. She also holds a Diploma in Public Administration from the National Institute of Public Administration.

MEMBERS OF THE BOARD

**TAN SRI
BORHAN
DOLAH**
*Director-General,
Public Service
Department*



Tan Sri Borhan Dolah was appointed to the EPF Board as a Government representative beginning 8 October 2018 until 9 September 2019.

Prior to being appointed to his current post as Director-General of the Public Services Department, he has held numerous strategic positions in the Government where he used to be the Secretary-General of the Ministry of Rural Development, Sabah Federal Secretary, Deputy Secretary-General (Finance and Development) of the Prime Minister's Department and Director-General of the Youth and Sports Department.

He is the Permanent Member of the Executive Council on the National Cost of Living Action Council, Chairman of Investment Committee of South East Johore Development Authority, and Chairman of the Board of Directors of FELCRA Asset Management.

He holds a Master's degree in Public Administration from University of Hartford, United States.

**DATO' AMIR
OMAR**
*Secretary-
General (Policy
& International),
Ministry of Human
Resources*



Dato' Amir Omar was appointed to the EPF Board as a Government representative beginning 4 November 2018.

He joined the public service in 1988 as Assistant Director of the Agriculture Division of the Economic Planning Unit, Prime Minister's Department. He subsequently assumed the position of Director at the Institute of Labour Market and Analysis, Ministry of Human Resources. Prior to his appointment as Secretary-General in 2018, he was the Deputy Secretary-General (Policy and International) at the Ministry of Human Resources.

He holds a Master of Arts and Post Graduate Diploma in Economics from University of Manchester, United Kingdom. He also holds a Bachelor of Economics and Administration (Rural Economics) from University of Malaya and a Diploma in Public Administration from the National Institute of Public Administration.

MEMBERS OF THE BOARD

**DATUK AMAR
JAUL SAMION**
*Sarawak State
Secretary*



Datuk Amar Jaul Samion was appointed to the EPF Board as a Government Representative beginning 13 August 2019 to 31 May 2021. He is currently the Sarawak State Secretary.

In addition to being an EPF Board Member, Datuk Amar Jaul Samion also sits as a Board Member of Sarawak Economic Development Corporation (SEDC), Natural Resources and Environment Board Sarawak (NREB), Sarawak Forestry Corporation (SFC), Regional Corridor Development Authority (RECODA), as well as the President for various statutory bodies of the State Government.

He holds a Master's in Business Administration (Corporate) from the University of Ohio, United States.

**DATUK SERI
PANGLIMA
HASHIM
PAIJAN**
*Sabah State
Secretary*



Datuk Seri Panglima Hashim Paijan was appointed to the EPF Board as a Government representative beginning 8 October 2018 until 2 November 2019.

Datuk Seri Panglima Hashim served as the Permanent Secretary of the Sabah Industrial Development Ministry before being appointed as State Secretary of Sabah in 2018. He also served as an Administrative Officer at the Ministry of Industrial Development, the State Public Service Department, and the Asian Supply Base.

He holds a Bachelor of Arts degree from University of Malaya.

MEMBERS OF THE BOARD

TAN SRI AZMAN SHAH HARON
*President,
Malaysian
Employers
Federation*



Tan Sri Azman Shah Haron was appointed to the EPF Board as an Employers representative beginning 1 June 2007.

Tan Sri Azman is President of the Malaysian Employers Federation. He sits on the Board of various companies, including Alangka-Suka Hotels and Resorts Berhad and various subsidiaries of Advance Synergy Berhad, including Cherating Holiday Villa Berhad.

He is also Chairman of the Consultative Panel for the Hospitality Industry at the Malaysia Productivity Corporation (MPC), Board Member of the MPC, Board Member of the Malaysian Industrial Development Authority, President and Board Member of Asean Tourism Association, Co-Chairman of the Working Group on Efficiency Issues, and Chairman of the Industrial Advisory Committee, Department of Polytechnic in the Higher Education Department.

In addition, he is Chairman of the Confederation of Asia-Pacific Employers, Chairman of Asean Confederation of Employers, Substantive Member on National Labour Advisory Council, Council Member of the National Wages Consultative Council, Ministry of Human Resources, and Member of the Public Services Commission Malaysia.

He holds a Diploma in General Hotel Management from Holiday Inn University, United States.

DATUK MOHD HASNOL AYUB
*President, Sabah
Bumiputera
Chamber of
Commerce*



Datuk Mohd Hasnol Ayub was appointed to the EPF Board as an Employers representative beginning 1 June 2009.

He is President of the Sabah Bumiputera Chamber of Commerce.

He holds a postgraduate Diploma in Business Administration and a Master's degree in Business Administration, both from the University of Wales, Cardiff, United Kingdom.

MEMBERS OF THE BOARD

**TAN SRI DR.
LIM WEE CHAI**
*President
Emeritus
Federation
of Malaysian
Manufacturers
(FMM)*



Tan Sri Dr. Lim Wee Chai was appointed to the EPF Board representing Employers on 1 July 2015.

Tan Sri Dr. Lim is the Executive Chairman and Founder of Top Glove Corporation Bhd. Under his visionary stewardship, the company, which was established in 1991, has emerged as the world's largest manufacturer of gloves.

He is involved in various associations and organisations in Malaysia. In 2019, he was appointed Honorary Fellow Malaysian Institute of Physics (IFM). In addition, Tan Sri Dr. Lim is the Honorary President of the Chamber of Commerce and Malaysian Chinese Industry. He also holds the role of Honorary Lifetime Advisor for the Federation of Malaysian Chinese Associations.

Previous positions held by Tan Sri Dr. Lim include President of the Federation of Malaysian Manufacturers (FMM) and President of the Malaysia Rubber Glove Manufacturers' Association. In addition, he was also Director of the Association of Malaysia Medical Industries, Board Member of the Malaysia Rubber, and Council Member of the East Asia Business Council.

He graduated with a Bachelor of Science with Honours in Physics from University of Malaya and earned his Master of Business Administration from Sul Ross State University, Texas, United States. In 2015, he obtained his PhD in Management from University of Selangor. He was conferred an Honorary Doctorate in Business Administration by Oklahoma City University, United States in 2016 and an Honorary Doctorate in Entrepreneurship by Management & Science University, Malaysia in 2018.

**DATUK DR.
TING DING ING**
*Vice President,
Sarawak Chamber
of Commerce and
Industry*



Datuk Dr. Ting Ding Ing was appointed to the board on 1 June 2019. He is the Deputy President of the Sarawak Business Federation and the Sarawak Chamber of Commerce and Industries. He sits on the boards of the Sarawak Multimedia Authority, Ibraco Bhd, Swinburne University Sarawak Sdn Bhd, National Bank of Abu Dhabi Bhd, and Chairman of Swinburne Innovation Sdn Bhd as well as a general committee member of the Malaysian International Chamber of Commerce and Industry. He is the Honorary Consul for Australia in Sarawak.

Datuk Dr. Ting is a Fellow of the Institute of Chartered Accountants Australia and New Zealand, and a Chartered Accountant of the Malaysian Institute of Accountants. He was also a former international partner of Arthur Andersen & Co and Hanafiah Raslan & Mohamad.

He previously sat on the boards of the Social Security Organisation (SOCSO), the Malaysian Medical Foundation, and was Group Managing Director of Cahya Mata Sarawak Bhd.

Datuk Dr. Ting holds a Bachelors Degree in Accounting, and a Doctorate from Swinburne University of Technology, Melbourne, Australia, where he currently holds an adjunct professorship.

MEMBERS OF THE BOARD

**DATO' ABDUL
HALIM
MANSOR**

President,
Malaysian Trades
Union Congress



Dato' Abdul Halim Mansor was appointed to the EPF Board as an Employees representative beginning January 2017.

He has been President of the Malaysian Trades Union Congress since 2016, and is also the Secretary-General of the National Union of Petroleum and Chemical Industry Workers (NUPCIW), a position he assumed since 1986. In addition, Dato' Abdul Halim sits as a Board Director in Social Security Organisation (SOCSO), Chairman of Giat MARA, President of ASEAN Trade Union Council, a member of the National Labour Advisory Council, National Wages Consultative Council, and ASEAN TVET.

As an active union member with a strong trade union record, he brings with him vast knowledge and experience pertaining to labour law, employment policy, industrial relations, and occupational safety. He was previously a member of the National Labour Advisory Council, Panel Member of the Industrial Court, and Panel Member of the SOCSO Appeals Board.

He is currently attached to Nylex (Malaysia) Sdn. Bhd.

**TUAN HAJI
ADNAN MAT**

*President,
Congress of
Unions of
Employees on
the Public and
Civil Services
(CUEPACS)*



Tuan Haji Adnan Mat was appointed to the EPF Board as an Employees representative beginning 1 June 2017.

A civil servant with a long track record of unions, he is the President of the Congress of Unions of Employees in the Public and Civil Services (CUEPACS), and the Deputy President of the Amalgamated National Union of Local Authorities Employees (ANULAE).

Tuan Haji Adnan is currently attached to the Sungai Petani Municipal Council, Kedah. He is also Chairman of the National Joint Council for Science and Technology Workers in the Implementing Group.

As President of CUEPACS, he has been appointed a Permanent Member of the National Labour Advisory Council of the Ministry of Human Resources. He is also actively involved in the Co-operative movement in line with his appointment as Co-Secretary of KOSPETA Malaysia Berhad (Koop Negara No. 66).

He holds a Diploma in The Royal Society for the Promotion of Health (RSH London) from Public Health Institute of Kuala Lumpur.

MEMBERS OF THE BOARD

HADIAH LEEN

*President,
Sarawak Bank
Employees' Union*



Hadiah Leen was appointed to the EPF Board as an Employees representative beginning 1 February 2012.

She is an employee of Hong Leong Bank Berhad in its Satok Branch, Kuching. She has a strong record of trade union activity. Since 2001, she has been President of the Sarawak Bank Employees' Union as well as Head of Women of the Malaysian Trades Union Congress, Sarawak Division. She became a member of the Executive Council of the UNIApro Region in 2005 and was reappointed in 2015. She is a member of the panel representing workers in the Industrial Court in 2010 and was reappointed in 2015. She is also a member of the International Society for Labour and Social Security Law, Malaysia.

She holds a Diploma in Business Administration from the Institute of Professional and Managerial Administration, Kolej Putra, Kuala Lumpur; a Diploma in International Labour Standards, Fundamental Principles and Rights at Work from the International Labour Organisation Centre in Turin, Italy; and a Certificate in Personnel Management from the Malaysian Institute of Human Resources Management. She completed the Malaysian Women Directors Programme at the NAM Institute for the Empowerment of Women in 2013.

CATHERINE JIKUNAN

*Secretary,
Malaysian Trades
Union Congress*



Catherine Jikunan was appointed to the EPF Board as an Employees representative beginning 1 June 2013.

She has been a Board member representing Employees at the Social Security Organisation since 2009 and a member of the Appellate Board from 2005. She has also been representing Employees in Sabah on the National Wages Consultative Council since 2010 and sits on the Sabah Industrial Court Panel since 2005. She is the Secretary of the Malaysian Trades Union Congress, Sabah; Deputy Treasurer of the Federation of Bank Employees Malaysia, and Vice-President of the Union Network International Asia Pacific.

She graduated with a Diploma in Banking, and a Bachelor of Corporate Administration with Honours, both from Universiti Teknologi Mara. She also obtained a Master in Labour Policies and Globalisation from University of Kassel, and Berlin School of Economy, Germany.

MEMBERS OF THE BOARD

**DATUK
THOMAS
GEORGE M.S.
GEORGE**

Former Secretary-General, Ministry of Works



Datuk Thomas George M.S. George was appointed to the EPF Board as a Professional representative beginning 1 June 2013.

He served as Deputy Director before being appointed as the Director of Planning and Research in the Public Service Department and Senior Project Coordinator of Management Development and Quality Programme at the National Institute of Public Administration. Datuk Thomas George was Secretary-General of the Ministry of Human Resources from 27 May 2006 until 21 April 2009, and Secretary-General of the Ministry of Works from 22 April 2009 until he retired.

He holds a Master in Public Administration from George Washington University, United States.

**ZAINAL ABIDIN
MOHD KASSIM**

*Director and
Senior Partner,
Actuarial Partners
Consulting
Sdn Bhd*



Zainal Abidin Mohd Kassim was appointed to the EPF Board as a Professional representative beginning 1 June 2015.

He is currently Managing Director and Senior Partner of Actuarial Partners Consulting Sdn Bhd. He started his working career in 1978 with the Prudential Assurance PLC in London.

He graduated with First Class Honours in Actuarial Science from City University, London, and is a Fellow of the Institute and Faculty of Actuaries in the United Kingdom. He is also a Fellow of the Actuarial Society of Malaysia, and an Associate of the Society of Actuaries, United States. He is a past President of the Actuarial Society of Malaysia.

MEMBERS OF THE BOARD

KHALID HAJI SUFAT

*Independent
Non-Executive
Director, UMW
Holdings Berhad*



Khalid Haji Sufat was appointed to the EPF Board as a Professional representative beginning 1 June 2017.

An accountant by profession, he has considerable experience in the banking industry having held several senior positions, namely as Managing Director of Bank Kerjasama Rakyat Malaysia Berhad; General Manager, Consumer Banking of Malayan Banking Berhad; and Board of Director of MNRB Holdings Berhad.

He previously managed three listed companies, namely, as Executive Director of Tronoh Mines Malaysia Berhad, Deputy Executive Chairman of Furqan Business Organisation Berhad, and Group Managing Director of Seacera Tiles Berhad.

His directorships in other public companies include UMW Holdings Berhad and Chemical Company of Malaysia Berhad.

He is a Fellow Member of the Association of Chartered Certified Accountants (UK), a member of the Malaysian Institute of Certified Public Accountants, and the Malaysian Institute of Accountants.

ALIZAKRI ALIAS

*Chief Executive
Officer, EPF*



Alizakri Alias is the Chief Executive Officer of the EPF, a position he has held since 20 August 2018.

He joined the EPF on 1 January 2014 as Deputy CEO for the Strategy Division, overseeing national policies on social protection, and developing EPF products and services. In addition, he was responsible for corporate strategy, corporate affairs, human capital, and talent development.

Alizakri sits as a board member of Battersea Power Station Development Company Limited, Sime Darby Plantations Bhd, and Kwasa Utama Sdn Bhd. He has also been a Board Director for Astro Malaysia Holdings Bhd since February 2019, and was previously a Board Director of Dialog Group Berhad, Vice-Chairman of Technical Commission on Organisation, Management and Innovation of International Social Security Association (ISSA), and the Secretary-General of Asean Social Security Association (ASSA).

Alizakri holds a Master of Business Administration (MBA) from Cornell University, and a Bachelor of Law (LLB) from King's College, University of London. He has been admitted as an advocate and solicitor in the Court of Malaya, and has qualified as a Barrister (Lincoln's Inn) in the courts of England and Wales.

ALTERNATE MEMBERS OF THE BOARD

GOVERNMENT REPRESENTATIVES



HAZIM JAMALUDDIN

(31.1.2017 - 14.11.2019)

Government

Deputy Secretary
Strategic Investment Division,
Ministry of Finance



**DATUK DR. ROSSLINA
AHMAD MOKHTAR**

(1.6.2019 - 9.9.2019)

Government

Deputy Director-General
Public Service (Development),
Public Service Department



DATO' LIM ENG HOCK

(1.6.2019 - 26.7.2019)

Government

Deputy Secretary-General (Operation),
Ministry of Human Resources



**DATU HAJI MOHAMAD
ABU BAKAR MARZUKI**

(13.8.2019 - 31.5.2021)

Government

Deputy State Secretary of Sarawak
(Socio-Economic Transformation),
Sarawak State Secretary Office



**DATUK (DATU) ROSMADI
DATU SULAI**

(13.8.2019 - 2.11.2019)

Government

Director, Public Services Department, Sabah

MEMBERS OF THE INVESTMENT PANEL



TAN SRI SAMSUDIN OSMAN

Chairman, EPF

Tan Sri Samsudin Osman was appointed Chairman of the EPF Board beginning 1 February 2007.

