



Permodalan Nasional Berhad

PRESS RELEASE

**For Immediate Release
21 April 2022**

**PNB COMMITS TO A NET ZERO FUTURE
THROUGH ITS NEW SUSTAINABILITY FRAMEWORK**

10 ESG commitments across enterprise and investments

- Permodalan Nasional Berhad (PNB) today announced its Sustainability Framework in response to a changing global investment landscape. As a trusted custodian of Malaysian wealth and assets, it has a responsibility to lead and effect change to ensure an orderly and just transition to a sustainable economy.
- Since its inception in 1978, PNB has been delivering on its mandate of providing sustainable returns to more than 14 million account holders. To continue doing this for the long term, PNB must address material ESG issues impacting its portfolio and actively capitalise on profitable opportunities.
- The focus on ESG is expected to further enhance returns for unit holders as studies show companies with Triple Bottom Line model perform better than those who do not address ESG issues.
- The Sustainability Framework pulls together all that PNB has done over the years in diverse areas of sustainability into a clear and comprehensive framework. It outlines 10 commitments for PNB's own operations as well as for its investments under the three pillars of Environment, Social and Governance (ESG).

Kuala Lumpur, 21 April 2022: Permodalan Nasional Berhad (PNB) today announced its new Sustainability Framework to define and internalise its goals for a more sustainable future amidst a changing global investment landscape. As a trusted custodian of Malaysian wealth and assets, PNB has a responsibility to lead and effect change to ensure an orderly and just transition to a sustainable economy. The institution officially unveiled the framework to the media at a virtual briefing this afternoon, following a closed door PNB Knowledge Forum for the leadership teams of its investee companies earlier in the morning.

Since its inception in 1978, PNB has been delivering on its mandate of providing sustainable returns to more than 14 million account holders. To continue doing this for the long term, PNB acknowledges that it must address material Environment, Social and Governance (ESG) issues

impacting its portfolio and actively capitalise on profitable opportunities. Hence, the PNB Sustainability Framework was formulated based on several guiding beliefs. The first belief is that by integrating ESG issues more systematically into PNB's investments and operations, PNB will be better positioned to seize new opportunities. With its size and influence, PNB also has an important role in addressing the systemic challenges facing communities and stakeholders, particularly its unit holders.

Additionally, to ensure a progressive and successful journey to a more sustainable future PNB must lead by example to inspire the cooperation of all its stakeholders. This includes, among others, embedding ESG into its operations, building a holistic sustainability culture and being transparent in what it does. Most importantly, PNB intends to proactively update its commitments and strategies, acknowledging the need to constantly adapt to the evolving climate and sustainability landscape.

PNB Group Chairman, Tun Arifin Zakaria said during the media briefing, "As one of the country's largest fund management institutions with approximately 10% invested in domestic companies listed on the local bourse, PNB has a responsibility to navigate the complexities of the ESG journey. We believe that more can be achieved collectively and PNB will play a more active role in advancing knowledge and a deeper understanding of ESG, as well as its application and best practices for sustainability."

Tun Arifin further elaborated that "In 2021, Malaysia announced in its 12th Malaysia Plan, a goal for the country to become carbon neutral by 2050. We believe Corporate Malaysia has the responsibility to play an important role and must work together towards meeting this goal. For PNB as a corporation, we aim to be a net zero enterprise by 2025 with a net zero portfolio by 2050, working together with our investee companies in support of Malaysia's carbon neutral ambition."

PNB has identified 10 ESG commitments under the following three pillars.

Environmental

Under this pillar, PNB seeks to align its sustainability efforts to support the transition toward a green economy with three commitments. PNB commits to a Net Zero Enterprise by 2025,

achieving a Net Zero Portfolio by 2050 and investing RM10 billion in Green and Transition assets by 2030.

Social

For this pillar, PNB aims to address issues on equity and inclusion. These include taking a stand on labour rights issues to further strengthen the Stewardship Framework launched in 2020, ensuring all PNB employees earn above the living wage by 2023 and setting a target of 40% female participation in senior management level by 2025. Under this pillar, the company also committed to balancing PNB's profits with social investments to align with its mission of enhancing wealth for Bumiputeras and all Malaysians.

Governance

The focus of this pillar is for PNB to be strategically more transparent and active at engaging ESG-related and climate change issues. PNB advocates sound governance practices by way of establishing a Triple Bottom Line Stewardship Model, to drive greater transparency in voting and to ensure the reporting disclosures are aligned with the Task Force on Climate Related Financial Disclosures (TCFDs).

President & Group Chief Executive, Ahmad Zulqarnain Onn, said "At PNB, we will work hand-in-hand with our investee companies to develop value creation plans that will ensure sustainable growth of their operational and financial performance. There is tremendous pressure nowadays for companies to not just perform financially, but also to integrate ESG aspects into their business. We believe that, through our collective effort, this new way of doing business will create meaningful benefits for PNB, our investee companies, partners as well as other stakeholders, and ultimately the millions of Malaysians who have entrusted their investments with us."

PNB was created by the Government for a socio-economic objective which includes promoting financial inclusion amongst all Malaysians. Over the past 43 years, PNB has delivered on its mandate to provide sustainable returns to its unit holders and has grown to manage more than RM300 billion in assets for them. It has also built a sustainable talent development plan for its future employees and leaders through its scholarship programme. In addition, PNB already has a 35% share of women on its senior management and is committed to further boost gender inclusion at the workplace.

In the aim of ensuring a successful implementation of its Sustainability Framework, PNB has established a comprehensive governance structure comprising a dedicated management committee reporting to the Board of Directors. Towards this, PNB created two new functions, namely Investment Stewardship Division and Enterprise Sustainability Department which are responsible for the overall implementation of the Framework.

Click here <https://bit.ly/PNBSUSTAINABILITYBOOKLET> or scan the QR Code to access PNB Sustainability Framework booklet



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About Permodalan Nasional Berhad (PNB)

Permodalan Nasional Berhad (PNB) is one of the largest fund management companies in Malaysia with assets under management (AUM) exceeding RM300 billion. PNB's portfolio covers strategic investments in Malaysia's leading corporates, global equities, private investments and real estate. For more information, please visit www.pnb.com.my.

Issued by Permodalan Nasional Berhad