



A Prudential plc company 

Stewardship Statement 2024 for the Malaysian Code for Institutional Investors

Eastspring Al-Wara' Investments Berhad

31 December 2024



Introduction

Stewardship has always been strongly connected to our shared purpose – **For Every Life, For Every Future**. It guides everything we do as an active asset manager to serve our clients’ long-term financial interest. This includes putting responsible investment at the core of our investment approach as we acknowledge the importance of accountability to our clients for the stewardship of their assets entrusted to us.

Eastspring group is a signatory to the United Nations-supported Principles for Responsible Investment (“PRI”) and has been supporting our parent company, Prudential plc, towards its ambition to be a net zero asset owner by 2050. Eastspring Al-Wara’ Investments Berhad is fully committed in this journey and has been a signatory to the Malaysian Code for Institutional Investors (“Code”) since March 2021. The Code sets out broad principles of effective stewardship by institutional investors to ensure delivery of sustainable long-term value.

2024 was another year of advancing our responsible investment practices at Eastspring. Eastspring group launched a framework endorsed by Climate Bonds Initiative for climate transition portfolios and continued to expand its stewardship outreach by joining the PRI Spring initiative and supporting the 2024 Global Investor Statement to Governments on the Climate Crisis, with many more exciting achievements highlighted in its second Responsible Investment Report. In Malaysia, the team rolled out the ESG Visualiser, Eastspring group’s proprietary ESG ratings tool and significantly increased the team’s collaborative and policy engagement capabilities compared to previous years. In addition, we launched a wholesale SRI sukuk fund to capture the increasing demand for ESG products from institutional investors.

This is our fourth statement describing our approach to responsible investment and stewardship and shares our progress in applying the principles of the Code at Eastspring Al-Wara’ Investments Berhad. It is prepared in reference to the 2022 edition of the Code issued by the Institutional Investors Council Malaysia and is publicly available on our corporate website.



Anouk Hanafiah

Chief Executive Officer
Eastspring Al-Wara’ Investments Berhad

Principle 1

Disclosing Policies on Stewardship

Institutional investors should disclose the policies on their stewardship responsibilities and review the effectiveness of their stewardship activities.

At Eastspring Al-Wara' Investments Berhad ("EAIB"), responsible investment principles are an integral part of our asset management activities. Responsible investment includes the explicit incorporation of material ESG issues into our activities as an investor – both before we make investment decisions and during the period an investment is held. Our investment beliefs as they relate to responsible investment are:

- ▶ **Integrating ESG results in better investment decisions.** We believe that incorporating material ESG considerations into the investment process can add value which can result in higher risk-adjusted returns for our clients over the long term.
- ▶ **Engaging with investee entities can be constructive.** We recognise that responsible investment requires a patient approach and an understanding that improvement in corporate behaviour can support investor value over time. We believe that companies that adopt sustainable business practices are more likely to deliver superior value in the long-term.
- ▶ **Active ownership is preferable to exclusion.** We believe that hard exclusions from our investment universe should be utilised as a last resort, where ESG risks are insurmountable or where continued engagement is considered ineffective. Rather, seeking change in corporate behaviour through engagement is more likely to have real-world impact.
- ▶ **Transparency to our clients is important.** We believe that providing transparency on our ESG activities helps our clients understand our priorities and impact.

Our stewardship activities with our investee companies, regulators and other stakeholders are guided by EAIB's Responsible Investment Policy ("RI Policy") which is aligned with the Eastspring Group Responsible Investment Policy and our parent company Prudential plc's Group Responsible Investment Policy, where applicable. The RI Policy is applicable to all strategies that we directly manage and supported by Eastspring group ESG Risk Management Framework. In the case of third-party client mandates and funds delegated to third parties, we agree to meet clients' ESG requirements in consultation with Eastspring group.