A long-serving civil servant, Tan Sri Samsudin has served as President of Putrajaya Corporation, Chief Secretary to the Government, Director-General of the Public Service Department, Secretary-General of the Ministry of Home Affairs, Secretary-General of the Ministry of Domestic Trade and Consumer Affairs, Federal Secretary of Sabah, and Deputy Secretary-General of the Ministry of Transport.

Aside from being Chairman of the EPF, he currently serves as Chairman of Kwasa Land Sdn Bhd, and Director of Sime Darby Berhad. He is also Pro-Chancellor of Universiti Malaysia Terengganu, Chancellor of University College Bestari, and Chairman of the Board of Trustees of the Mahathir Science Award Foundation.

He holds a Master of Public Administration from Pennsylvania State University, United States.

TAN SRI AHMAD BADRI MOHD ZAHIR

Secretary General of Treasury, Ministry of Finance

Tan Sri Ahmad Badri Mohd Zahir was appointed to the Investment Panel on 1 May 2014.

Tan Sri Ahmad Badri Mohd Zahir is the Secretary General of Treasury, Ministry of Finance. He has served for almost 31 years in the Ministry of Finance, holding several senior positions, including the Deputy Secretary-General (Management) of Treasury, Director of the National Budget Office, and Under Secretary of Strategic Investment Division. He was also appointed as Advisor for Asian Development Bank (ADB) in Manila, Philippines.

He is highly experienced in the field of strategic investment, loan management, financial market, and actuary. In 2019, he was appointed as Chairman of Tenaga Nasional Berhad, Sabah Electricity Sdn Bhd (SESB), and Pro-Chancellor of Universiti Tenaga National (UNITEN).

He obtained his Masters of Business Administration from University of Hull, United Kingdom, Bachelors Degree with Honours and Diploma in Land and Property Management from Universiti Teknologi MARA, and Diploma in Public Administration from the National Institute of Public Administration (INTAN).



ADNAN ZAYLANI MOHAMAD ZAHID

Assistant Governor, Bank Negara Malaysia

Adnan Zaylani was appointed to the Investment Panel on 4 November 2018.

Adnan Zaylani holds the position of Assistant Governor at Bank Negara Malaysia and is responsible for the development of the financial and insurance sectors, development finance, Islamic finance, and oversees the Legal Department. He is a member of the Bank Management Committee, the Financial Stability Committee, and is a member of various other policy and development committees within the Bank. Adnan Zaylani represents the Bank on the Board of Retirement Fund (KWAP), and Credit Guarantee Corporation (CGC). He is also a Member of the Executive Committee (EXCO), and Audit Committee of INCEIF, a Member of the Labuan FSA Board, and a member of the Executive Committee of the Board (BEC) of the International Islamic Liquidity Management Corporation (IILM).

Adnan Zaylani holds a Master's Degree in Public Policy from Blavatnik School of Government, University of Oxford, MSc in Global Market Economics, London School of Economics, and BSc in Economics, London School of Economics. He is also a member of the Financial Markets Association of Malaysia.

MEMBERS OF THE INVESTMENT PANEL

**DAVID LAU NAI PEK**

Independent Non-Executive Director, Axiata Group Berhad

David Lau Nai Pek was appointed to the Investment Panel on 1 June 2009.

David Lau has over 35 years of professional experience in finance and has led financial organisations in Australia, Brunei, China, Malaysia, New Zealand, the Netherlands, and the United Kingdom. He retired from Shell Malaysia in August 2011 after serving Shell Group for 30 years in various capacities. His major assignments included serving as Finance Director of Shell Malaysia, Finance Director of Shell China, Global Controller of the Exploration and Production Division of Royal Dutch Shell, and Vice-President, Finance of Shell International Exploration and Production B.V., the Netherlands.

He is currently a Non-Executive Director and Chairman of the Board Audit Committee of Axiata Group Berhad, and two of its non-listed subsidiaries. He also sits on the Board of KKB Engineering Berhad.

He holds a Bachelor of Commerce from University of Canterbury, New Zealand, and is a member of the Malaysian Institute of Accountants and the Chartered Accountants, Australia, and New Zealand.

ROSSANA ANNIZAH AHMAD RASHID

Independent Non-Executive Director, IHH Healthcare Berhad

Rossana Annizah Ahmad Rashid was appointed to the Investment Panel on 1 June 2015.

Rossana Annizah is an Independent Non-Executive Director of IHH Healthcare Berhad (IHH). She also sits on the Boards and Board Committees of a few IHH subsidiaries.

Rossana Annizah serves as Country Chairman of the Jardine Matheson Group of Companies in Malaysia. She subsequently joined the Board of Cycle & Carriage Bintang Berhad, a member of the Jardine Matheson Group, as Deputy Chairman and Non-Independent Non-Executive Director. She also serves as Chairman of Bank Simpanan Nasional. In addition, she is also a Board member of Celcom Axiata Berhad and edotco Group Sdn Bhd, both subsidiaries of Axiata Group Berhad.

Prior to her current role, Rossana Annizah had an extensive professional career, holding leadership positions in telecommunication and banking sectors. She previously served in various senior management roles with TIME dotcom Berhad, Maxis Berhad and RHB Bank Berhad, after beginning her banking career with Citibank Malaysia. With 30 over years of combined experience, Rossana Annizah has broad experience in business strategy, identifying sustainable monetisation models, understanding customers and competition, as well as the need for reviewing monetisation models focusing on both revenue management and cost management.

Rossana Annizah graduated in Bachelor of Arts in Banking and Finance from Canberra College of Advanced Education, Australia (now known as University of Canberra).



MEMBERS OF THE INVESTMENT PANEL



DATO' MD AGIL MOHD NATT

Independent Non-Executive Chairman, Affin Bank Berhad

Dato' Md Agil Mohd Natt was appointed to the Investment Panel on 1 June 2017.

Dato' Md Agil started his career as Corporate Finance Manager with Bumiputra Merchant Bankers Berhad in 1977 before serving as Senior General Manager with Island & Peninsular Berhad. He was also the Chief Representative of Kleinwort Benson Limited before joining Maybank Group in 1995 where he served as Senior General Manager, Corporate Banking, Chief Executive Officer of Aseambankers Berhad (now known as Maybank Investment Bank Berhad), and Deputy President/Executive Director of Maybank.

Prior to his retirement from his corporate career in 2011, he was the President and Chief Executive Officer of The International Centre for Education in Islamic Finance, the Global University of Islamic Finance.

He is currently the non-Executive Chairman of Affin Bank Berhad, Manulife Insurance Berhad, and Manulife Investment Management Berhad.

Dato' Md Agil holds an Honours Degree in Economics from Brunel University London, a Master's Degree in Finance from Cass Business School London, and attended the Advance Management Programme with the Harvard Business School, United States.

ALIZAKRI ALIAS

Chief Executive Officer, EPF

Alizakri Alias was appointed Chief Executive Officer of EPF on 20 August 2018.

Alizakri Alias joined the EPF on 1 January 2014 as Deputy CEO for the Strategy Division, overseeing national policies on social protection, and developing EPF products and services. In addition, he was responsible for corporate strategy, corporate affairs, human capital and talent development.

Alizakri sits as a board member of Battersea Power Station Development Company Limited, Sime Darby Plantations Bhd, and Kwasa Utama Sdn Bhd. He has also been a Board Director for Astro Malaysia Holdings Bhd since February 2019, and was previously a Board Director of Dialog Group Berhad, Vice-Chairman of Technical Commission on Organisation, Management and Innovation of International Social Security Association (ISSA), and Secretary-General of Asean Social Security Association (ASSA).

Alizakri holds a Master of Business Administration (MBA) from Cornell University and a Bachelor of Law (LLB) from King's College, University of London. He has been admitted as an advocate and solicitor in the Court of Malaya and has qualified as a Barrister (Lincoln's Inn) in the courts of England and Wales.



NEWLY APPOINTED BOARD MEMBERS, ALTERNATE BOARD MEMBERS, AND INVESTMENT PANEL



DATUK DR. TING DING ING



DATUK AMAR JAUL SAMION



DATU HAJI MOHAMAD ABU BAKAR MARZUKI

Newly appointed on 1.6.2019

Employer

Newly appointed on 13.8.2019

Government

Newly appointed on 13.8.2019

Government

OUTGOING BOARD MEMBERS, ALTERNATE BOARD MEMBERS, AND INVESTMENT PANEL



DATUK ABANG HAJI
ABDUL KARIM TUN
ABANG HAJI OPENG



DATO' LIM ENG HOCK



TAN SRI DATUK AMAR
HAJI MOHAMAD
MORSHIDI ABDUL
GHANI



DATU DR. SABARIAH
PUTIT



TAN SRI BORHAN
DOLAH

Service completed on
31.5.2019

Employer

Service completed on
26.7.2019

Government

Service completed on
12.8.2019

Government

Service completed on
12.8.2019

Government

Service completed on
9.9.2019

Government



DATUK DR. ROSSLINA
AHMAD MOKHTAR



DATUK SERI
PANGLIMA HASHIM
PAIJAN



DATUK (DATU)
ROSMADI DATU SULAI



DATUK SITI ZAUYAH
MD DESA



HAZIM JAMALUDDIN

Service completed on
9.9.2019

Government

Service completed on
2.11.2019

Government

Service completed on
2.11.2019

Government

Service completed on
14.11.2019

Government

Service completed on
14.11.2019

Government

BOARD AND INVESTMENT PANEL COMMITTEES

FINANCE AND DEVELOPMENT COMMITTEE

1. Tan Sri Samsudin Osman, *Chairman*
2. Datuk Siti Zauyah Md Desa,
Deputy Chairman
Alternate Member: Hazim Jamaluddin
3. Datuk Mohd Hasnol Ayub
4. Haji Adnan Mat
5. Khalid Haji Sufat
6. Alizakri Alias

EPF STRATEGY COMMITTEE

1. Zainal Abidin Mohd Kassim, *Chairman*
2. Dato' Amir Omar, *Deputy Chairman*
Alternate Member: Dato' Lim Eng Hock
3. Tan Sri Azman Shah Haron
4. Datuk Dr. Ting Ding Ing
5. Dato' Abdul Halim Mansor
6. Hadiah Leen
7. Datuk Thomas George M.S. George
8. Alizakri Alias

BOARD AUDIT COMMITTEE

1. Khalid Haji Sufat, *Chairman*
2. Datuk Siti Zauyah Md Desa,
Deputy Chairman
Alternate Member: Hazim Jamaluddin
3. Datuk Dr. Ting Ding Ing
4. Hadiah Leen
5. Zainal Abidin Mohd Kassim

PERSONNEL, APPOINTMENT AND SERVICES COMMITTEE

1. Tan Sri Borhan Dolah, *Chairman*
2. Datuk Seri Panglima Hashim Paijan,
Deputy Chairman
Alternate Member: Datuk (Datu) Rosmadi Datu Sulai
3. Datuk Mohd Hasnol Ayub
4. Tan Sri Dr. Lim Wee Chai
5. Haji Adnan Mat
6. Khalid Haji Sufat
7. Alizakri Alias

BOARD RISK MANAGEMENT COMMITTEE

1. Tan Sri Azman Shah Haron, *Chairman*
2. Datuk Amar Jaul Samion,
Deputy Chairman
Alternate Member: Datu Haji Mohamad Abu Bakar Marzuki
3. Catherine Jikunan
4. Datuk Thomas George M.S. George
5. Alizakri Alias

BOARD DISCIPLINARY COMMITTEE

1. Dato' Amir Omar, *Chairman*
2. Datuk Seri Panglima Hashim Paijan,
Deputy Chairman
Alternate Member: Datuk (Datu) Rosmadi Datu Sulai
3. Tan Sri Azman Shah Haron
4. Hadiah Leen
5. Zainal Abidin Mohd Kassim

BOARD DISCIPLINARY APPEAL COMMITTEE

1. Tan Sri Samsudin Osman, *Chairman*
2. Tan Sri Borhan Dolah,
Deputy Chairman
Alternate Member: Datuk Dr. Rosslina Ahmad Mokhtar
3. Datuk Mohd Hasnol Ayub
4. Tan Sri Dr. Lim Wee Chai
5. Dato' Abdul Halim Mansor
6. Catherine Jikunan
7. Datuk Thomas George M.S. George

PROCUREMENT BOARD

1. Datuk Thomas George M.S. George,
Chairman
2. Datuk Dr. Ting Ding Ing,
Deputy Chairman
3. Haji Adnan Mat
4. Catherine Jikunan
5. Alizakri Alias

INVESTMENT PANEL RISK COMMITTEE

1. David Lau Nai Pek, *Chairman*
2. Rossana Annizah Ahmad Rashid
3. Dato' Md Agil Mohd Natt
4. Alizakri Alias

SHARIAH ADVISORY COMMITTEE MEMBERS 2018-2020



PROF. DR. MOHAMAD AKRAM LALDIN

Chairman

- Executive Director, International Shariah Research Academy for Islamic Finance
- Professor, International Centre for Education in Islamic Finance
- Member of the Shariah Advisory Council, Bank Negara Malaysia
- Member of Shariah Advisory Council, International Islamic Financial Market, Bahrain
- Member of Shariah Supervisory Council, Labuan Financial Services Authority
- Member of the Shariah Advisory Board, Yassar Limited, United Kingdom
- Member of the Shariah Advisor, Dar Al Takaful, Dubai
- Chairman, Maldives Monetary Authority Shariah Board, Maldives
- Member of Financial Regulation Advisory Council of Experts, Central Bank of Nigeria
- Registered Shariah Adviser (Individual) for Islamic Securities with the Securities Commission Malaysia



PROF. MADYA DR. AZNAN HASAN

Deputy Chairman

- Lecturer (Associate Professor), Islamic Law Department, Institute of Islamic Banking and Finance, International Islamic University Malaysia
- President, Association of Shariah Advisors in Islamic Finance
- Member, Board of Directors, Hong Leong MSIG Takaful
- Deputy Chairman, Shariah Advisory Council, Securities Commission Malaysia
- Member, Higher Shariah Authority, Central Bank of Abu Dhabi
- Member of Shariah Board, Accounting and Auditing Organisation for Islamic Financial Institutions
- Chairman, Shariah Committee of Maybank Group
- Member of Shariah Advisory Board, Global HSBC Amanah
- Member of Shariah Advisory Board, Global Standard Chartered
- Chairman, Shariah Advisory Board Amanah Raya Berhad



DR. ZAHARUDDIN ABDUL RAHMAN

- Managing Director/Founder, Elzar Shariah Solutions & Advisory Sdn Bhd
- Adjunct Professor at Faculty of Business & Accountancy, UNISEL
- Member, Consultative Council of Penang
- Member, Board of Directors, University Sultan Zainal Abidin (Unisza) and Chairman, Audit & Risk Committee, UNISZA
- Member, Board of Trustee, YAPIEM and Chairman, Risk & Sustainability Committee, YAPIEM
- Chairman, Shariah Committee, EXIM Bank Berhad
- Chairman, Shariah Committee, Perbadanan Usahawan Nasional Berhad (PUNB)
- Shariah Advisor, Sedania As Salam Capital Sdn Bhd
- Member, Fatwa Council of Perlis
- Registered Shariah Adviser (Individual) for Islamic Securities with the Securities Commission Malaysia



