

PNB

Labour Rights Policy



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1. About This Document

1.1. Background

Employee wellbeing is at the heart of Permodalan Nasional Berhad (Registration No. 197801001190 (38218-X)) (“PNB” or “we” or “our”) in fostering a healthy and productive workforce engine in its own operations and of its Investee Companies. As a fund management company as well as a major institutional investor, we are committed to upholding the labour rights of employees to ensure the business sustainability of our Investee Companies.

The PNB Labour Rights Policy (“Policy”) is in line with internationally recognised principles and standards, including but not limited to the International Labour Organisation Standards (ILO), United Nations Global Compact (UNGC), United Nations Guiding Principles on Business and Human Rights, OECD Guidelines for Multinational Enterprises, United Nations’ Principles for Responsible Investing (UNPRI), United Nations Sustainable Development Goals (UNSDG), and Global Reporting Initiative (GRI) Reporting Standards. In addition, it is also in line with local laws and regulations such as the Employment Act 1955 of Malaysia.

1.2. Scope

This Policy is applicable to PNB Investee Companies (both domestic and international) and External Fund Managers (collectively, “Companies”). This Policy will also apply to PNB Group¹, the entities that we own, and the facilities that we manage.

2. Statement of Purpose

The purpose of this Policy is to affirm our belief that Companies should effectively manage issues and policies around labour rights, as it has a profound impact on the strength, productivity and wellbeing of the workforce, as well as long-term value to shareholders.

PNB will undertake an active stewardship approach in line with our Stewardship Framework² on labour rights, guided by the escalation matrix³, via various activism touchpoints.

¹ PNB Group shall refer to Amanah Saham Nasional Berhad (“ASNB”), Pelaburan Hartanah Nasional Berhad (“PHNB”), PNB Merdeka Ventures Sdn Berhad (“PNBMV”), PNB Research Institute Sdn Bhd (“PNBRI”), and any other company or entity sanctioned by the Board of Directors of PNB.

² PNB Stewardship Framework showcases PNB’s stewardship philosophy and expectations for its Investee Companies, the investing public and the general market. PNB Stewardship Framework among others guides PNB in playing its role as an active shareholder to create value and improve the performance of its Investee Companies.

³ The escalation matrix provides clarity on PNB’s approach mechanisms with Investee Companies through various activism touchpoints. Further information on PNB escalation matrix can be found on PNB official website.



3. Key Material Issues

3.1. Definition

PNB has defined six Key Material Issues (“Key Material Issues”) to be the pillar of our Policy. The expectations outlined in Section 4 of this Policy will refer to the Key Material Issues as follows:

No	Key Material Issues	Definition
1	Forced & Child Labour	All work or service which is exacted from any person under the threat of a penalty and for which the person has not offered himself or herself voluntarily
2	Fair Wages & Benefits	Compliance with the Employment Act 1955 of Malaysia and the practice of Flexible Working Arrangement (FWA), where employees are given access to greater scheduling freedom in how they fulfill the obligations, where suitable
3	Diversity & Inclusion	Access to equal rewards, resources, and opportunities for all employees regardless of race, sex, color, national or social origin, ethnicity, religion, age, disability and political opinion
4	Freedom of Association	Respect the right to organise and form groups for the purpose of collective bargaining and social dialogue in a healthy and fair way
5	Safety & Health	Protection of the physical, mental and emotional well-being of all employees through a healthy occupational and environmental setting
6	Upskilling & Education	Access to training, upskilling and continuous development to boost efficiency and create a productive workforce