The Eastspring Group Responsible Investment Policy went into force on 1st January 2023 and was thereafter reflected in our RI Policy. The Eastspring Group Responsible Investment Policy can be found on our [corporate website](#). We are committed to an ongoing process of improving our approach to responsible investment. As our internal strategies evolve, or where we notice shifts in external expectations in line with industry best practices, we expect the RI Policy to evolve over time to reflect those changes.

To ensure effective stewardship internally, Eastspring group has a robust governance structure in place to uphold oversight and accountability at all levels:



- ▶ The Eastspring group Board of Directors (“Board”) oversees senior management represented on the Eastspring group Executive Management Committee (“EMC”), which drives the day-to-day operation of the firm globally and therefore have ownership and bear ultimate responsibility in the setting of the Eastspring group responsible investment strategy.
- ▶ The Eastspring group Sustainability Committee, chaired by the Chief Executive Officer of Eastspring group, is a management committee of the EMC and is designated responsibility by the Board to oversee the execution of Eastspring group’s responsible investment activities. This includes serving as a forum for decision making and as a sponsor of resource allocation to strategic sustainability and responsible investment priorities.
- ▶ The Sustainability Committee oversees the sustainability workstreams, comprising cross-functional representation across Eastspring group which collaborate to build capacity, make progress in priority areas and facilitate ongoing continuous improvement towards our own sustainability ambitions.
- ▶ The Head of Sustainability is the delegated owner of the Eastspring Group Responsible Investment Policy and is responsible for conducting an annual review to ensure that it remains updated. All changes will be approved via the Sustainability Committee.

All investment professionals at EAIB are responsible for assessing and integrating ESG risks and opportunities into the investment process, rather than outsourcing this responsibility to dedicated ESG or stewardship specialists.

To maintain the effectiveness of our stewardship activities, we are committed to continue building our capabilities in responsible investment and stewardship. We require the investment team to complete either the Applied Responsible Investment or Advanced Responsible Investment Analysis course from the PRI Academy. We also strongly encourage our staff to undertake the Certificate in ESG Investing and Climate Risk, Valuation and Investing Certification from CFA Institute. As part of EAIB’s standard onboarding process for all new staff, they need to complete an introductory course on responsible investment by WWF. We also regularly keep the investment team abreast of new developments in the ESG field via a weekly ESG bulletin.

Principle 2

Monitoring Investee Companies

Institutional investors should monitor their investee companies.

As part of our investment process, we actively research and monitor our investee companies on a wide range of topics which could include financials, governance, corporate strategy, transparency, capital allocation and material ESG-related matters. Our analysts and portfolio managers have significant contact with the management of companies and cross check with suppliers, clients and competitors on these topics.

Our focus in all these regular interactions with our investee companies is on achieving a firm understanding of the underlying drivers of the company’s long-term earnings power and how well they are managing material ESG risks and opportunities. These interactions are also instrumental for us to provide shareholder views on areas of concern to the investee companies.

We have identified four ESG themes that are particularly relevant to our responsible investment approach. This list will be expanded as our RI Policy evolves alongside developments in industry standards and in alignment with Eastspring Group Responsible Investment Policy and Prudential plc’s Group Responsible Investment Policy. This year, we added Timber and hosted it with Palm Oil (previously standalone) under an overarching Biodiversity theme. These ESG themes and their respective strategies are as follows:

ESG Theme	Our Strategy								
Climate Change & Just Transition	Through engagement, we encourage companies to develop, implement and disclose a credible strategy to transition to a low-carbon future. Our approach may include exclusion based on revenue threshold or as instructed by clients. Examples of climate-related indicators that we actively monitor include weighted average carbon emissions (“WACI”) and absolute carbon emissions.								
Biodiversity	<p><u>Palm Oil</u> We classify palm oil producers according to the percentage of its palm oil holdings or estates that are certified by the Roundtable of Sustainable Palm Oil (“RSPO”).</p> <table border="1"> <thead> <tr> <th>% RSPO Certification</th> <th>Categorisation</th> </tr> </thead> <tbody> <tr> <td>0% – 20%</td> <td>Worst Performers</td> </tr> <tr> <td>20% – 80%</td> <td>Improvement Needed</td> </tr> <tr> <td>80% – 100%</td> <td>Best in Class</td> </tr> </tbody> </table> <p>Palm oil producers who are not categorised as best in class will be engaged. We also conduct engagements with other actors in the value chain.</p> <p><u>Timber</u> We seek to identify companies within directly held portfolios that produce, are dependent on, or use commodities that contribute to deforestation, particularly via timber extraction and conduct engagement on responsible forestry, conservation & ethical biodiversity practices.</p>	% RSPO Certification	Categorisation	0% – 20%	Worst Performers	20% – 80%	Improvement Needed	80% – 100%	Best in Class
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Human Rights	We seek to identify violators of the ten United Nations Global Compact (“UNGC”) principles to improve their conduct and improve compliance with international agreements on four topics: human rights, labour, environment and anti-corruption.								

	<table border="1"> <thead> <tr> <th>Assessment</th> <th>Definition</th> </tr> </thead> <tbody> <tr> <td>Fail</td> <td>Violating one or more of the ten UNGC principles</td> </tr> <tr> <td>Watch List</td> <td>Close to violating one or more of the ten UNGC principles</td> </tr> <tr> <td>Pass</td> <td>Not violating the ten UNGC principles</td> </tr> </tbody> </table> <p>We conduct engagement with companies labelled as “Fail” and will continue to monitor companies labelled as “Watch List” when making investment decisions for both existing and new holdings.</p>	Assessment	Definition	Fail	Violating one or more of the ten UNGC principles	Watch List	Close to violating one or more of the ten UNGC principles	Pass	Not violating the ten UNGC principles
Assessment	Definition								
Fail	Violating one or more of the ten UNGC principles								
Watch List	Close to violating one or more of the ten UNGC principles								
Pass	Not violating the ten UNGC principles								
Business Ethics & Governance	We identify companies that may have outstanding or new controversies in business ethics for engagement.								

This process is complemented by third party ESG data and ratings provider MSCI ESG Research. We have tools in place to monitor ESG controversies in a timely manner throughout the investment period. This allows us to identify companies for further impact analysis or to develop an engagement plan. Details of our engagement approach can be found in the following section.

We also monitor our investee companies by exercising our voting rights via proxy voting. However, we may also elect to attend meetings if we prefer to pose questions to the board. Details of our voting policy can be found on page 11.

Principle 3

Engaging Investee Companies

Institutional investors should engage with investee companies as appropriate and collaborate with investors to enhance engagement outcomes.

Engagement with investee companies is core to our active ownership responsibilities. Guided by our engagement strategy which refreshes annually, we aim to encourage business and management practices that support positive enhancement of material ESG traits or mitigation of material ESG risks across our holdings through constructive engagement based on our in-depth knowledge of our investments in the context of their business environment. This includes ESG disclosures which we believe remains a systemic challenge for our market. Thus, where gaps are identified, we encourage our investee companies to make quantitative and qualitative ESG disclosure publicly. We believe that there will be notable overall improvement of ESG disclosures in Malaysia following the launch of National Sustainability Reporting Framework in September 2024.

We evaluate material ESG risks, which may differ across companies, sectors and asset classes. The level of engagement will therefore vary based on materiality, the size of investment and the nature of the risks themselves. As long-term investors, we adopt a patient timeframe, as we believe that this can improve the probability of achieving value-added outcomes.