**PROF. DR ENGU RABIAH
ADAWIAH ENGU ALI**

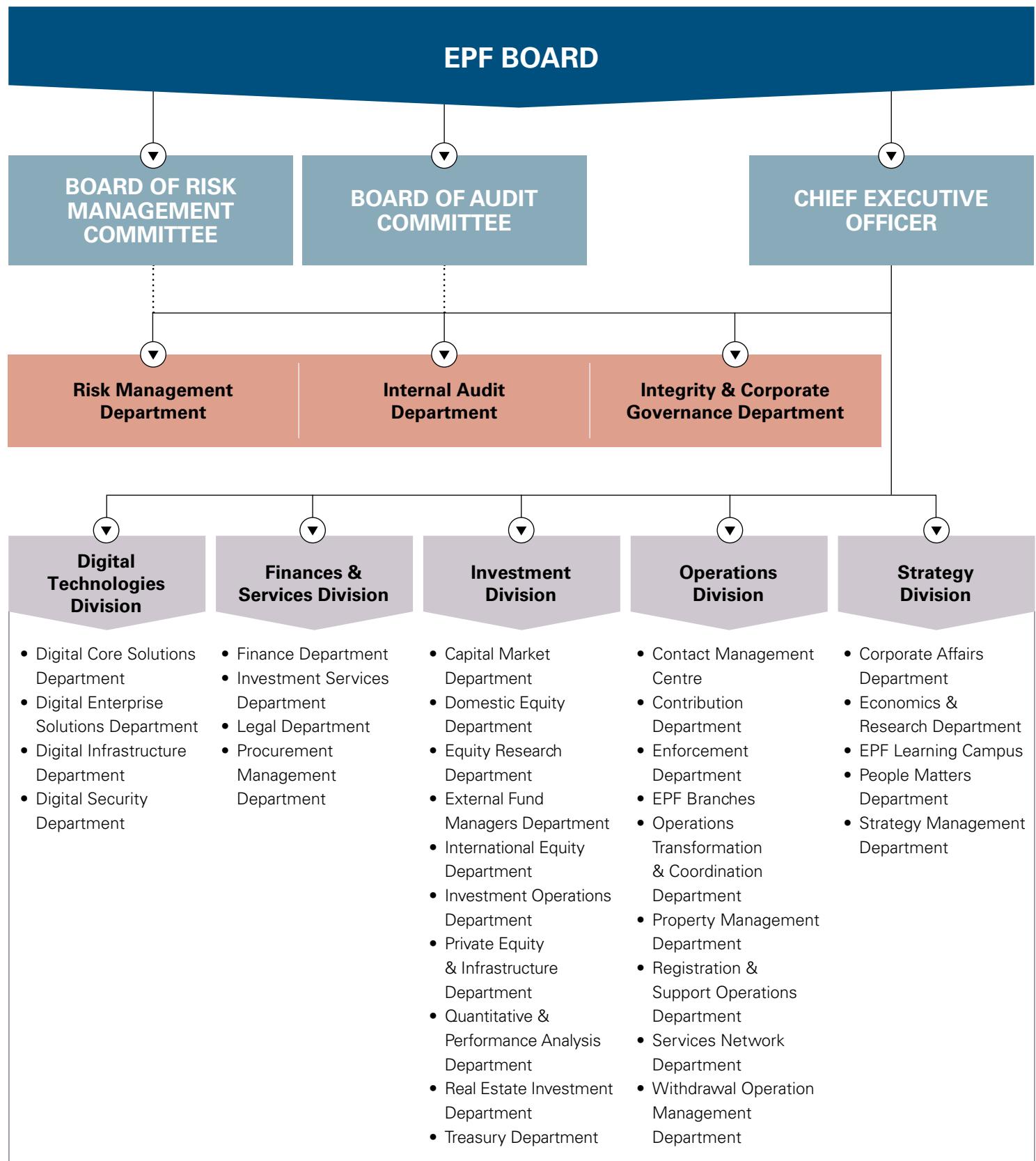
- Professor, IIUM Institute of Islamic Banking and Finance
- Member of the Shariah Advisory Council, Bank Negara Malaysia
- Member of Shariah Advisory Council, Securities Commission Malaysia
- Member of Shariah Advisory Council, Labuan Financial Services Authority (Labuan FSA)
- Member of Shariah Supervisory Council, Labuan Reinsurance (L) Ltd
- Member of Shariah Advisory Panel, Xeraya Capital Sdn Bhd
- Member of the Board of Directors, Malaysian Institute of Islamic Understanding
- Member of the Disciplinary Committee, Malaysian Bar Council
- Member of the Shariah Board, Amanah Ikhtiar Malaysia Registered Shariah Adviser (Individual) for Islamic
- Registered Shariah Adviser (Individual) for Islamic Securities with the Securities Commission Malaysia



DR. KAMARUZAMAN NOORDIN

- Senior Lecturer, Department of Shariah and Management, Academy of Islamic Studies, University of Malaya
- Head, Department of Shariah and Management, Academy of Islamic Studies, University of Malaya
- Chairman, Shariah Committee, Kenanga Investment Bank Berhad
- Chairman, Shariah Committee, Swiss Re Retakaful
- Chairman, Shariah Committee, La Prudence Takaful, Mauritius
- Chairman, Shariah Advisory Panel, LIMRA Group of Companies
- Registered Shariah Adviser (Individual) for Islamic Securities with the Securities Commission Malaysia

ORGANISATIONAL STRUCTURE



CHIEF EXECUTIVE OFFICER/DEPUTY CHIEF EXECUTIVE OFFICERS/CHIEF FINANCIAL OFFICER/ CHIEF DIGITAL TECHNOLOGY OFFICER



From left to right:

**DATO' MOHAMAD
NASIR AB LATIF**
Investment Division

SAZALIZA ZAINUDDIN
*Finance & Services
Division*

ALIZAKRI ALIAS
Chief Executive Officer

**DATO' MOHD
NAIM DARUWISH**
Operations Division

**MUHAMMAD AFHZAL
ABDUL RAHMAN**
Digital Technologies Division

CHIEF EXECUTIVE OFFICER/DEPUTY CHIEF EXECUTIVE OFFICERS/ CHIEF FINANCIAL OFFICER/CHIEF DIGITAL TECHNOLOGY OFFICER

ALIZAKRI ALIAS

Chief Executive Officer

Alizakri Alias was appointed as Chief Executive Officer of EPF on 20 August 2018.

He joined the EPF on 1 January 2014 as Deputy CEO for the Strategy Division, overseeing national policies on social protection, and developing EPF products and services. In addition, he was responsible for corporate strategy, corporate affairs, human capital and talent development. He is also an ex-officio member of the EPF Board, and Investment Panel.

Alizakri sits as a board member of Battersea Power Station Development Company Limited, Sime Darby Plantations Bhd, and Kwasa Utama Sdn Bhd. He has also sat on the board of Astro Malaysia Holdings Bhd since February 2019, and previously sat on the boards of Dialog Group Berhad, Vice-Chairman of Technical Commission on Organisation, Management & Innovation of International Social Security Association (ISSA), and Secretary-

General of Asean Social Security Association (ASSA).

Prior to joining the EPF, he was Chief Marketing Officer and Chief Operating Officer of the Iclif Leadership and Governance Centre. He has also held the positions of Director of Strategic Management at Bank Negara Malaysia, Director and Head of Strategy and Corporate Affairs at DiGi Telecommunications Sdn Bhd, and a Vice-President and Head of Group Strategic Planning at Malayan Banking Bhd.

Alizakri holds a Master of Business Administration (MBA) from Cornell University, and a Bachelor of Law (LLB) from King's College, University of London. He has been admitted as an advocate and solicitor in the Court of Malaya, and has qualified as a Barrister (Lincoln's Inn) in the courts of England and Wales.

DATO' MOHAMAD NASIR AB LATIF

Investment Division

Dato' Mohamad Nasir Ab Latif was appointed Deputy Chief Executive Officer (Investment) on 15 April 2013.

Dato' Mohamad Nasir started his career with the EPF in 1982 and has held several positions before being promoted to Deputy Chief Executive Officer (Investment). He previously held positions as State Enforcement Officer (1990-1995), Senior Research Officer, Manager and Senior Manager in the Investment and Economics Research Department (1995-2003), and General Manager of the International Equity Investment Department (July 2009-2013).

He is currently a Board member of Malaysian Resources Corporation Berhad, Sime Darby Plantation Berhad, PLUS Malaysia Berhad, Yinson Holdings Berhad, BBCC Development Sdn Bhd, the Battersea Project Company Limited, and Yarra Park City Pty Ltd.

He graduated with a Bachelor in Social Science (Economics) from Universiti Sains Malaysia, and obtained a Certified Diploma in Accounting and Finance from the Association of Chartered Certified Accountants in 1996. He also holds a Master of Science in Investment Analysis from the University of Stirling, United Kingdom (1999).

SAZALIZA ZAINUDDIN

Finance & Services Division

Sazaliza Zainuddin was appointed Chief Financial Officer on 3 April 2017.

Sazaliza joined the EPF in July 2006 as Head of Accounts, Finance Department, and has held several positions before being promoted to Chief Financial Officer. Previous positions held include Head of Finance Department, Head of Procurement Management Department, and Head of Internal Audit Department. Prior to joining the EPF, he was Senior Manager at PricewaterhouseCoopers.

He was Director at the Malaysia Building Society Berhad from 2017 to 2018 and HSBC Amanah Takaful (Malaysia) Berhad from 2013 to 2017. He is currently a non-executive board member of MBSB Bank Berhad.

He is an ACCA holder and holds a Bachelor of Arts (Hons) in Accounting and Finance from Southbank University, United Kingdom.

DATO' MOHD NAIM DARUWISH

Operations Division

Dato' Naim Daruwish was appointed Deputy Chief Executive Officer (Operations) on 1 October 2014.

Dato' Mohd Naim started his career in the Judiciary and Legal Services as Magistrate from 1985 until 1992. He joined the EPF in 1992 as Manager in the Prosecution / Litigation Division and has held several positions, including as Head of Enforcement Department, the Legal Department, and the Contributions Department.

From December 2011 to September 2014, he was seconded to the Companies Commission of Malaysia (SSM) as Chief Executive Officer and later resumed service with the EPF as Deputy Chief Executive (Operations) beginning October 2014.

He holds a Bachelor of Law (LLB) from University of Malaya.

MUHAMMAD AFHZAL ABDUL RAHMAN

Digital Technologies Division

Muhammad Afhzal Abdul Rahman was appointed Chief Digital Technology Officer in 2019, where he heads the Digital Technologies Division and is responsible for driving digital technology strategy, business enablement, implementation, and operations comprising 281 technology personnel.

Afhzal joined the EPF as a Senior Manager with the IT Department in 2017. Prior to joining EPF, he spent over 13 years with global multinational organisations such as Maybank, Shell, T-Systems, DHL, IBM, and ExxonMobil in adoption and implementation of strategic technology initiatives that deliver business outcomes.

In addition, Afhzal has 22 years of experience in technology in areas of strategy and architecture, business transformation and enablement, and technology implementations for large scale enterprises in the financial services, and oil and gas industries.

He holds a Bachelor in Science Degree (Electrical Engineering) from Columbia University, New York, United States.

SENIOR MANAGEMENT



ALIZAKRI ALIAS
CEO Office

The Chief Executive Officer (CEO) is responsible for the EPF's entire operations. He provides guidance and advice, as well as leadership to the Senior Management team to ensure organisational strategies and policies are met. The CEO also oversees the implementation of EPF's long and short-term plans, and is the direct liaison between the Management and the Board. Departments reporting directly to the CEO are the Risk Management Department, Internal Audit Department, and Integrity & Corporate Governance Department.



DATO' MOHAMAD NASIR AB LATIF
Investment Division

The Investment Division managed RM924.75b* in assets globally by investing across asset classes in public and private markets. The departments under the Investment Division are responsible for research and fund management covering multiple asset classes. These departments are the Domestic Equity Department, International Equity Department, Treasury Department, Capital Markets Department, Real Estate Investment Department, Private Equity & Infrastructure Department, External Fund Managers Department, Equity Research Department, Quantitative & Investment Analytics Department, and Investment Operation Department.



DATO' MOHD NAIM DARUWISH
Operations Division

The Operations Division oversees a broad portfolio of operational services and support functions that give particular emphasis on performance management, effective service delivery as well as contractual requirements. Departments under the Operations Division are the Enforcement Department, Services Network Department, Registration & Operations Support Department, Withdrawal Operations Management Department, Operations Transformation & Coordination Department, Contact Management Centre Department, Property Management Department, and Contributions Department.



SAZALIZA ZAINUDDIN
Finance & Services Division

The Finance & Services Division is responsible in providing financial services, legal advice, procurement assistance, as well as ensuring that the overall operations in the EPF is conducted in an effective and efficient manner.

Departments under this division are the Finance Department, Investment Compliance Department, Legal Department, and Procurement Department.

* Figures as per MFRS 31.12.2019

SENIOR MANAGEMENT

**NURHISHAM HUSSEIN***Strategy Division*

The Strategy Division enables the EPF to achieve its Mission and Vision by ensuring the mid and long term plans, and strategies are implemented, while maintaining the EPF's good reputation. The division also has the responsibility to provide oversight on strategic issues pertaining to human capital as well as talent development.

Departments under the Strategy Division are Strategy Management Department, People Matters Department, Corporate Affairs Department, EPF Learning Campus, and Economics & Research Department.

**MUHAMMAD AFHZAL****ABDUL RAHMAN***Digital Technologies Division**Economics & Research
Department*

The Economics & Research Department monitors developments in the economies that the EPF invests in. This provides insight for the formulation of investment strategy and portfolio allocation, while taking into account market risk factors.

The Digital Technologies Division enables and supports EPF's business and operations by architecting, establishing, and operating digital technology solutions and services that are customer centric, innovative, robust, and secure. Departments under the Digital Technologies Division are Digital Core Solutions Department, Digital Enterprise Solutions Department, Digital Infrastructure Department, and Digital Security Department.

**CINDY TAN LER CHIN***Risk Management Department*

The main objective of the Risk Management Department is to create fully integrated and sophisticated enterprise-wide risk management practices above the industry standard.

SENIOR MANAGEMENT



NIK MOHAMED YUSOFF AFFENDI JAAFAR

*Integrity & Corporate
Governance Department*

The Integrity & Corporate Governance Department is responsible for ensuring the EPF's business and operations are implemented in a transparent and professional manner by providing advisory services to the Management in the areas of integrity, governance, and anti-corruption. It also implements Outreach Programmes for EPF employees and stakeholders.



ZAINI SHAARI *Internal Audit Department*

The Internal Audit Department acts as a strategic partner to the Board Audit Committee and Management in fulfilling their responsibilities by providing independent, objective assurance and insights on the effectiveness of governance, risk management, and internal control processes. The department assists the EPF in driving values to achieve its strategic, operational, financial, and compliance objectives.



AHMAD RIDZUAN WAN IDRUS

*Investment Operation
Department*

The Investment Operations Department is the Investment Division's Business Partner in matters relating to Shariah services, investment transformation, digital and information technology, continuous process improvements, and human capital development to address future needs and expectations of the Investment Division.



AZHAR AHMAD *External Fund Managers Department*

The External Fund Managers Department is responsible for supervising external managers according to industry best practices in order to optimise investment returns within tolerable risks, through diversification by appointing leading domestic and global fund managers in the respective asset class.

SENIOR MANAGEMENT



AZIZUL ZAINOL
Treasury Department

The Treasury Department manages the daily cash flow to ensure that an optimum cash level is maintained in order to meet the EPF's commitments, and to maximise returns through investment in fixed income portfolio comprising Government Securities and Equivalents. It also manages the EPF's foreign exchange requirements and hedges against foreign exchange and interest rate risks.



BADRUL HISHAM DAHALAN
*Quantitative & Investment
Analytics Department*

The Quantitative & Investment Analytics Department is responsible for the Strategic Asset Allocation, including the annual investment allocation, target setting for investment returns and EPF's dividend, actuarial analysis, data analytics, and investment performance analysis. These functions ensure that investment returns are optimised within given levels of risk, in line with the EPF's investment objectives. It also carries out the supervision of Fund Management Institutions under the Members Investment Scheme as well as the enhancement of the scheme, to safeguard EPF's members interest.