3.2. PNB Statements on the Key Material Issues

No	Key Material Issues	Statement
1	Forced & Child Labour	“We are against all forms of forced labour and child labour, including modern slavery, bonded labour, and human trafficking. We expect the Companies to align with ILO conventions and the Children and Young Persons (Employment) Act 1966 of Malaysia, which states, among others, that the minimum age for employment should not be less than fifteen (15) years old.”
2	Fair Wages & Benefits	“We encourage the Companies to pay reasonable remuneration in line with the type of work done and expect Companies to comply with the Employment Act 1955 of Malaysia in providing employee benefits such as sufficient rest days, medical & insurance coverage to protect workers' well-being. The Companies are also encouraged to implement a FWA in their organisation, where suitable.”
3	Diversity & Inclusion	“We expect Companies to allow equal access, rewards and resources to their employees, and to eliminate workplace discrimination. We are supportive of fair representation in the workplace in the aspects of, but not limited to, gender, age, religion, disability and nationality.”
4	Freedom of Association	“We expect Companies to respect workers' right to freely associate and form groups for collective action. We believe social dialogue is necessary to empower employees to voice out and protect their interests in a healthy and fair way.”
5	Safety & Health	“We expect the Companies to provide safe working conditions and to nurture a healthy working environment by promoting wellness in the workplace. We believe that the physical, mental and emotional well-being of employees is essential to an organisation's productivity to generate sustainable returns in the long run.”
6	Upskilling & Education	“We expect the Companies to provide basic work training, upskilling and continuous development to create a productive workforce. As a strong advocate of education, PNB believes that continuous learning is the key to a more productive Malaysian society.”



4. Expectations

To implement this Policy, PNB outlines its core expectations that serve as minimum considerations that are applicable within the scope of this Policy pursuant to Section 1.2. In addition, best practices are drawn as additional considerations for PNB, PNB Group and the Companies, in line with international best practices.

4.1. Core Expectations

No	Expectations	Description	Key Questions
1	Strategy	To highlight labour rights issues in policy and strategy , taking into account emerging standards and best practices.	How do you consider labour rights issue in developing your company's policy and strategy?
2	Assessment	To review performance on Key Material Issues periodically and determine areas for improvement and apply action plans to address those areas.	How do you review your labour rights performance related to Key Material Issues? What are your action plans to address these Key Material Issues?
3	Grievance mechanism	Develop a formal grievance mechanism for employees to communicate and report on matters relating to any of the Key Material Issues. Safeguards should be in place for whistleblowers .	What channels are available for your ' employees and suppliers to report labour rights issues and how do you ensure they are aware of these channels? What are the safeguards in place to safeguard whistleblowers?
4	Policy	Establish a clear labour rights policy to reflect the commitment to comply with the Key Material Issues.	Have you developed a labour rights policy? How does your policy consider the Key Material Issues?
Timeline: The Companies to comply with these core expectations and to establish or refine its labour rights policy, two (2) years from the establishment of this Policy			

4.2. Best Practices

No	Expectations	Description	Key Questions
1	Assessment	Develop a mechanism to assess (internal or third-party expert) the company's policy and control of the Key Material Issues.	What mechanism is in place to assess the policies and control of the Key Material Issues? Do you have a resolution mechanism in place? Have you considered an external third party assessment?
		Establish relevant tools and infrastructure to enable and assist the implementation of initiatives relating to managing Key Material Issues on labour rights.	Do you have relevant tools and infrastructure to assist the implementation of initiatives on Key Material Issues on labour rights?
2	Engagement	Establish an internal process to work with third parties to advocate for sustainable practices, increasing awareness and a better understanding of labour rights.	Do you engage with policymakers and relevant stakeholders with regard to labour rights?
3	Due diligence	Identify, address and monitor exposures and labour rights related risks on Key Material Issues throughout the value chain, including incorporating these considerations throughout the procurement decision-making process.	Is social risk one of the considerations in choosing suppliers? If so, what system is in place to ensure suppliers meet the expectations on Key Material Issues?

5. Conclusion

We believe companies that are successful in managing labour rights are in a better position to generate sustainable returns through increased overall productivity and well-being. As one of the largest fund management companies in Malaysia, PNB will continue to encourage the Companies to have robust policies and disclosures, in line with this Policy.