Judgement is applied in all engagements and the strategy for escalation will be determined on a case-by-case basis due to each having unique circumstances. When the outcome of our engagement does not meet with our expectations, we may choose to employ the following engagement escalation measures for our direct holdings:

- ▶ **Direct Dialogue with Management:** We may highlight our concerns on the company's progress in direct dialogues with appropriate management representatives or non-executive directors. By leveraging on our ongoing communication channels, we seek to foster understanding and collaboration in addressing key concerns.
- ▶ **Collaborative Engagement:** We may express our concerns to company management collectively with other investors, as part of a collaborative engagement exercise, where we believe it to be in our client's best interests to do so, while respecting market rules. By harnessing a collective voice with fellow investors, we seek to maximise investor influence to amplify concerns.
- ▶ **Proxy Voting:** By exercising our votes, we seek both to add value and to protect our interests as shareholders. This may include voting against management-supported resolutions, supporting shareholder resolutions or voting against or withholding votes in relation to director re-elections. Where instructed, we will vote according to our client's voting policy.
- ▶ **Divestment as Last Resort:** We may choose to exit from the investment as a last resort, where there is evidence to suggest that identified material risks sufficiently impact our conviction and where we believe engagement is likely to fail. By exercising an exit as a last resort, we seek to uphold accountability and protect our clients' interests as investors.

In addition to engagements conducted by the team, Eastspring group's Central Engagement Programme allows Eastspring as a group to express our expectations on material ESG themes to targeted investee companies, which may include Malaysian companies. Details and progress of the Central Engagement Programme can be found in the Eastspring group Responsible Investment Report 2023 on our corporate website.

We believe that collaboration amongst investors is an effective way to address ESG issues and maximise investor influence. Eastspring group is a member of Asia Investor Group on Climate Change ("AIGCC") and Climate Action 100+, and EAIB is a member of Institutional Investors Council Malaysia ("IIC"). Details on our collaborative engagement approach can be found on page 12.

To facilitate our engagement activities, we adopted the Eastspring group's ESG Engagement dashboard which allows for timely monitoring and escalation. This year, the team conducted a total of 617 engagements respectively, of which 4 were collaborative engagements under AIGCC & IIC each. Of all ESG engagements, 49%, 28% & 23% were related to the environmental, social & governance factors respectively¹. Latest progress on the collaborative engagement through the AIGCC Asian Utilities Engagement Programme with a major Malaysian utility company can be found on page 13.

¹ Data is rounded to the nearest whole number.

Case Study – Engagements with a newly listed Malaysian small cap construction company on sustainability

Background

In the joint report published by the Securities Commission (“SC”) and the World Bank, it highlighted that large Malaysian companies provide significantly more comprehensive ESG disclosures than smaller companies². This echoed with our observations through the team’s research and engagement with investee companies over the years. We believe it is largely due to limited resources and lack of understanding on ESG-related matters in smaller companies. Thus, smaller companies are relatively more in need of external assistance from stakeholders than large companies to advance their ESG journey. While there are increasing ESG engagements from investors in Malaysia, these engagements are mainly targeting large companies, resulting in lesser opportunities for smaller companies to be exposed to good ESG practices.

Company A is a newly listed company in the ACE Market that provides engineering solutions in Malaysia & Singapore. After our initial meeting with the company, the team concluded that management had a very basic understanding of ESG-related matters and there were areas for improvements in its sustainability-related disclosures.

Action

The team initiated an ESG engagement with the company’s Chief Financial Officer, who is currently in charge of ESG-related matters for the company. Considering the size of the company and this being our first ESG engagement with the company, the team focused on knowledge sharing, providing a broad overview of the current ESG landscape with the objective to increase the company’s ESG awareness.

Outcome

During the engagement, the team covered ESG megatrends and how these trends might impact the company from operations & commercial perspectives. The team also shared how the company can prepare itself with industry examples in managing risks and opportunities arising from material ESG-related matters. Lastly, the team helped the company to understand how investors view ESG-related matters by sharing Eastspring’s ESG expectations and our approach in incorporating ESG considerations into each stage of our investment process. The engagement went well and the team received appreciation from the company in sharing good ESG practices that are relevant to the company.

After the engagement, the company reached out to the team to understand our expectations for its upcoming first sustainability reporting. The team shared that while the team encourage our investee companies to explore and adopt industry best practices for their disclosures, the company should also take into consideration its resources planning and financial situation. While highlighting that meeting Bursa’s listing requirements on sustainability disclosures is the minimum requirement, the team shared that the company could consider crafting a multi-year roadmap towards advancing its sustainability practices which include disclosures and to include such roadmap in its sustainability report to provide clarity to investors and other stakeholders. The team will evaluate the need for further engagement upon reviewing the company’s disclosure in the future.