LIM TZE SEONG
International Equity Department

The International Equity Department manages international equity investments through internal portfolio managers guided by a dynamic Strategic Asset Allocation and Risk Framework. The strategic intent of the department is to manage international equity investments in a prudent manner and optimise returns.



MOHAMAD HAFIZ KASSIM
Capital Markets Department

The Capital Markets Department manages the Fixed Income portfolio and Corporate Finance activities. The EPF's fixed income portfolio covers conventional and Shariah-compliant instruments across domestic and global markets. The portfolio is managed based on the optimised asset allocation and comprehensive credit assessment process.

SENIOR MANAGEMENT



NOORHASLIN MOHD BASERI
*Investment Services
Department*

The Investment Services Department ensures compliance of internal policies and guidelines on investments as well as adherence to the relevant laws and regulations governing EPF's domestic and overseas investments. The department is responsible to settle all investment transactions guided by the market convention and to ensure that the investment records and reports comply with the EPF's accounting policy. The department is also a custodian for Data Loss Protection, Chinese Wall Policy, and Data Governance for the EPF.



NOR AZAM YAHYA
Equity Research Department

The Equity Research Department conducts financial analysis and evaluation of publicly-listed companies invested by the EPF, and monitors the companies' ESG practises.



**ROHAYA MOHAMMAD
YUSOF**
Private Markets Department

The Private Markets Department sources, evaluates, and executes opportunities that meet the EPF's risk-return profile in Private Markets Investment. The department manages three asset classes, namely Real Estate, Private Equity, and Infrastructure.



ZALINAH A HAMID
Domestic Equity Department

The Domestic Equity Department is responsible for the domestic listed equity investments and related instruments based on the approved asset allocation within the permitted risk parameters.

SENIOR MANAGEMENT

**C. BAHARUDIN WAHAB***Contributions Department*

The Contributions Department is responsible for providing multiple payment channels for employers to receipt their employees' contribution anytime and anywhere. The received contributions will be receipted and credited into members' accounts efficiently and effectively. The department is also responsible for managing, maintaining, and updating employers' and employees' accounts in an orderly manner within the determined period.

**DATO' KHALID HARON***Withdrawal Operations
Management Department*

The Withdrawal Operations Management Department is responsible for developing withdrawal procedures and rules to be in accordance with the policy and the EPF Act's provision, and ensuring the withdrawal application is processed and approved with speed and accuracy, and complies with pre-determined procedures and rules.

**HARDIAL SINGH A/L MITT
SINGH***Enforcement Department*

The Enforcement Department is responsible for providing comprehensive advisory service to employers on regulatory compliance to ensure prompt contribution payment. At the same time, it safeguards employees' interest through effective complaints management and employer's compliance screening.

**MAJIDAH YAHYA***Registration & Operations
Support Department*

The Registration & Operations Support Department is responsible for ensuring all processes pertaining to members' and employers' registrations, and member's nomination are in accordance to the stipulated rules and regulations. The department also manages employers' and members' documents and data and ensure they are accurate, with integrity, and safely kept. The department also provides support services to all EPF departments at the Hub (Operation) in matters pertaining to administration and finance.

SENIOR MANAGEMENT



MOHD RODZI ABU BAKAR

Service Network Department

The Service Network Department is responsible for supporting and monitoring the effectiveness and efficacy of EPF's services across all services platform such as Electronic Channels, Member Advisory Services, Counter Services, Mobile Teams, and Branch Operation Management. Its strategic intent is to provide the best possible customer and digital experience to members.



NORIZAH HASSALLI

Contact Management Centre

The Contact Management Centre manages all EPF customer communication channels by ensuring excellent customer relations via regular monitoring of the EPF customer's satisfaction and experience index.



ONG HOCK CHYE

Operations Transformation & Coordination Department

The Operations Transformation & Coordination Department is responsible for carrying out research, continuous improvement, and breakthrough change, to transform operational processes to address future needs and expectations in a dynamic and complex environment. The department also coordinates operational processes and drives various initiatives to embed quality and innovative culture among EPF staff.



TAMILWANAN A/L PALANIAPPAN

Property Management Department

The Property Management Department ensures a work environment that is conducive and secure for EPF employees and its customers. In doing this, the department also ensures all related local authorities regulations are complied with.

SENIOR MANAGEMENT



NOR AZIAN MOHD NOOR
Finance Department

The Finance Department manages and controls the financial functions of the EPF, which include budgeting, payment, taxation, and financial reporting.



ZAI DATUL MAZWIN IDRUS
Legal Department

The Legal Department acts as the legal advisor and provides secretariat services to the EPF Board, as well as is responsible for initiating legal actions against employers, members, or any party that do not comply with provisions under the EPF Act 1991 and its subsidiary laws.



ZALIKAR YUSOFF
*Procurement Management
Department*

The Procurement Management Department is responsible for the acquisition of goods and services according to the EPF Procurement Policy. It also ensures an efficient and ethical procurement process to achieve best value for money while practising good corporate governance.



BALQAIS YUSOFF
*Strategy Management
Department*

The Strategy Management Department is responsible for charting the organisation's future direction and to translate corporate strategies into deliverables. It also manages relationships with key stakeholder groups to drive policy formulation, and create new products and services that enhance the well-being of EPF members and ultimately help them to achieve a better future.

SENIOR MANAGEMENT



**MOHAMAD FAHMI ABDUL
RAHIM**
People Matters Department

The People Matters Department drives business results through people-related initiatives and transactional HR work that underpins the talent management cycle. Through collaboration with relevant parties, the department ensures that the strategic plan takes into account of EPF employees' well-being. The department is committed to develop a strong pipeline by empowering its diverse employees to bring sustainable value to the EPF.



RAJA ZAFURA RAJA ZAIN
Corporate Affairs Department

The Corporate Affairs Department is responsible for safeguarding the organisation's reputation through effective internal, marketing, and strategic communications with the overall goal of strengthening the EPF's role as a premier social security organisation.



SUHAIZAM ISMAIL
EPF Learning Campus

The EPF Learning Campus (ELC) provides a holistic service through research on learning and social security training programmes. As the custodian of EPF learning and development, ELC formulates strategies and drive the corporate learning roadmap, objectives, and training policies. The ELC also facilitates informal learning through knowledge management supported by comprehensive learning and infrastructure.



ASHA A/P P. BHASKARAN
*Digital Core Solutions
Department*

The Digital Core Solutions Department is responsible for designing, developing, integrating with other related systems, testing, and implementing solutions for the EPF Core Provident Fund System that satisfies EPF's informational, operational, and management requirements in an efficient and effective manner.

SENIOR MANAGEMENT



JASMINE GOH WAN CHEN
Digital Security Department

The Digital Security Department is responsible for protecting the confidentiality, integrity, and availability of critical information and assets. The department develops and enforces the digital security policies and procedures based on industry standard, best practices, and relevant regulator's guidelines.



**RAVI KUMAR A/L T.
WICKNISWASARAJAH**
*Digital Infrastructure
Department*

The Digital Infrastructure Department is responsible for planning, provisioning, managing, and maintaining the EPF's digital technology infrastructure. The department endeavours to support the IT capacity and performance that is required to run the EPF's business operations by implementing robust, resilient, recoverable, and secure digital infrastructure that complies with the EPF's technical architecture.



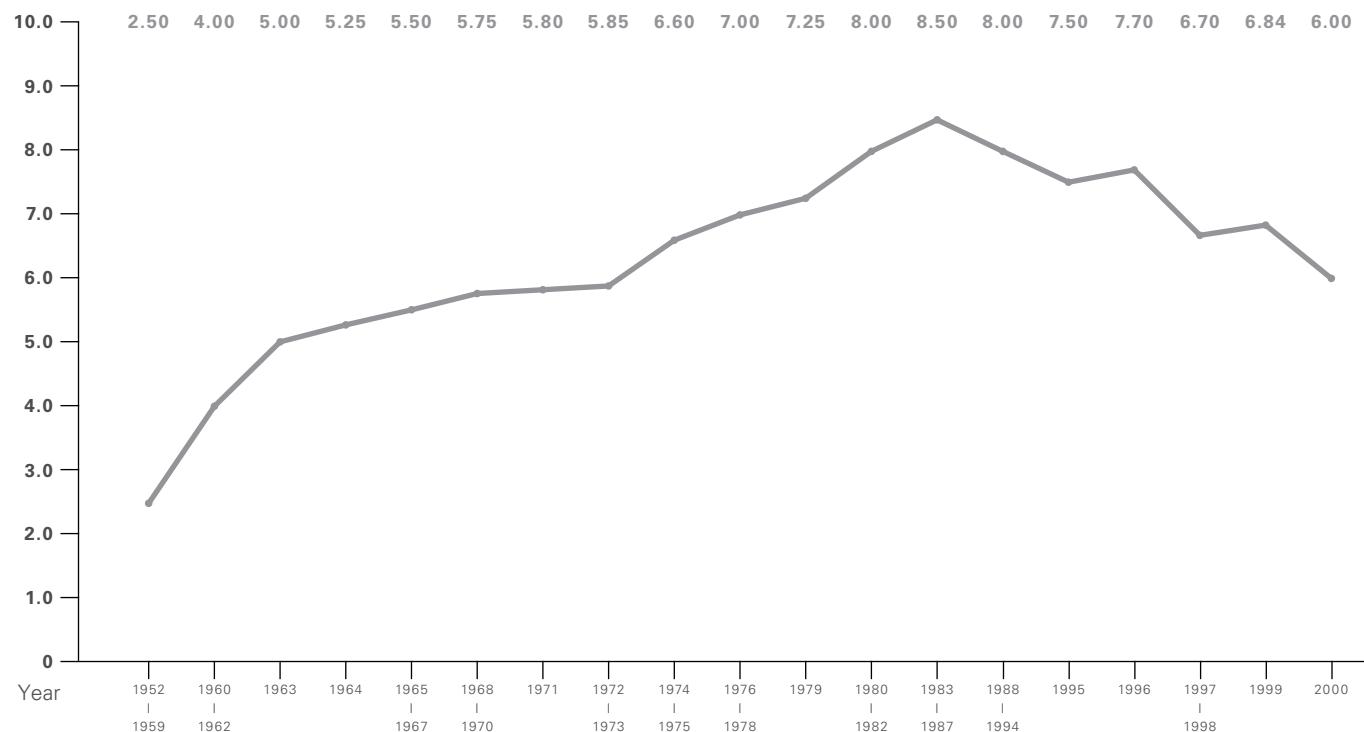
WU TZE CHYI @ EVA WU
*Digital Enterprise Solutions
Department*

The Digital Enterprise Solutions Department is responsible to design, develop, test, and implement solutions for the enterprise support functions that satisfies EPF's informational, operational, and management requirements in an efficient and effective manner.

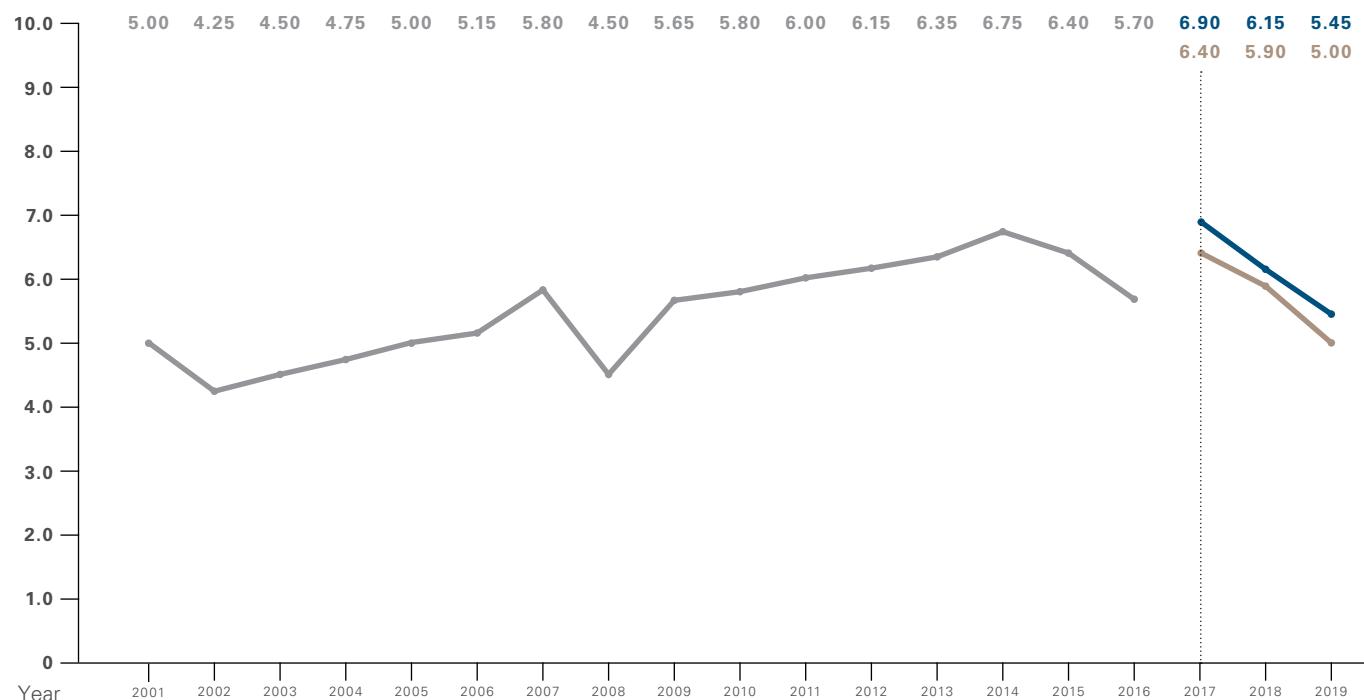
STATISTICS

DIVIDEND RATES

Percentage (%)



Percentage (%)



- Simpanan Konvensional
- Simpanan Shariah

LIST OF TOP 30 EQUITY HOLDINGS BY PERCENTAGE OF ISSUED SHARES AS AT 31 DECEMBER 2019

No	Counter	Total%
1.	Malaysia Building Society Bhd	64.48%
2.	RHB Bank Bhd	41.55%
3.	Malaysian Resources Corporation Bhd	35.85%
4.	Telekom Malaysia Bhd	16.20%
5.	Axiata Group Bhd	16.20%
6.	IJM Corp Bhd	15.60%
7.	Tenaga Nasional Bhd	15.54%
8.	Sunway Reit Bhd	14.91%
9.	Axis Real Estate Investment Bhd	14.02%
10.	Aeon Co. (M) Bhd	13.73%
11.	Sime Darby Plantation Berhad	13.66%
12.	Kuala Lumpur Kepong Bhd	13.61%
13.	IJM Plantations Bhd	13.45%
14.	Panasonic Manufacturing Malaysia Bhd	13.43%
15.	Digi.com Bhd	13.22%
16.	Alliance Bank Malaysia Bhd	12.93%
17.	Public Bank Bhd	12.82%
18.	Gamuda Bhd	12.67%
19.	CIMB Group Holdings Bhd	12.67%
20.	United Plantations Bhd	12.49%
21.	BIMB Holdings Bhd	12.45%
22.	Malayan Banking Bhd	12.44%
23.	SP Setia Bhd	12.31%
24.	PPB Group Bhd	12.30%
25.	Yinson Holdings Bhd	12.19%
26.	Malaysia Airports Holdings Bhd	12.15%
27.	MRCB-Quill REIT	12.09%
28.	Petronas Gas Bhd	12.08%
29.	Media Prima Bhd	11.73%
30.	Cahya Mata Sarawak Bhd	11.69%