² ESG Disclosure Assessment of Malaysia’s Listed Companies and Recommendations for Policy Development, SC & World Bank, July 2024

Principle 4

Managing Conflicts of Interest (“COI”)

Institutional investors should adopt a policy on managing conflicts of interest which should be publicly disclosed.

We are committed to engaging in honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships, as well as conflicts which may affect relationships with our clients. Guided by Prudential plc’s Group Code of Conduct which is published at its [website](#), Prudential plc’s Group Responsible Investment Policy and Eastspring Group Responsible Investment Policy, we have put in place robust company policies to prevent actual, potential or perceived conflict of interest such as insider information, anti-bribery, anti-money laundering and establishment of “Chinese Wall”. In this regard our management of conflicts of interest covers the following areas:

- dedicated policy on identification and management of conflicts of interest
- compliance manual which covers obligations, controls and areas of conflicts
- personal investment dealings on approvals and disclosures required
- anti-bribery & corruption on specific controls for gifts & hospitality and the relevant due diligence and monitoring of third party service providers and suppliers
- anti-money laundering and counter-terrorism financing on relevant controls to guard against money laundering and terrorism financing of clients and third parties that we deal with
- information security on controls of clients’ data and protection of sensitive information
- dealing and trade management to ensure priority given to trades of clients and fair trade practices in the interest of clients
- soft commission to ensure it is done to benefit the client

These policies are communicated to all affected employees and contractors where applicable. Our Risk, Compliance and Legal (“RCL”) Department as the second line function on a risk-based approach performs the relevant oversight on the execution of these policies by the first line functions. Outcomes of oversight are reported to the board on a periodic basis.

From time to time, proxy voting proposals may raise conflicts between the interests of our clients and the interests of EAIB and its employees. While we do not get involved in the board or management of our investee companies, our voting policy identifies and manages such conflicts of interest to ensure and demonstrate that our decision to vote is based on the clients' best interest and is not the product of those conflicts. Where actual, perceived or potential conflicts are identified, the conflicts will be raised, escalated and resolved based on the requirements set in the relevant company’s policies on management of COI.

Principle 5

Incorporating Sustainability Considerations

Institutional investors should incorporate corporate governance and sustainability considerations, including climate-related matters into the investment decision-making process while seeking to deliver sustainable returns in the long-term interest of their beneficiaries or clients.

ESG integration is an essential component of our investment analysis process and it is guided by the following:

- ▶ **Focus on materiality:** The relevance and magnitude of impact pertaining to each material ESG issue across a given investment horizon may be considered in the context of the market, sector, level of ownership and track record of operation. Consideration of the potential impact of the issue should incorporate management's willingness and ability to mitigate material ESG risks and exploit profitable ESG opportunities on a forward-looking basis. Assessments will be monitored and periodically reviewed.
- ▶ **Active ownership:** As active investors, assessments of the impact of material ESG issues on a particular direct holding will be monitored and periodically reviewed. We may play a role in encouraging and motivating changes that improve the material ESG characteristics or mitigate material ESG risks of investments and portfolios.

We utilise internal and external resources to assist in the analysis of material ESG issues which are incorporated into decision making and engagement activities. These include public disclosures and information we acquire from engaging with company management, industry players, regulators and media report. Since 2021, the team has been subscribing to third-party ESG data and ratings provider MSCI ESG Research to supplement our in-house ESG research on controversies and material ESG issues. In addition, the team included climate risk assessments developed in reference to the latest Bank Negara Malaysia Climate Change and Principles-based Taxonomy into our research to better understand climate risk management of our investee companies. We are mindful of data quality and availability issues and will factor this into our assessment of materiality. Where possible, we will monitor and engage with data providers and investee companies to address these issues.

This year, the team further advanced our ESG capabilities by rolling out the ESG Visualiser, Eastspring group's proprietary ESG ratings tool. The tool aims to facilitate the drawing-out of material ESG insights on companies within our investment universe, leveraging on the Eastspring ESG Materiality Matrix that is built on our investment expertise across Asia and the emerging markets and is informed by industry best practice frameworks that adopt an ESG financial materiality lens.

In addition to exclusions mandated by our clients, we acknowledge that certain businesses and their activities are of detriment to the communities and wider society that they operate in. We deem investments in these companies as incompatible with our RI Policy and apply the following exclusions to comingled investment vehicles under the direct control of EAIB, including unit trusts. To ensure alignment, we utilise independent third-party data to identify companies for exclusion. Full list of excluded companies can be found in Eastspring Group Responsible Investment Policy.

Exclusion	Definition												
Controversial Weapons	<p>Companies identified in accordance with definitions set by international conventions and treaties.</p> <table border="1" data-bbox="469 338 1002 860"> <thead> <tr> <th data-bbox="469 338 628 376">Category</th> <th data-bbox="628 338 1002 376">Conventions / Treaties</th> </tr> </thead> <tbody> <tr> <td data-bbox="469 376 628 434">Cluster Munitions</td> <td data-bbox="628 376 1002 434">The Convention on Cluster Munitions ("Oslo Treaty")</td> </tr> <tr> <td data-bbox="469 434 628 562">Anti-Personnel Mines</td> <td data-bbox="628 434 1002 562">UN Convention on the Prohibition of the Use, Stockpiling, Production and Transfer of Anti-Personnel Mines and on their Destruction 1997 ("Ottawa Convention")</td> </tr> <tr> <td data-bbox="469 562 628 674">Biological Weapons</td> <td data-bbox="628 562 1002 674">UN Convention on the Prohibition of the Development, Production and Stockpiling of Bacteriological (Biological) and Toxin Weapons and on their Destruction</td> </tr> <tr> <td data-bbox="469 674 628 779">Chemical Weapons</td> <td data-bbox="628 674 1002 779">UN Convention on the Prohibition of the Development, Production, Stockpiling and Use of Chemical Weapons and on Their Destruction</td> </tr> <tr> <td data-bbox="469 779 628 860">Nuclear Weapons Non-NPT</td> <td data-bbox="628 779 1002 860">UN Treaty on the Non-Proliferation of Nuclear Weapons ("NPT")</td> </tr> </tbody> </table>	Category	Conventions / Treaties	Cluster Munitions	The Convention on Cluster Munitions ("Oslo Treaty")	Anti-Personnel Mines	UN Convention on the Prohibition of the Use, Stockpiling, Production and Transfer of Anti-Personnel Mines and on their Destruction 1997 ("Ottawa Convention")	Biological Weapons	UN Convention on the Prohibition of the Development, Production and Stockpiling of Bacteriological (Biological) and Toxin Weapons and on their Destruction	Chemical Weapons	UN Convention on the Prohibition of the Development, Production, Stockpiling and Use of Chemical Weapons and on Their Destruction	Nuclear Weapons Non-NPT	UN Treaty on the Non-Proliferation of Nuclear Weapons ("NPT")
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Nuclear Weapons Non-NPT	UN Treaty on the Non-Proliferation of Nuclear Weapons ("NPT")												
Tobacco	Companies that are classified under the Tobacco Sub-industry by Global Industry Classification Methodology ("GICS"). This includes manufacturers of cigarettes and other tobacco products.												

Case Study – Eastspring group’s framework for climate transition portfolios endorsed by Climate Bonds Initiative ("CBI")

Climate change has become a central topic in financial markets, underpinned by the Paris Agreement ratified in 2016. Despite capital markets presenting a key platform to contribute to this climate end-goal at-scale, its full potential has arguably not been realized to-date due to existing transition solutions not being tailor-made for measuring transition alignment at the issuer level. In addition, many climate funds are mainly focusing on one of the approaches with companies that are either primarily providing already green solution, emissions-reductions, presence of public climate commitments or minimizing exposure to high emission activities.