STATISTICS

WITHDRAWAL BY SCHEMES

Year	2019		2018	
	Number	Amount (RM)	Number	Amount (RM)
Withdrawal Schemes				
55 years	441,376	15,920,504,550	379,504	15,810,003,592
50 years	157,291	4,617,493,415	160,751	4,712,680,608
Incapacitation	5,821	467,210,536	5,347	391,038,106
Leaving Country	4,132	437,102,971	4,032	392,456,135
Buy First House	99,280	2,326,197,915	91,074	2,149,948,937
Buy Second House	5,216	214,896,132	5,147	214,335,855
Housing Loan Monthly Installment	2,281,335	2,237,909,683	1,748,506	2,001,339,134
Reduction/Redemption of Housing Loan	103,110	1,271,681,009	112,518	1,447,916,201
Health	8,228	82,350,228	6,972	67,403,964
Death	65,747	1,961,714,928	62,658	1,715,602,371
Periodical Payment	516	900,993	587	1,122,730
Members Investment Scheme	556,130	5,640,324,723	851,933	9,251,295,326
Pensionable Employees and Optional Retirement	82,626	2,327,308,586	76,395	2,259,743,254
Education	101,239	1,157,231,920	140,769	1,319,456,484
Monthly Payment Scheme	63	79,522	61	76,842
Withdrawal of Savings in Excess of RM1 Million	13,565	1,553,231,588	8,018	1,518,976,786
Hajj	777	2,173,872	427	1,209,732
60 Years	289,036	4,557,680,814	238,551	4,330,245,142
Prima Housing Withdrawal	36	11,520	13	3,820
Total	4,215,524	44,776,004,907	3,893,263	47,584,855,018
Annual Dividend*	3,114	56,401,957	2,816	56,771,016
i) Death Benefits	22,186	55,465,000	21,387	53,485,571
ii) Incapacitation Benefits	1,033	5,165,000	883	4,415,000
Total (i and ii)	23,219	60,630,000	22,270	57,900,571

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				
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
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 2019 was adjusted as current year dividend expenses

ACTIVE MEMBERS' PROFILE BY SAVINGS RANGE AND GENDER AS AT 31 DECEMBER 2019

Savings Range (RM)	Number of Males	Number of Females	Total	Savings (RM)
<1-1,000	190,247	193,202	383,449	184,880,073
1,001-2,000	144,224	123,284	267,508	394,398,779
2,001-3,000	115,977	98,957	214,934	534,593,186
3,001-4,000	98,538	83,220	181,758	634,419,240
4,001-5,000	89,574	76,148	165,722	744,362,644
5,001-6,000	82,710	70,534	153,244	842,021,332
6,001-7,000	76,595	65,759	142,354	924,583,448
7,001-8,000	72,875	62,590	135,465	1,015,683,771
8,001-9,000	69,087	59,031	128,118	1,088,703,366
9,001-10,000	65,145	55,746	120,891	1,147,954,487
10,001-15,000	278,662	237,813	516,475	6,401,372,059
15,001-20,000	225,496	192,127	417,623	7,278,352,678
20,001-25,000	193,277	163,998	357,275	8,019,865,404
25,001-30,000	167,048	143,199	310,247	8,511,932,500
30,001-35,000	146,927	124,005	270,932	8,793,637,107
35,001-40,000	130,401	110,067	240,468	9,005,131,470
40,001-45,000	117,617	97,731	215,348	9,144,039,279
45,001-50,000	107,379	88,002	195,381	9,272,834,368
50,001-55,000	99,762	80,730	180,492	9,469,783,846
55,001-60,000	93,809	74,771	168,580	9,692,652,153
60,001-65,000	87,331	68,523	155,854	9,736,564,057
65,001-70,000	80,910	63,025	143,935	9,712,194,062
70,001-75,000	75,704	57,833	133,537	9,676,390,137
75,001-80,000	70,312	53,786	124,098	9,613,757,011
80,001-85,000	66,226	50,515	116,741	9,627,816,201
85,001-90,000	61,730	46,422	108,152	9,459,497,081
90,001-95,000	57,943	43,471	101,414	9,378,265,936
95,001-100,000	53,947	40,600	94,547	9,215,920,502
100,001-150,000	393,480	293,856	687,336	84,189,081,885
150,001-200,000	221,773	166,650	388,423	67,127,516,187
200,001-250,000	133,360	100,360	233,720	52,095,673,507
250,001-300,000	81,928	63,089	145,017	39,609,520,529
300,001-350,000	54,120	42,451	96,571	31,232,158,615
350,001-400,000	37,678	28,958	66,636	24,884,637,219
400,001-450,000	27,530	20,883	48,413	20,512,685,166
450,001-500,000	21,242	15,258	36,500	17,294,221,642
500,001-600,000	30,228	20,680	50,908	27,786,747,473
600,001-700,000	19,504	12,418	31,922	20,630,677,346
700,001-800,000	13,691	7,978	21,669	16,183,347,133
800,001-900,000	9,865	5,382	15,247	12,923,502,630
900,001-1,000,000	7,356	3,915	11,271	10,683,318,112
> 1,000,000	34,260	13,827	48,087	81,249,221,894
Total	4,205,468	3,420,794	7,626,262	675,923,915,512

Source: EPF Business Intelligence (BI) System

Note: Total Savings Amount not inclusive of 2019 annual dividend

STATISTICS

CONTRIBUTION RATES

Year	Employee	Employer	Total	Year	Employee	Employer	Total
1952 - June 1975	5%	5%	10%	January 2018 - December 2018			
July 1975 - November 1980	6%	7%	13%	Members below age 60			
December 1980 - December 1992	9%	11%	20%	Income RM5,000 and less	11%	13%	24%
January 1993 - December 1995	10%	12%	22%	Income more than RM5,000	11%	12%	23%
January 1996 - March 2001	11%	12%	23%	Members age 60 until age 75			
April 2001 - March 2002	9%	12%	21%	Income RM5,000 and less	5.5%	6.5%	12%
April 2002 - May 2003	11%	12%	23%	Income more than RM5,000	5.5%	6%	11.5%
June 2003 - May 2004	9%	12%	21%	January 2019			
June 2004 - December 2008	11%	12%	23%	Members below age 60			
January 2009 - December 2010	8%	12%	20%	Income RM5,000 and less	11%	13%	24%
January 2011 - December 2011	11%	12%	23%	Income more than RM5,000	11%	12%	23%
January 2012 - February 2016				Members age 60 until age 75			
Income RM5,000 and less	11%	13%	24%	Income RM5,000 and less	-	4%	4%
Income more than RM5,000	11%	12%	23%	Income more than RM5,000	-	4%	4%
March 2016 - December 2017							
Members below age 60							
Income RM5,000 and less	8%	13%	21%				
Income more than RM5,000	8%	12%	20%				
Members age 60 until age 75							
Income RM5,000 and less	4%	6.5%	10.5%				
Income more than RM5,000	4%	6%	10%				

ACTIVE MEMBERS PROFILE BY AGE GROUP AND GENDER AS AT 31 DECEMBER 2019

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	745	473	1,218	0.02	0.02	1,058,087	0.00	0.00
16-25	974,437	821,908	1,796,345	23.55	23.57	15,724,769,831	2.33	2.33
26-30	741,386	651,197	1,392,583	18.26	41.83	45,045,881,461	6.66	8.99
31-35	620,856	504,077	1,124,933	14.75	56.58	77,823,187,678	11.51	20.50
36-40	484,690	390,131	874,821	11.47	68.05	98,482,152,800	14.57	35.07
41-45	406,013	335,379	741,392	9.72	77.77	119,169,357,952	17.63	52.71
46-50	350,951	281,887	632,838	8.30	86.07	127,665,982,142	18.89	71.59
51-55	286,685	219,319	506,004	6.64	92.71	103,684,526,960	15.34	86.93
56-60	193,962	140,240	334,202	4.38	97.09	50,099,043,466	7.41	94.34
61-65	90,417	51,182	141,599	1.86	98.95	23,005,840,107	3.40	97.75
66-70	39,933	19,049	58,982	0.77	99.72	10,108,112,414	1.50	99.24
71-75	12,973	5,173	18,146	0.24	99.96	4,102,568,482	0.61	99.85
76-80	2,234	726	2,960	0.04	100.00	956,560,334	0.14	99.99
81-85	168	43	211	0.00	100.00	50,442,721	0.01	100.00
>85	18	10	28	0.00	100.00	4,431,076	0.00	100.00
Grand Total	4,205,468	3,420,794	7,626,262	100.00		675,923,915,512	100.00	

Source: EPF Business Intelligence (BI) system

Note: Total Savings Amount not inclusive of 2019 annual dividend

ACTIVE MEMBERS' AVERAGE SAVINGS AT AGE 54 BY GENDER

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

MEMBERS' AVERAGE SAVINGS AT AGE 54

Year	Male			Female		
	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

Source: EPF Business Intelligence (BI) System

Note: Total Savings Amount not inclusive of 2019 annual dividend

INVESTMENT DIVISION



DATO' MOHAMAD NASIR AB LATIF
Deputy Chief Executive Officer (Investment)

2019 was another eventful year for the markets, marked by the increased volatility caused by the continued trade dispute between the US and China, mounting trade protectionism, aggressive monetary policy easing, and geopolitical concerns from Hong Kong to Iran as well as the fraught Brexit negotiations that weighed on sentiments.

Global economic growth was also at its weakest since the global financial crisis of 2008/2009 as the trade and geopolitical uncertainties accelerated slowdowns in China and the advanced economies of the US, Japan, and the EU.

Despite the challenges, the EPF managed to deliver another year of solid performance, declaring 5.45% dividend for Simpanan Konvensional and 5.00% for Simpanan Shariah, substantially above the 2.50% minimum mandated by the EPF Act 1991. On a rolling three-year basis, the real dividend for Simpanan Konvensional stood at 4.33%, which is 2.33% above our three-year rolling target of 2.00%. For Simpanan Shariah, the three-year rolling real dividend stood at 3.93%, higher than the 2.00% target.

OBJECTIVES

The division manages the EPF's investment fund with two primary long-term investment objectives:

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

STRATEGIC TARGETS

To ensure that the above objectives are met, we also have two investment strategic targets:

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

To ensure that these investment strategic targets are met, the EPF's investments stand guided by its Strategic Asset Allocation (SAA) to optimise long-term returns within the risk tolerance limits.

Besides the SAA, the EPF also adheres to a Tactical Asset Allocation (TAA), which allows portfolio managers to deviate from the median SAA within the portfolios' tolerable range to take advantage of prevailing market conditions. Meanwhile, the medium-term views on the market are incorporated into the Dynamic Asset Allocation (DAA), which is reviewed on a quarterly basis.

STRATEGIC ASSET ALLOCATION (SAA)

The EPF's SAA, which is a framework that is reviewed every three years, aimed at

optimising long-term investment returns within tolerable risk limits, is reviewed 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 the EPF delivers its investment objectives, with Fixed Income Instruments anchoring the overall portfolio by preserving members' savings through providing a stable stream of income via interest payments. Equities provide return enhancement to the portfolio by adding value to members' savings through returns that surpass inflation. Real Estate and Infrastructure assets also serve as a hedge against inflation through rental income and capital appreciation. The allocation

to Money Market Instruments caters for EPF's day-to-day operations, including investment, withdrawals, and operational expenses.

The last review on our SAA was made in 2016, effective for 2016 to 2019, with an allocation of 51% of EPF's investment assets in Fixed Income Instruments, 36% in Equities, 10% in Real Estate and Infrastructure, and 3% in Money Market Instruments.

In 2019, the SAA review was conducted for the period effective 2020 to 2022. The revised framework will continue to ensure that the objectives of preserving and enhancing members' savings are met, in line with the EPF's vision to help members achieve a better future.

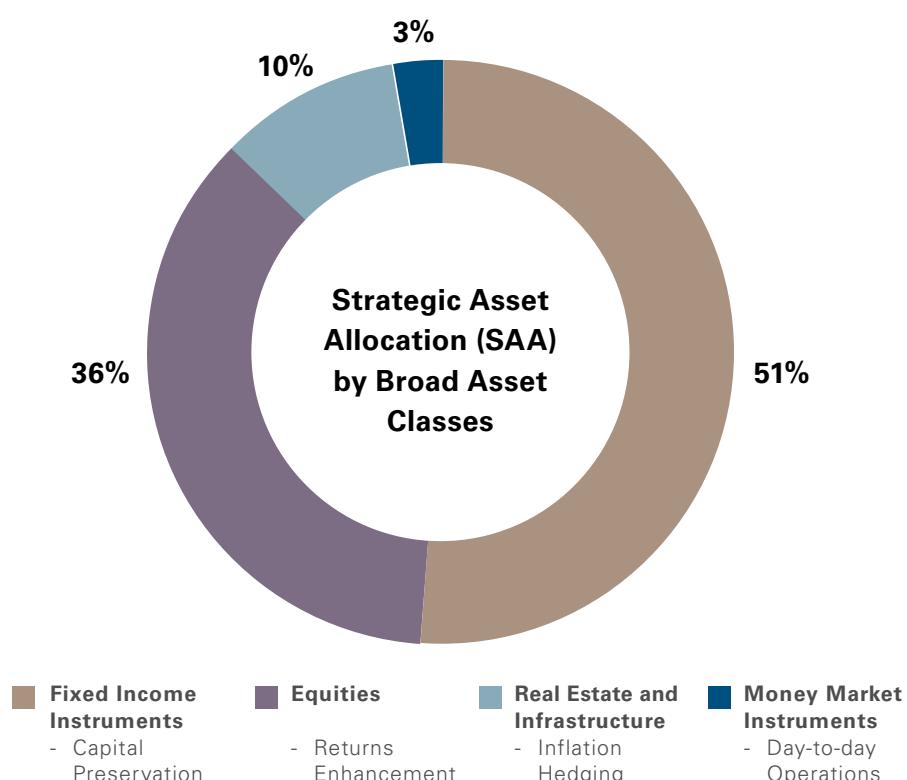
INVESTMENT HIGHLIGHTS

The year 2019 saw an escalation in uncertainties and market volatility. There was an intensification of the US-China trade dispute, which resulted in increased trade restrictions. The year under review also saw a rise in political unrest in Hong Kong, causing volatility to the market and negative growth to its economy. Added to this were the difficult negotiations over Brexit, which contributed to much uncertainty in key advanced markets.

These factors led to trade slowing down significantly, adding to the decline in business sentiment and activity, which led to the marked slowdown in global economic growth in both advanced and emerging economies. There was a concerted effort by major central banks to move aggressively in support of their economies through rate cuts, with the US Federal Reserve cutting their benchmark rate three times while the European Central Bank re-embarked on its quantitative easing programme. Bank Negara Malaysia also reduced the Overnight Policy Rate to 3% in May 2019, the first time in three years.

These uncertainties led to a mixed performance, with a majority of the indices tracked by the EPF finishing lower than 2018 peaks, despite having improved relative to the previous year's closing prices. Notably, emerging market equities generally saw funds outflow in 2019 while the bond markets saw a rally supported by investors seeking stability in a volatile landscape.

For 2019, the EPF saw a gross investment income of RM50.91 billion, a 1% decline from 2018's gross investment income of



INVESTMENT DIVISION

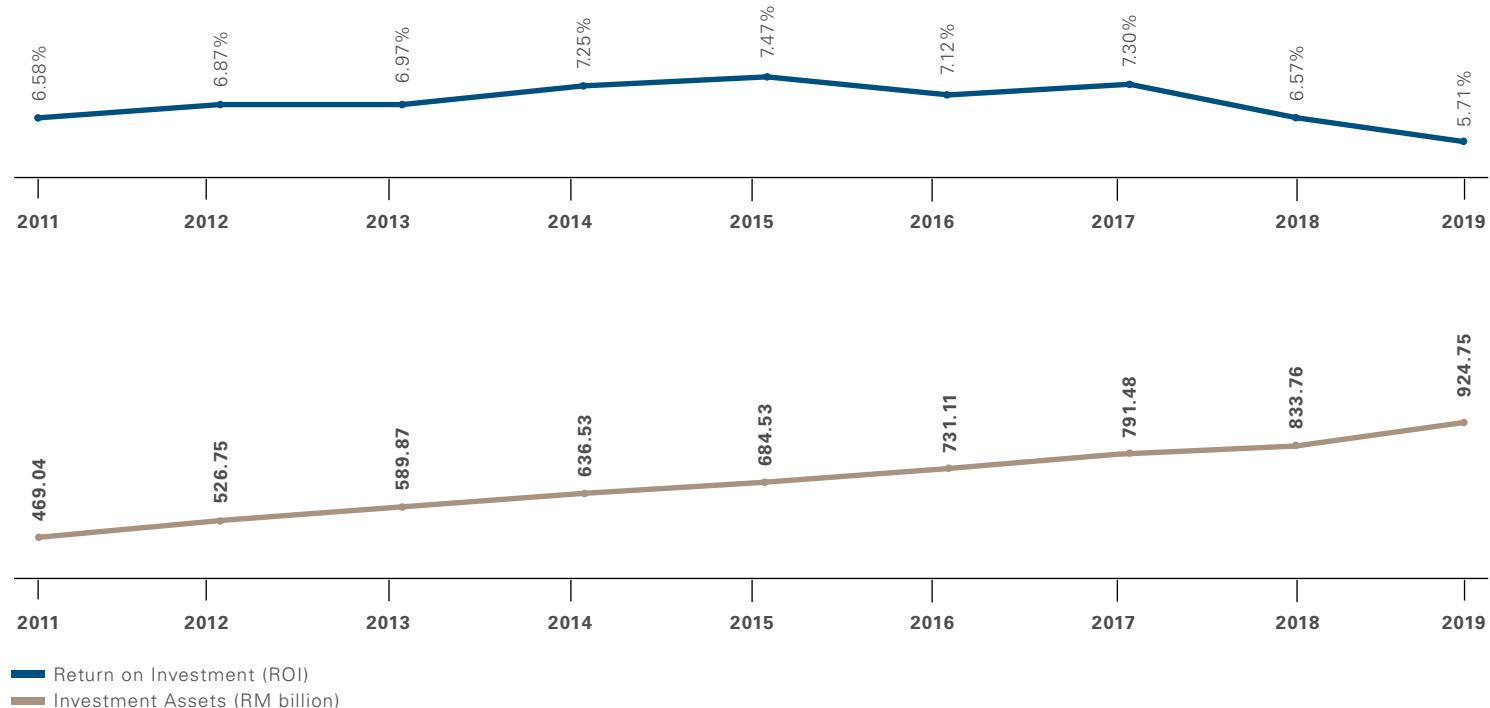
RM51.42 billion. Fixed income instruments provided a measure of stability in 2019's volatile environment, with income from capital gains increasing significantly due to lower market yields, which gave us the opportunity to capitalise on profit. The fixed income portfolio cushioned against the decline in Equity portfolio performance while Real Estate and Infrastructure continued to provide stable dividend income.

From the total gross investment income, RM32.82 billion was allocated for the conventional portfolio and RM18.09 billion for

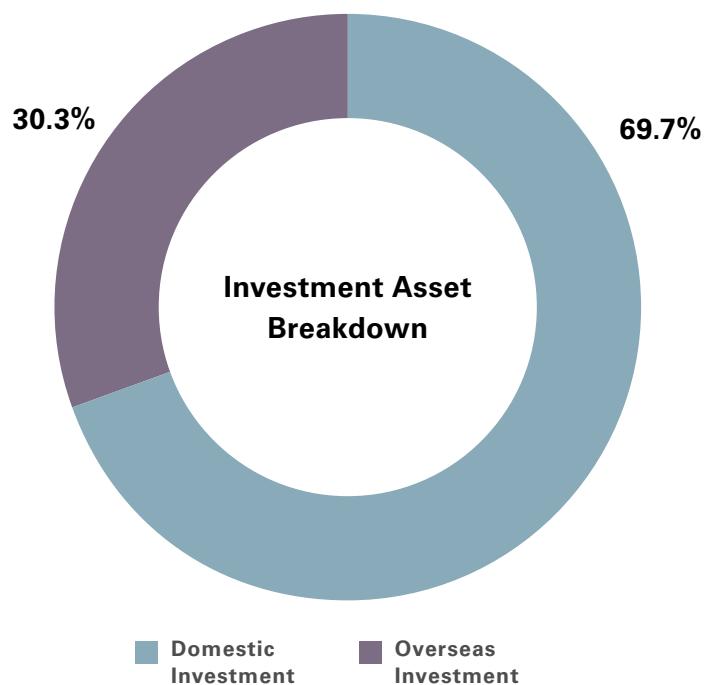
Shariah portfolio. From Shariah portfolio's allocation, about a quarter was attributable specifically to Simpanan Shariah and the remainder attributable to Simpanan Konvensional.

The gross investment income for the year was equivalent to a 5.71% return on investment (ROI), compared to the 6.57% recorded in 2018. The EPF's performance remains commendable despite the challenging market landscape, delivering a three-year annualised ROI of 6.53% over the 2017-2019 period.

RETURN ON INVESTMENT (ROI) AGAINST INVESTMENT ASSETS (IN RM BILLION)



As part of our diversification strategy, the EPF has been steadily growing our global assets over the years, with assets located in over 40 countries and 28 currencies. These overseas holdings accounted for 30.3% of total assets as at 31 December 2019 and contributed 41.0% to our gross investment income. The ROI for foreign investment was 7.78%, while the domestic investment ROI was 4.90% in 2019.



There was a net impairment on financial assets of RM88.78 million for the year under review, compared to the RM26.38 million recognised in 2018. In compliance with MFRS 9 accounting standards, impairments are not recognised for equity instruments classified as fair value through other comprehensive income (FVOCI). However, to ensure healthy portfolios, the EPF recognised a write-down of RM1.15 billion on its listed equities for 2019.

After taking into account net impairment on financial assets, 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 2019 was RM45.82 billion, of which RM41.68 billion was for Simpanan Konvensional with a dividend rate of 5.45%, and RM4.14 billion for Simpanan Shariah with a dividend rate of 5.00%.

The payout amount continued to grow, aligning with members' savings balance growth. The payout amount required for each 1.00% dividend in 2019 for Simpanan Konvensional was RM7.65 billion, compared with RM6.99 billion in 2018. For Simpanan Shariah, the payout amount required for each 1.00% dividend in 2019 was RM0.83 billion, compared with RM0.73 billion in 2018.

On a rolling three-year basis, the real dividend for Simpanan Konvensional stood at 4.33%, which is 2.33% above our three-year rolling target of 2.00%. On a nominal basis, the dividend declared for Simpanan Konvensional is also 2.95% above what is mandated under the EPF Act 1991, which requires a nominal dividend of at least 2.50% to be declared every year. For Simpanan Shariah, the three-year rolling real dividend stood at 3.93%, higher than the 2.00% target.

As at 31 December 2019, total investment assets stood at RM924.75 billion (included cash and bank balances). Of the total, 49% was in Fixed Income Instruments for capital preservation purposes. The exposure in Equities was 39%. Money Market Instruments comprised 7%, while Real Estate and Infrastructure made up another 5%.

From the total investments, 63% were in the conventional portfolio with the balance in the Shariah portfolio.

INVESTMENT DIVISION

MALAYSIAN GOVERNMENT SECURITIES AND EQUIVALENT (MGS & EQUIVALENT)

Our investment in MGS & Equivalent as part of the Fixed Income Instruments portfolio has continued to provide a measure of income stability during these volatile times. The ROI increased due to lower yields as funds seeking safer investments piled into sovereign bonds and equivalents, which raised prices.

Our holdings in MGS & Equivalent stood at RM253.50 billion as at 31 December 2019, 9% higher than 2018.

MGS & Equivalent registered a gross investment income of RM11.04 billion, 15% higher than 2018. ROI was recorded at 4.59%, 23 basis points higher than the previous year's ROI of 4.36%.

LOANS AND BONDS

Our holdings in Loans and Bonds, comprising both domestic and global investments, increased 7% to RM200.69 billion, compared with 2018.

Loans and Bonds contributed RM10.66 billion in gross investment income in 2019, an increase of 21%, compared with the previous year. The ROI increased to 5.44%, compared with 4.84% in 2018. The spread compared to MGS & Equivalent continued to be healthy, with a spread in ROI of 0.85% in 2019, compared with 0.48% in 2018.

EQUITIES

Our Equities portfolio, comprising listed and private equities in the domestic and global markets, increased by 10% to RM360.44 billion as at December 2019, compared with the previous year. The increase is reflective of the rise in our overseas equities' holdings and the strengthening of foreign currencies versus Ringgit Malaysia.

While there was a 20% decrease in income contribution compared with 2018, the asset class remained a major contributor to gross investment income, contributing 47% or RM24.11 billion. The ROI was 7.08% in 2019, compared with 9.74% in the previous year. Equities will continue to play an important role in boosting the overall returns of the EPF's investment portfolio, which ensures that our first investment objective, "to preserve and enhance the value of capital from members' contribution", is achieved.

MONEY MARKET INSTRUMENTS

We aim to achieve a balance between maintaining a healthy cash balance to meet our members' withdrawals, administrative expenses, and investment usage, while optimising returns through minimising holdings in this asset class.

As at end-2019, a total of RM62.75 billion, or 7% of the EPF's investment assets, were invested in Money Market Instruments, a cash balance that was 30% higher than in 2018. This asset class recorded a gross investment income of RM1.94 billion or equivalent to an ROI of 3.78%.

REAL ESTATE AND INFRASTRUCTURE

EPF's long-term strategy is to continue increasing exposure to Real Estate and Infrastructure. Most of the EPF's investments in this asset class were made through associate and subsidiary companies, with dividend income from these companies making up a majority of the contributions to gross investment income.

During the year under review, Real Estate and Infrastructure posted a growth of 19% to RM47.37 billion, or RM7.47 billion higher than the RM39.90 billion exposure in the previous year. Gross investment income in 2019 increased by 51% to RM3.16 billion compared with 2018.

This is equivalent to an ROI of 4.89% for 2019, slightly higher than the 4.88% recorded in 2018, providing a premium by serving as a hedge against inflation through rental payments and capital appreciation of the assets.



i-INVEST AND MEMBERS INVESTMENT SCHEME

As part of the EPF's digitalisation measures and to better serve our members, we launched i-Invest in August 2019 to allow eligible members, including those aged 55 and above, to invest in unit trusts directly from the EPF i-Akaun.

The new facility marks a natural progression online for the EPF Members Investment Scheme (MIS), which was introduced in November 1996 to allow eligible members to voluntarily transfer part of their savings from Account 1 and invest through appointed Fund Management Institutions (FMIs), comprising Unit Trust Management Companies (UTMC), and Asset Management Companies (AMC).

As at December 2019, the EPF MIS had 0.96 million members investing through the scheme. The total number of funds approved has reached 387, while assets under management has grown to RM53.6 billion with 22 FMIs appointed.

i-Invest provides greater flexibility, functionality, and convenience for members to invest, transact, and monitor their unit trust investments. Other features of i-Invest include a consolidated view of member's holdings, amount eligible for investing, and fund comparison tools. Also, members benefit from a lower sales charge at a maximum of 0.5%, compared to the current 3% for offline and traditional transactions through agents.

Since the launch of i-Invest, we have recorded more than 10,000 transactions valued at RM81.8 million as at 31 December 2019, and are confident that more members will come on board.

ENVIRONMENTAL, SOCIAL, AND GOVERNANCE INVESTMENTS (ESG INVESTMENTS)

The EPF became a signatory to the United Nations-supported Principles for Responsible Investment (PRI), the world's leading proponent of responsible investment, in April 2019, in a bid to

deepen our commitment to sustainable investing as ESG considerations become increasingly significant in raising portfolio resilience.

While the EPF has traditionally been an ethically conscious investor that excludes investments in alcohol, tobacco, gambling, weaponry, and nuclear power, the six guiding principles of the PRI has accelerated our sustainability journey, laying foundations for a stronger emphasis on the environment and social impact of investments, on top of building sound corporate governance among EPF investee companies.

Recognising the importance of strong corporate governance and active ownership, the EPF introduced its first edition of Corporate Governance Principles and Voting Guidelines in 2010, which has since been periodically updated. Subsequently, in January 2017, we became a signatory to the Malaysian Code for Institutional Investors to further promote good corporate governance among corporates in Malaysia.

As we transition into a VUCA world, incorporating ESG factors into EPF's investment considerations is no longer a 'nice-to-have', but a 'must-have', given its ability to strengthen our risk management structure while opening up opportunities for value creation. In the face of increasing evidence of ESG stocks' resilience in times of crisis, the case for ESG will become more compelling as we enter the new decade, and we look forward to creating better value for all our stakeholders, especially our members.

KWASA DAMANSARA - A MODEL SUSTAINABLE TOWNSHIP

Kwasa Land Sdn. Bhd., a wholly-owned subsidiary of the EPF, established in 2010, is the master developer of the 2,257-acre Kwasa Damansara township located to the west of Kuala Lumpur.



Ecological solutions will be incorporated at the heart of Kwasa Damansara's balance between commercial and recreational activity.

The township, considered the last such prime land in central Klang Valley, is master-planned with long-term sustainability in mind and is in accordance with EPF's corporate practice of building up its environmental, social, and governance (ESG) portfolio.

In planning for the township, the objectives of the Greater Kuala Lumpur Strategic Development Project under the 10th Malaysia Plan, announced in 2010, were also taken into consideration. These objectives include developing Kwasa Damansara as an environmentally sound and fully connected township, over a period of 20 to 25 years.

Kwasa Land's development credo of 'Green, Connected & Inclusive', reflects the EPF's commitment to long-term sustainability as the key component to the township's design and planning principles offering opportunities for social, environmental, and economic growth. Another important vision is working towards

transforming Kwasa Damansara into the preferred location for living, working, and leisure activities in the years to come.

In line with the township's environmental foundation and low-carbon objectives, Kwasa Damansara will feature 259 acres of green space, together with sustainably-built infrastructure as well as community efforts to preserve and increase biodiversity in the area.

RESOURCE AND ECOLOGY MANAGEMENT

A key focus in ensuring sustainable township development is the management of resources. In Kwasa Damansara, an urban water management system known as BIOECODS, which employs a dual-layer conveyance system to channel water collected from buildings, infrastructure, and utilities more efficiently by filtering out pollutants earlier, will be used as an ecologically sustainable solution to address flash floods, river pollution, and water scarcity throughout the township.

KWASA DAMANSARA - A MODEL SUSTAINABLE TOWNSHIP



These bio-filtration swales, developed by Universiti Sains Malaysia's River Engineering and Urban Drainage Research Centre (REDA), replaces conventional open-drainage systems that are no longer effective in solving flash flood and water pollution issues. The system utilises strategic landscaping, employing the planting of aquatic and wetland plants to improve water quality and filtration.

The infrastructure's energy efficiency together with environmentally friendly waste management and mobility solutions are part of the township's initiatives to reduce carbon emissions while promoting urban living in a sustainable way. Other alternatives, such as a district cooling system, are also being explored.

To encourage the use of public transportation, Kwasa Damansara is built around the Transit Oriented Development (TOD) concept, with the township being served by two Mass Rapid Transit (MRT) stations and one Komuter station, linking residents and office workers to Kuala Lumpur and surrounding townships and suburbs. Kwasa Damansara will also feature a comprehensive cycling and pedestrian network ensuring the seamlessness of the township's transportation network.

KWASA DAMANSARA - A MODEL SUSTAINABLE TOWNSHIP

Kwasa Land's master plan for the township includes a significant number of green and open spaces, with elevated parks, green roofs, and terraced gardens. These spaces total 11.5% of the land area, which exceeds the 10% requirement for green spaces. A 47.8-acre Town Park will be opened by end 2020 for leisure and recreation activities. There are also ongoing programmes to preserve some of the older rubber trees of the former rubber plantation, as well as encourage the rehabilitation of nearby forests bordering the township.