To address the abovementioned gap, Eastspring group proposes a framework for enacting this approach in a practical manner in building climate transition portfolios to participate in the transition instead of applying exclusions. Key features of the framework are:

1. balances forward looking transition business opportunity indicators with emissions reduction outcome (rather than choosing either one only);
2. aligns with the industry best practice transition guidance such as the GFANZ³ and CBI;
3. leverages the entire investment cycle where portfolio screening captures an issuer-level approach;
4. monitors and engages on indicators that hold investee companies accountable to the social element of a just transition.

In summary, the framework enables our clients to invest in a spectrum of companies along brown to green categories across sectors that are likely to be climate winners in the future without compromising social needs.

For more information on the framework, refer to the latest [paper](#) by Eastspring group published on our website.

Principle 6

Publishing Corporate Governance Policy and Voting Guidelines

Institutional investors should publicly disclose their corporate governance policy and voting guidelines

We exercise our voting rights as shareholders on best effort basis in the companies in which we invest in furtherance of the goal to maximize shareholder value consistent with the funds' investment objectives. We seek to add value for our clients by pursuing an active and informed policy which includes voting on resolutions at general meetings in line with our voting policy, supported by monitoring on company development over time and assessing its progress against objectives.

Considering the latest market developments and Malaysian Code on Corporate Governance, our voting policy follows a principles-based approach to govern our voting actions on board, corporate action, remuneration, related party transactions and other ESG issues for our investee companies and link them with our engagement activities.

Where possible, we would seek to discuss any contentious resolutions before casting our votes in order to ensure that our objectives are understood and our votes are cast in the best interests of our clients. However, we may decide to not vote proxies or abstain from voting where the costs are prohibitive and

³ Glasgow Financial Alliance for Net Zero

would not serve the shareholders' interest, or in some cases not allowed to do so under certain regulations.

We subscribe to Institutional Shareholder Inc. ("ISS"), a proxy advisory firm that assists with proxy voting and corporate governance matters. While ISS provides proxy voting recommendations, our voting policy governs how we vote on each resolution. Generally, it is not our policy to accept client standing instructions unless specified by mandate.

A summary of our voting activities for Malaysian securities in 2024 are shown below. Those resolutions we voted against were executed in line with our voting policy (e.g. re-election of independent directors who holding company's shares, employee share option schemes ("ESOS") offer to independent directors).

Voting Overview	
Total number of shareholder meetings at which our clients' shares were voted	127
Total number of votable items	999
Total number of items voted	993
Percentage of items voted	99%

Voting Instruction	
Percentage of votes FOR	83%
Percentage of votes AGAINST	17%
Percentage of votes ABSTAIN	0%

as at 31 Dec 2024 (data is rounded to the nearest whole number)

Principle 7

Collaborative Response on Corporate Governance and Sustainability Issues

Institutional investors should collaborate where appropriate to respond to corporate governance and sustainability concerns or risks. The collective voice and views of institutional investors are important levers in shaping behavior and promoting good corporate governance, in particular on emerging issues such as sustainability reporting and investing.

We believe that collaboration amongst investors is an effective way to address ESG issues and maximise investor influence. We are active members of collaborative organisations. From time to time, we may participate in collaborative engagement initiatives where we believe it to be in our clients' best interests to do so, while respecting market rules.

Eastspring group was invited to join the PRI's Spring Advisory Committee, a steering group seeking to establish engagement priorities on nature and biodiversity, and subsequently signed on the PRI's Spring initiative in 2024. Spring aims to address the systemic risk of nature loss to societies and long-term portfolio value creation by enhancing corporate practices on forest loss and land degradation. In addition, Eastspring group continues our support as one of the 500+ investors representing USD\$29 trillion in AUM to support the 2024 Global Investors Statement to Governments on the Climate Crisis, to urge enactment

of policies that will unlock the private capital flows needed for a just transition to a climate-resilient, nature-positive, net-zero economy. Full list of memberships and affiliations for Eastspring group can be found in Eastspring Group Responsible Investment Policy.