The new EPF Headquarters utilising the advantages of BIM Process to achieve sustainable Design, Construction & Operation.

EPF'S NEW HEADQUARTERS

Kwasa Damansara will also house the new EPF headquarters, expected to be completed by Q3 2021 with employees from the original headquarters in Jalan Raja Laut moving into the new premises in stages, beginning 2022.

In keeping with the EPF's belief in sustainability and in support of the United Nations' Sustainable Development Goals, the new headquarters is being built under resource-efficient and pollution-reducing design principles, which is also reflective of the township's sustainability ethos. With that in mind, some 10.5% of the headquarters' total power consumption will come from solar panels located on the roof.

In compliance with the EPF's Wellness Index, the headquarters showcases the EPF's strongest commitment to comply with environmental standards in terms of air and water quality, temperature, lighting, and humidity, without compromising the essential comfort and safety that a conducive workplace requires.

The new headquarters has been awarded a Platinum rating by GreenRE Sdn Bhd, a leading Malaysian green-rating certification body that provides a holistic approach to benchmarking green buildings.

ENSURING SUSTAINABILITY THROUGH SOCIAL IMPACT

In recent years, the EPF has undertaken the business imperative of aligning its investment activities with the broader interests of society, recognising that this strategy supports its vision and mission as the nation's retirement savings fund.

Towards this end, apart from ensuring that our investment decisions continue to be guided by sustainable investing principles, we also endeavour to ensure that the efforts of our top investee companies have a positive social impact. In understanding that businesses that thrive are those that focus on improving people's lives, we encourage our investee companies to look for or create solutions to some of the social issues that the country faces today.

In this special report, we are proud to highlight the social impact that our top three investee companies have successfully implemented in the past year.

MBSB BANK – EXTENDING A HELPING HAND TO UNDERPRIVILEGED GROUPS

Leveraging on the strengths of its strong grassroots presence, MBSB Bank has been consistent in engaging and assisting those from the less privileged backgrounds and rural areas. The bank's two very well-thought-out initiatives, *Sejahtera* and the adopted-school programmes, were created to act as agents of change in the community.

The *Sejahtera* initiative aims to improve the living standards of the poor by rehabilitating their existing homes or building new ones in order to meet the minimum standards of safety and comfort. In 2019, MBSB Bank had spent over RM3 million to build, rehabilitate, and furnish the houses of 38 families throughout the country via a strategic partnership with the Islamic Relief Malaysia (IRM).

Meanwhile, the bank's adopted-school programme is an education advocacy programme that seeks to assist underfunded schools in rural areas in increasing their students' preparedness level for the national examinations. Qualified educators run dedicated workshops to provide them with the extra tutorial as well as motivational boost.

To ensure the effectiveness of these workshops, MBSB Bank has, through a collaboration with *Berita Harian* over the past three years, conducted the BH Didik UPSR workshops to guide Year Six students through the examination syllabus. A total of RM643,480 has been spent on nine adopted schools, utilised on not only students, but also the teachers who get to attend pedagogy workshops before the start of new terms. The workshops have resulted in a significant improvement in students' performance and increased the standards of these schools in general.



(Before) A house belonging to a *Sejahtera* recipient.



(After) *Sejahtera* recipients receiving the key to their new house.



Students from one of the adopted schools at a BH Didik workshop.

ENSURING SUSTAINABILITY THROUGH SOCIAL IMPACT

RHB BANKING GROUP – ENSURING A SOLID EDUCATIONAL FOUNDATION FOR B40 STUDENTS

Since July 2018, RHB Banking Group's X-Cel Academic Excellence and X-Cel Star Scholarship programmes have empowered underprivileged students with education as a tool for upward social mobility, in line with the UN Sustainable Development Goals, in particular Goal 4: "Quality Education".

Both programmes provide a structured and holistic educational programme that supports the progression of B40 students from secondary to tertiary education, and ultimately offer them career opportunities within the company upon their graduation.



RHB X-Cel Star Scholarship Programme – scholarship award ceremony to the first batch of 10 scholars held in RHB Centre, Jalan Tun Razak, Kuala Lumpur.



SPM Readiness Workshop organised for RHB X-Cel students as a tool for them to prepare themselves for the SPM examinations.

The RHB X-Cel Academic Excellence programme is designed for promising Form 4 and 5 B40 students who have the potential to excel academically. As of December 2019, the programme has benefitted more than 1,200 B40 students in Malaysia, recording a 28.28% improvement in the number of students who scored 3As and above in the core subjects identified by RHB for the 2019 SPM results, compared with 2018.

Top-performing X-Cel students were also extended the opportunity to further their studies in local institutions of higher learning through the RHB X-Cel Star Scholarship programme. In addition, their learning experience were complemented with capability building sessions, such as English courses, soft skills development, and mentor-mentee programmes, to nurture them as all-rounded individuals and future leaders. Upon graduation, these scholars will be given the opportunity to pursue a career in RHB.

A total of RM2.2 million was allocated for RHB X-Cel Academic Excellence programme in 2018–2019. Moving forward, at least RM1.0 million per annum will be allocated for this programme that will benefit approximately 1,000 deserving students annually. In addition, RM4.2 million has been allocated over the next four years for the RHB X-Cel Star Scholarship programme that will in turn create bright prospects for 60 students. This holistic approach will equip these students with the tools, capability, and skills necessary to build their own future.

ENSURING SUSTAINABILITY THROUGH SOCIAL IMPACT

MALAYSIAN RESOURCES CORPORATION BERHAD – OFFERING A SECOND CHANCE TO CREATE A BRIGHTER FUTURE

Malaysian Resources Corporation Berhad (MRCB) continues to be committed to creating positive change wherever it can. It supports the PEKA@MRCB programme, which is part of the Yellow Ribbon initiative spearheaded by the Ministry of Youth and Sports in collaboration with the Malaysian Prison Department.

Launched by the Ministry of Youth and Sports in August 2019, the Yellow Ribbon initiative aims to provide prison inmates and troubled youth, who tend to be excluded from society due to their criminal records or behaviour, another chance to reintegrate into society by providing them with the education, training, and employment to become self-sufficient.

Consequently, PEKA@MRCB was launched on 26 November 2019, with the goal of facilitating a smooth reintegration process into society for those who have been released from prison. Underlying this objective is the hope to reduce the risk of former prison inmates relapsing into crime. A large part of the reintegration efforts under PEKA@MRCB rests on helping these inmates regain trust so that society can recognise their desire to contribute once again.

MRCB is proud to be the first corporate organisation to support the Yellow Ribbon initiative and has since offered employment to 84 inmates. Having gone through a comprehensive evaluation process, candidates for the PEKA@MRCB programme are provided training, for them to work at construction sites on various tasks such as welding, machine maintenance, and repairing mechanical equipment.

The Yellow Ribbon initiative has a lot of promise and can have a ripple effect through society and the nation as it addresses socio-economic challenges faced by those on the fringes of society. For MRCB, besides the positive impact created in the lives of those who have been given a second chance along with

the more expansive impact on the greater society, this programme also serves to address the organisation's need for skilled workers. Seeing the social positives of this programme, MRCB is certain to continue its efforts to expand this programme for the future.



Inmates were given a second chance to seek employment under the PEKA@MRCB programme.

OPERATIONS DIVISION



DATO' MOHD NAIM DARUWISH

Deputy Chief Executive Officer (Operations)

As the EPF grows into an organisation that accounts for over 14.60 million members and well over half a million employers, in an age that demands immediacy and technological convenience, it is critical that it continues to deliver its products and services efficiently to meet the rising demands and high expectations. The need for us to evolve and equip ourselves with digital capacity is no longer an option, but a business imperative.

We have previously proven that advisory and digital services were the steps in the right direction in our pursuit to transform our operations to become more customer centric. Customers, especially our members and employers, have given positive feedbacks, in addition to making constructive requests for further enhancements. Aside from taking bold steps to be in line with the digital trends, we have also tailored these trends to comply with the needs of our various customer member segments.

Digitalisation is indeed the way forward as we aim to be more agile in our operations, and at the same time ensure that we continue to understand and serve our customers more effectively.

ACCELERATING DIGITALISATION TO FULFIL OUR PLEDGE

As at end December 2019, the EPF recorded over 14.60 million members, with the majority of them being digital natives. To ensure that our service quality standards remain at the highest level and meet the expectations of our members and employers, the EPF's Operations Division continues to commit to the 11 core functions outlined in our "Janji Kami" pledge, which is to provide the very best in customer service in terms of speed, accuracy, convenience, integrity, and cost-effectiveness.

To achieve this, the Division's core functions were implemented in line with the changing times and needs. In recent years, we have multiplied our efforts to increase current operational capacities and capabilities through the Operations Transformation Agenda 2.0. This has enabled us to roll out end-to-end solutions via our flagship i-Akaun (Member) and i-Akaun (Employer) platforms, equipped with various other functions and related modules.

In 2019, we have made good progress in the Operations Transformation Agenda 2.0 as we focused on actualising the EPF's Digital Evolution Blueprint that outlines key programmes centred on five strategic thrusts – Customer Centricity, People Development, Marketing Mindset, Collaborative Ecosystem, and Digital Enablement. The programmes were further expanded into multiple projects.

Moving forward, we will continue to leverage technology and suitable business solutions to allow us to access and utilise our data, in real time, in a more efficient and effective manner.

TRANSFORMING OUR CORE OPERATIONAL FUNCTIONS

The Operations Division is responsible for functions involving members and employers registration and the management of their accounts, collection of contributions, withdrawals, nominations, and enforcement on defaulting employers, as well as managing customer services. In addition, the Division oversees and manages all EPF's services network, consisting of 68 branches throughout the country. The Division also manages all EPF offices and real estates, on top of being the main driver for the Operations Transformation Agenda, which is currently in implementation phase.

We are also committed to providing the best customer experience to both our members and employers through effective engagement. Towards this end, our multiple service channels, including the Contact Management Centre (CMC), counter services, kiosks, email facilities, website (www.kwsp.gov.my), and other digital channels, are developed and consistently improvised in tandem with the latest in user-experience trends.



Evolving Our Core Functions

i-AKAUN

i-Akaun, the primary gateway to EPF's online facilities, namely e-Pengeluaran and e-Caruman, continues to be the main platform for us to propel the Operations Transformation Agenda 2.0. Through i-Akaun, we aim to empower our members and employers to make informed decisions by putting as much content and convenience as we possibly can, directly into their hands. At the same time, the platform also provides us with real-time feedback and valuable data, which is crucial for us to ensure continuous service improvement and product innovation.

The platform, accessible via any internet browser, enables members and employers to perform various functions, including monitor contributions, check savings balances, enable payments, monitor transaction status, and update personal information. Over the years, we have gradually introduced new modules to i-Akaun, in response to customer demands and in line with efforts to eventually digitalise all of our services.

We also continued to upgrade i-Akaun periodically to improve user experience and introduce innovative functions to the main page and various other related modules. The highlight of 2019 was the launch of i-Invest, an online facility that allows members to access the Members Investment Scheme (MIS) function within i-Akaun to make investments.

The past year saw more members and employers preferring to use i-Akaun to transact with the EPF. As of December 2019, 52.06% of the 14.60 million members, and 99.36% of a total of 522,297 employers have registered for i-Akaun.

OPERATIONS DIVISION



Branch Horizon Zero

e-PENGELUARAN

The e-Pengeluaran facility has undergone several phases of upgrades and improvements in line with our goal to deliver an end-to-end solution for member withdrawal transactions and processes. In 2019, a total of 229,616 housing transactions and 247,983 of education transaction were made through e-Pengeluaran. The facility has been expanded to age-specific withdrawals and withdrawal of savings of more than RM1 million.

e-CARUMAN

The e-Caruman facility enables employers to submit employees' contribution details (Form A) and make contribution payments online. In 2019, 99.9% of employers registered with the EPF submitted the e-Form (Form A), and 94.9% made online payments using the e-payment facility. Along with that, a total of 3,535,822 transactions were made through the Financial Payment Exchange (FPX), a feature which allows employers to use their own banking facility to make contribution payments.

EPF MOBILE APPLICATIONS

Our mobile applications - the i-Akaun app (for members) and e-Caruman app (for employers) – allowed us to reach out to both members and employers more efficiently and effectively. These mobile applications offer shortcut access to basic features of the original i-Akaun platform, and are available for downloads on both Android and iOS operating systems.

In 2019, we continued to implement enhancements to the members' i-Akaun app, including PDF-format statements for download, targeted push notifications, nearest branch location, and fund performance monitoring for i-Invest users. In 2019, a total of 1,454,780 downloads of the i-Akaun application with 32.80 million logins recorded.

The e-Caruman app, meanwhile, facilitates employers with less than 10 employees to submit Form A and make contribution payments online. Through the app, employers can access their Form A submissions and contributions history. A total of 134,024 downloads of the e-Caruman mobile application were recorded in 2019.

MEMBERS AND EMPLOYERS REGISTRATION

In 2019, as many as 526,766 new members were registered with the EPF, resulting in a 2.82% increase of our total members to 14.60 million. Of this, 7.63 million were active members.

We also recorded a total of 72,218 new employers registered with the EPF in the same year, thus bringing the total number of employers registered with the EPF up 2.99% to 522,297.

CONTRIBUTION COLLECTIONS

The EPF received contributions totalling RM75.93 billion in 2019, a 6.24% increase from the previous year, attributed to a rise in the total number of members, employers, and wages earned. In addition, continued awareness among employers on the importance of contributing towards the retirement savings and social well-being of their employees, and effective engagement with employers, contributed further to this growth.

To make it convenient for employers to fulfil their contribution obligations, the EPF continues to offer numerous payment channel options, including EPF counters, bank agents, and electronic channels.

WITHDRAWALS

One of the core activities of the Operations Division is the processing of members' withdrawals. In 2019, we received 2.39 million applications for withdrawals, amounting to RM45.40 billion approved under various categories provided by the EPF. Compared to 2018, this represented a decrease of 3.26% applications approved and 5.62% in total withdrawn.

2019

Members And Employers Registration

526,766

New Members

72,218

New Employers

Contributions Collection

RM75.93 billion

Total Contributions Received

Withdrawals

2.39 million

Number of Applications

RM45.40 billion

Approved

Nominations

430,067

New Nominations

EMPLOYER ENGAGEMENT

In order to safeguard members' interests, the EPF carries out continuous employer engagement activities in addition to the monitoring of monthly contribution payments made by employers. As part of these measures, the EPF also implements firm but prudent enforcement actions on errant employers. For the year under review, the rate of defaulting employers increased slightly to 1.24%, compared with 1.03% in the previous year.

Contributions recovered from our engagement and enforcement activities in 2019 stood at RM3.59 billion, compared with RM3.88 billion in 2018. A further RM25.42 million in late payment charges and RM19.80 million in dividends were collected from defaulting employers within the stipulated time frame.

Throughout 2019, in enforcing Section 39, EPF Act 1991, a total of 2,194 individual company directors and business owners were barred from leaving the country for failing to settle their outstanding mandatory contributions. This is on top of 4,894 new criminal prosecutions and 1,906 civil suits registered in the courts against defaulting employers.

NOMINATION

We continued our efforts to promote awareness on the importance of nominating beneficiaries, and this resulted in 430,067 new nominations made in 2019, which added to the total nominations made to date of 4.65 million. The EPF has put great emphasis on this matter in order for next-of-kin or nominees to manage members savings in the event of his/her demise.

OPERATIONS DIVISION

CUSTOMER INTERACTION AND ELECTRONIC CHANNELS

Customer interactions through EPF counters, EPF website, kiosks, i-Akaun, and the Contact Management Centre (CMC), reached 108.81 million. Of this total, 96.4% of these interactions were made through multiple electronic channels, compared to only a remaining of 3.93% in face-to-face transactions.

Interactions from self-service channels, such as the EPF website, kiosks, and i-Akaun, recorded an increase of 24.12% to 104.88 million interactions, while CMC recorded 1.12 million interactions, which is a 27.16% decrease from the 1.54 million recorded in 2018.

CUSTOMER SERVICE SATISFACTION LEVEL

The EPF continues to conduct periodical customer surveys to raise our service levels as well as to have a better gauge of customer expectations, perceptions, and satisfaction levels. A survey undertaken in 2019 by CMC together with an independent consultant recorded a 96.26% customer satisfaction rating.

TRANSFORMING BRANCH OFFICES AND CONTACT MANAGEMENT CENTRE (CMC)

In 2019, the EPF added another chapter to its history by introducing a new concept to its Taiping and Langkawi offices, one that features modular and customer-friendly

designs. Both offices are equipped with digital capabilities and interior designs that enable a more effective delivery of advisory services to our customers, in line with the aspirations of the Operations Transformation Agenda 2.0. These branch offices serve as the benchmark for subsequent refurbishments at other branches nationwide.

Concurrently, the CMC office has also been refurbished and equipped with the latest infrastructure to ensure a more conducive working environment and effective digital support services.

RETIREMENT ADVISORY SERVICES

The EPF's Retirement Advisory Services (RAS) was introduced in July 2014 as part of initiatives to enhance members' financial knowledge to support their path towards a more comfortable retirement.

As of end 2019, we now offer this service to our members in 52 branches across the country. In the same year, we trained and qualified 83 new RAS officers in financial and retirement planning. Our records show that until 2019, a cumulative total of 82,958 members have received financial advice from our qualified RAS officers.

Aside from operating from EPF branches, our RAS officers occasionally join the EPF Mobile Team to provide services to members as part of our outreach programme. In 2019, RAS officers carried out 2,585 outreach programmes across the nation and attracted a total of 255,605 customers.

Moving forward, we will continue to explore and strengthen this service to reach out to more members, in addition to enhancing our financial advisory modules to include members' financial literacy, health, and well-being.

i-SURI

The i-Suri programme was launched in August 2018 for housewives registered under the National Poverty Data Bank (e-Kasih). The aim of this programme is to help women, specifically housewives, to save for their retirement and social protection. Under the i-Suri programme, EPF's members are eligible for a Government incentive of up to a maximum of RM480 a year on top of the contributions made by the members.

A total of 81,511 registrations were received for i-Suri in 2019, a 28.78% increase from 63,297 in 2018.

i-SARAAN

The i-Saraan programme is designed for those below age 55, who are self-employed or do not earn a regular income, to voluntarily contribute to the EPF as part of their retirement savings. As an incentive, the Government will provide a matching contribution of 15% or up to RM250 for those who contribute under this programme.

A total of 120,738 registrations were received for i-Saraan in 2019, a 22.11% increase from 98,874 in 2018.

STRATEGY DIVISION

**NURHISHAM HUSSEIN***Acting Chief Strategy Officer*

2019 saw the EPF taking a holistic approach towards setting the benchmark for a quality retirement. Focused on our mission to ensure that our members have sufficient savings for their golden years, the Strategy Division explored the various other factors affecting members ability to lead a meaningful life, and explored potential solutions and interventions available at the EPF's disposal.

As we step into the new decade, existing challenges in retirement planning, such as financial adequacy and literacy, remain acute, while new ones, such as digitalisation, workforce readiness, and rising informality, have escalated, requiring an urgent reconsideration of our strategy priorities.

The year in review saw our division increasing efforts in redefining social protection for the golden years, especially for those in economically vulnerable groups. This includes our retirees, the unemployed, freshly graduated jobseekers, people with disabilities, and housewives.

REDEFINING SOCIAL SECURITY IN A VOLATILE FUTURE

For the first time in our history, the EPF is catering to five generations of members under one roof, with a unique, though at times overlapping, set of challenges defining each of them. While most retiring Malaysians are burdened with insufficient savings to cover increasing healthcare costs, the young are also saddled with the burden of higher household debt amidst meagre income growth at their stage of life. The EPF therefore has to step up its efforts to cast a wider social protection net for more, if not all Malaysians.

Currently an ageing nation with 7% of the population above 65 years old, Malaysia is expected to become an aged nation in about 25 years, with our elderly population expected to double to 14% by the year 2045. This is in many ways a positive development, arising from better nutrition and healthcare, and increasing access to education and employment opportunity for women. Nevertheless, an ageing workforce raises many challenges, including the gradual loss of labour productivity, muted investment returns, and slower economic growth.

With digital solutions substituting manual labour, employment opportunities in the formal sector are also being impeded, causing more people, especially the young, to drop out of the formal workforce in favour of piecemeal and temporary jobs readily available in the gig economy. While many of these gig-type and freelance jobs offer flexibility and freedom, there is also a real concern over the trade-off with income security in retirement.

STRATEGY DIVISION

Towards the end of 2019, the onset of COVID-19, threatening to be the worst global pandemic since the Spanish flu a century ago, pushed our world further into unfamiliar territory – one that has been characterised by lockdowns, market swings, and downgraded forecasts as the world struggled between balancing saving lives and preserving livelihoods.

STRATEGY FOR THE FUTURE

It is amidst this landscape of escalated Volatility, Uncertainty, Complexity, and Ambiguity (VUCA) that the EPF must reassess its role in social security to ensure no one is left behind in its vision to help its members achieve a better future.

To meet these challenges, EPF continues to push boundaries with our EPF Three-Year Rolling Plan 2019-2021 (E3YRP), which emphasises a customer-first mindset. Key to this is to balance our immediate requirements to enhance the member experience now, via a digital-and mobile-first strategy in the implementation of our core products and services, while at the same time deepening our efforts to improve financial literacy among members towards assisting them in their own retirement planning efforts.

In 2019, we also activated a long-term strategy to enable our more financially literate members to opt to make their own investment decisions via the i-Invest facility within i-Akaun. The EPF will continue to explore ways to empower this segment of our members with the ability to allocate their own EPF funds.

We also plan to further empower members by providing unbiased advisory services

while improving financial literacy levels and extending this coverage to all Malaysians. To help achieve this goal, we are looking into new facilities and initiatives that can better serve our members' needs in the new decade. For employers, the EPF aspires to promote self-compliance, increase efficiency and productivity levels, and ultimately reduce the costs of doing business.

We embarked on a total of 35 initiatives, both a continuation from the previous year's efforts as well as new ones for 2019. Of that total, 26 were strategic initiatives that included five flagship initiatives, namely Digital Business Transformation, Employer Advisory Services, Member Investment Scheme (e-MIS), Data Hub, and ICT Transformation. These initiatives were centred on four Strategic Thrusts – Sustainable Investing, Customer Centricity, Digital Enablement, and People Development. These thrusts are an evolution from the previous plans, which focused on Operations, Customer, Retirement, Investment and Digital, and People Excellence.

BRINGING FINANCIAL LITERACY INTO THE PUBLIC CONVERSATION

Given the low levels of financial literacy and awareness in the country, the EPF continued its efforts to redress these gaps in Malaysians' financial understanding and help them plan for their future.

Among these efforts include *Belanjawanku: Expenditure Guide for Malaysian Individuals and Families*, which was launched together with the Social Wellbeing Research Centre (SWRC) of University of Malaya in March 2019.

Belanjawanku provides estimates on the minimum monthly expenditure for various goods and services for different categories of households residing in the Klang Valley. The guide's aim is to provide a benchmark on a reasonable standard of living or well-being for Malaysians together with information on expenditure for basic necessities, social participation, recommended savings, loan repayment, and emergencies. The guide has been adopted by our Retirement Advisory Service officers to assist in providing our members with financial guidance and advice.

To help raise financial awareness in a holistic manner, the EPF is also a founding member of the Financial Education Network (FENetwork), an inter-agency group co-chaired by Bank Negara Malaysia and the Securities Commission, which in July 2019, launched the five-year National Strategy for Financial Literacy.

The strategy calls for improving the country's financial literacy levels by focusing on three aspects of financial awareness – saving and managing money, planning ahead for a sustainable future, and protection against frauds and financial scams – aimed at equipping Malaysians with the knowledge to make informed financial decisions and to nurture healthy attitudes to financial management.

In support of this, the EPF has published *My Money Matters*, a tool to assist individuals in kickstarting their financial planning and understand their financial needs for each life stage, by outlining steps for good practices such as budget planning, income diversification, and retirement planning.



INTERNATIONAL SOCIAL WELL-BEING CONFERENCE 2019 (ISWC 2019)

The EPF convened our eighth international conference in November 2019. This was renamed the International Social Well-being Conference (ISWC) from the previous International Social Security Conference, to better reflect the wide scope of issues that are rapidly changing the world and which requires urgent attention.

ISWC 2019 also reflected the EPF's recognition of the challenges of operating in an unpredictable global landscape of technology disruption and demographic changes, and how these factors will impact lives and the world of work.

Themed 'Shaping Destiny – Between Hope and Extinction', ISWC 2019 attracted some 500 local and international thought leaders to share thought provoking ideas

and debate on solutions that can catalyse change and create a positive impact on society.

Among the renowned speakers for the conference were Dr Jane Goodall, founder of the Jane Goodall Institute; Surina Shukri, CEO of the Malaysia Digital Economy Cooperation (MDEC); Dzameer Dzulkifli, founder of Teach for Malaysia; Malene Rydahl, author of 'Happy as a Dane'; and Freaky Clown (FC), co-founder and Head of Ethical Hacking at Cygenta. The speakers discussed topics surrounding economic, environmental, and civil, issues as well as their longer-term, wider-ranging impact on human well-being and the ability to live meaningful lives.

At the same conference, we also signed a Memorandum of Understanding (MoU) with the National Pension Service (NPS) of the Republic of Korea, one of the

world's largest pension fund with assets under management (AUM) worth USD600 billion, as part of our continuing efforts to gain better understanding in social protection from the best practices of other countries. The mutually-beneficial MoU formalises cooperation in training activities encapsulating the areas of pension policy and initiatives, research projects, and sharing information on best practices.

The discussions from ISWC 2019 have grounded the thinking that a quality retirement can only be sustainable for the long term with an evolved definition of 'social security', one that has adapted to disruption and continues to remain relevant through the good times, and the bad. Thus, while championing bold ideas to provoke change, we are now proactively creating the groundwork for a better future via embracing sustainability as a key business strategy.

STRATEGY DIVISION

In line with ELC's purpose as the Centre of Excellence in Social Well-being Learning, the Faculty of Social Security was established as a learning platform tailored for EPF employees, as well as all Malaysians, to better understand the nation's policies on social security and the practices that constitutes wise financial management.

NURTURING CRITICAL THOUGHT ON WELL-BEING POLICIES

2019 also marked a new phase in the journey of our EPF Learning Campus (ELC) as the core institute for learning and development amongst EPF employees, with various initiatives such as better infrastructure, and quality of teaching and learning materials undertaken to improve learning experience.

In line with ELC's purpose as the Centre of Excellence in Social Well-being Learning, the Faculty of Social Security was established as a learning platform tailored for EPF employees, as well as all Malaysians, to better understand the nation's policies on social security and the

practices that constitutes wise financial management. We also ensured that critical thinking was included as a key competency into our learning programmes, in alignment with the EPF's efforts to evolve for the future while remaining relevant. This was incorporated into our annual KFAIR 2019 in October, themed 'Brave New World: Staying True to Our Core', which aimed at providing all EPF staff with the necessary skills and knowledge to endure an ever-changing world.

Along with that, we forged strategic collaborations with local organisations and agencies like Kwasa Land Sdn. Bhd., on leadership, as well as the Ministry of Finance Malaysia, Bank Negara Malaysia, the Credit Counselling and

Debt Management Agency (AKPK), and the Ministry of Health Malaysia, on policy development programmes, especially in regards to social security. ELC was also selected by a few international organisations to undertake programmes such as the International Training Centre (ITC)-ILO For Policy Making Programme and Behavioral Insight for Policy Making.

For the upcoming year, ELC will continue to bolster its operations by collaborating to deepen our expertise in the area of social security, equipping ELC staff with the aptitude for growth in learning and development practices, and adopting digitalisation for a better customer experience.



INCREASING AWARENESS THROUGH EFFECTIVE COMMUNICATIONS

With increasing complexity factoring into our business decisions and results, the EPF is well-aware of the urgent need to assist members to embrace this new reality. In the area of communicating our efforts and outcomes to our members, we are consciously moving beyond a paternalistic approach to more collaborative and interactive communications.

By this we mean that the EPF now harnesses a wider media universe – social media, digital media, and traditional mass media – in reaching out to our diverse and multi-generational pool of members and employers. While the EPF continues to safeguard our members' retirement funds, we aim to communicate to all Malaysians the necessity of social well-being and financial literacy as the tools to future-proof their golden years.

We have also been preparing our staff to face the complexities impacting our investments and operations. Our newly updated staff portal (*Infoklik*), informative emails, casual talk sessions, and townhalls have been geared to keep them abreast of the latest events and policy directions affecting the EPF. As the face of the organisation, they play a crucial role in providing assurance to our members and the public on the rapid transformation that the EPF is undertaking.

UPSKILLING OUR PEOPLE

Recognising that our people are at the core of the EPF, we take very seriously efforts to nurture and retain our top talent to ensure their continued well-being and career success within our corporate family. On top of the various ongoing efforts to keep our employees engaged, the EPF also

has specific initiatives aimed at the very best of our people.

Our Trailblazers Programme, formerly known as the Accelerated Development Programme, helps us identify top performing talents within the organisation and puts them into an intensive bootcamp-like experience, with exposure to leadership and strategy situations. Taking a cue from the Shark Tank series, Trailblazers 2019 took a novel approach for equipping our future leaders with digital-age skills such as use-case development, prototyping, and pitching.

Our People Matters Department also organised Future-Fit 2019, an internal thought leadership session for the benefit of our employees. Themed 'Leadership Next: Digital Frontrunner', the two-day event was a success, with more than 200 attendees participating. The session was designed to expose participants to important digital competencies, such as digital marketing, social media strategy, and data analytics, that would engender trust and improve customer experiences.

A number of renowned speakers were invited to share their thoughts and experiences, including Sharala Axyrd, founder of the Centre for Applied Data Science (CADS); Joel Neoh, founder and CEO of Fave; Francesca Chia, founder and CEO of GoGet; Datuk Jake Abdullah, CEO of Astro Radio; and Nadhir Ashiq, founder and CEO of theLorry.com.

CASCADING STRATEGY INTO ACTIONABLE EFFORTS

To pave the way for the E3YRP, the EPF's Board Strategy Meeting 2019 (BSM2019) was held in Kota Kinabalu, Sabah. The meeting generated meaningful discussions on the EPF's future, our key

concerns, and how we can move forward. BSM2019 was also the first time that the Board, the Investment Panel, and the Shariah Advisory Committee met in one meeting with the Management. The Board has proposed having this meeting on a semi-annual basis.

With the changes in management in 2019, we also organised the 2019 Management Retreat (MR2019) in Langkawi, Kedah to align everyone's expectations while fostering better working relationships and understanding within the Management team towards common goals.

A key highlight of MR2019 was the CEO's presentation on the status of the EPF, ranging from operations, investments, digital technologies, to strategy. The retreat, which saw more than 95% in attendance from the Management team, set the path for what the EPF needed to do to achieve a better future for its members.

To reach out to our 5,842 employees nationwide, the EPF held 10 CEO Townhall sessions, 20 roadshows, and various management meetings at both state and regional levels. To ensure that no one is left behind, we also leveraged extensively on online learning modules and regular updates through our internal communication channels.

Finally, it is becoming more apparent that the traditional perspective of social security, which was largely defined by having adequate retirement savings, is too narrow. Therefore, the EPF, moving into the new decade, will be expanding the narrative of retirement not just as a financial target, but also a sustainable way of living as members approach their golden years.



HELPING MEMBERS ACHIEVE A BETTER FUTURE