Asia Investor Group on Climate Change (“AIGCC”) is an initiative participated by investor members including asset owners and managers with combined AUM of over US\$28 trillion globally. It connects, collaborates and advocates on behalf of its member investors to accelerate progress and action on climate change, responsibly manage long term risks and opportunities, and drive sustainable returns for investors and the beneficiaries its members represent across Asia. Since 2021, the team has been participating in AIGCC’s Asian Utilities Engagement Programme, which complements and runs in parallel with the global Climate Action 100+ initiative, to engage with senior management of a Malaysian major utility company to encourage alignment with the Paris Agreement.

Case Study – Collaborative engagements with a Malaysian major utility company under AIGCC’s Asian Utilities Engagement Programme

Background

The Asian electric utility sector is critical to the net zero transition as it contributes to approximately 25% of global carbon dioxide emissions. Seven Asian utility companies, including one in Malaysia, were selected by AIGCC’s Asian Utilities Engagement Programme due to substantial greenhouse gas emissions, large coal-fired power capacity or due to their strategic role in driving the net zero emissions transition. Our team participated in collaborative engagements with the Malaysian major utility company under this programme.

Action

Since July 2021, the team has conducted 6 collaborative engagements with the company to address its renewable energy ambitions including technology applications, its overseas acquisitions and its plans to reduce reliance on coal via energy transition. Following notable progress made in previous years in establishing & operationalizing its energy transition plan with close alignment to Malaysia’s National Energy Transition Roadmap, the team conducted one engagement with the company this year focusing on exploring various transition options for its coal-fired power plants, especially on the early retirement of its coal fire power plants.

Outcome

While the company is actively exploring various transition options such as ammonia co-firing, the company highlighted that one of the key challenges for early retirement of coal power plants is replacing coal with reliable base load alternatives to ensure supply reliability. At this stage, the company is aligned with the power purchase agreement retirement age and is in close collaboration with regulators to explore various options. As part of our engagement, we also recommended transition partners for the company to consider moving forward. As investors are particularly interested in concrete plans for each plant of the company, including early retirement considerations and stakeholder consultation, we will explore more on these aspects in our next engagement.

Where appropriate, the team engages with regulatory bodies, policymakers and other stakeholders in efforts to improve the ecosystem for investor stewardship in Malaysia. We are represented on the board IIC and have been contributing to the development of IIC.

This year, we continue to provide feedback via various channels on the development of ESG policies that are relevant to the Malaysia market:

- In March, the team participated in the consultation for proposed National Sustainability Reporting Framework via Malaysian Accounting Standards Board Working Group 71 on Sustainability Reporting.
- In May, together with senior leaders from asset owners, asset managers, corporates, regulators and government agencies, the team participated in 3 roundtables specifically on energy transition, adaptation and nature & biodiversity organized by AIGCC and Capital Markets Malaysia to discuss issues and potential solutions on these topics, in continuation and expanding from last year's engagement which focused on energy transition only.
- In May, the team became members of the Sustainability Advisory Industry Working Group under the Federation of Investment Managers Malaysia ("FIMM") providing inputs towards finalising the Guidance for Assessing Investor Sustainability Preferences for Sustainable & Responsible Investment ("SRI") Funds developed by FIMM & SC for unit trusts and private retirement scheme consultants.
- In October, the team participated in the public consultation for the proposed amendments to sustainability reporting issued by Bursa Malaysia that aims to align with the newly launched National Sustainability Reporting Framework.
- In October, the team participated in the public consultation for the proposed Climate Change Bill issued by Ministry of Natural Resources and Environmental Sustainability.



A Prudential plc company 

For more information, please contact us via email below:

Tan Ming Han
tan.ming.han@eastspring.com

Lim Wei Ren
wei.ren.lim@eastspring.com