

**MEDIA STATEMENT**  
**Kuala Lumpur, 10 June 2022**

**Khazanah launches sustainability framework and targets**

*Committed to sustainability transitions through ESG in delivering sustainable value for Malaysians*

Khazanah Nasional Berhad (“Khazanah”) today launched its sustainability framework and medium-term targets, to guide Khazanah and its key investee companies to deliver sustainable value by integrating environmental, social and governance (“ESG”) considerations into their core business. At the launch, Khazanah simultaneously presented their views on the need for businesses to focus on a just and responsible transition.

The Sustainability Framework introduced by Khazanah is designed to be holistic, captured under the three main pillars of ESG, and focuses on issues which most impact the organisation and its portfolio from a business materiality point of view.

Khazanah Managing Director, Dato’ Amirul Feisal Wan Zahir, at the launch of the *Khazanah Sustainability Framework & Targets: Investing in a Sustainable Transition 2022*, today said: “To execute a coherent response to sustainability, we will adopt an all-of-Khazanah approach – covering all aspects of how it behaves as a responsible investor, as a sustainable organisation, and as a good corporate citizen.”

“This means that Sustainability is embedded into everything that we do – from how we manage our investments, to how we operate as a firm, to how we support and contribute to the societal development objectives of the nation,” he said.

He added that sustainability is also a core part of its *Advancing Malaysia* strategy introduced earlier this year, under the pillar of Creating a Sustainable Future.

“Khazanah’s aspiration is to play a leading role in shaping an equitable and responsible transition towards a sustainable future for Malaysia,” he said.

According to Dato’ Amirul Feisal, as the country’s Sovereign Wealth Fund (“SWF”), it is pivotal for Khazanah to ensure that its actions support and encourage a responsible transition towards a more resilient and inclusive economy.

Dato’ Amirul Feisal also pointed out that due to the complex and diverse nature of companies in its portfolio, Khazanah will take a collaborative approach to work with its investee companies to shift towards a more sustainable business model, ensuring that these companies remain competitive and resilient against challenges faced, as well as to enable them to take advantage of sectors and themes benefiting from ESG tailwinds.

“To ensure that we hold true to our aspirations, we have developed a set of Guiding Principles to anchor our decision making in our Sustainability journey. We strive to bring balance in adhering to these principles, allowing flexibility to adapt our Sustainability approach based on the different asset classes and sectors that we invest in. Fundamentally, we aspire for positive and improved outcomes that will not only benefit the economy but society as a whole,” Dato’ Amirul Feisal said.

About 150 Chairmen, CEOs and Senior Management of Government-linked Investment Companies (“GLICs”) and selected Government-linked Companies (“GLCs”) under Khazanah attended the launch event today. Earlier, two separate presentation and panel sessions were held where several speakers from Khazanah and GLCs spoke on the topic of *Transition Economy and Challenges & Opportunities in a Transition Economy*.

The Finance Minister, YB Tengku Datuk Seri Utama Zafrul Tengku Abdul Aziz officiated the launch of Khazanah's Sustainability Framework and ESG targets.

In his speech, Tengku Datuk Seri Utama Zafrul said that the government has outlined several key priorities in its recently announced Budget 2023 Pre-Budget Statement, including Malaysia’s strategic transition from the current recovery phase to longer-term reforms.

These include facilitating better income opportunities and improved holistic wellbeing in order to achieve *Keluarga Malaysia’s* vision of a more inclusive and sustainable development.

“While these are promising foundations, it cannot be done in isolation. Lasting and sustainable reforms can only be achieved by uniting the entire nation behind a common sustainability vision, with participation from all parties, including the private sector,” he said.

He added that the Ministry of Finance is confident that both public and private sectors will play their respective roles and contribute to the success of Malaysia’s sustainability efforts and goals.

“It is thus encouraging to see that Khazanah, as well as other GLCs such as EPF, TNB, CIMB, and PETRONAS, embrace the sustainability agenda by incorporating ESG into their core strategies and embedding it throughout their operations and CSR initiatives,” he said.

According to him, these GLCs contribute to the mainstreaming of ESG by serving as role models, catalysing change within their respective ecosystems, and encouraging the rest of Corporate Malaysia to consider how they behave and how their actions affect the communities and environment in which they operate.

Tengku Datuk Seri Utama Zafrul went on to congratulate Khazanah for establishing its sustainability framework and has affirmed his support for its aspiration of “shaping an equitable and responsible transition for Corporate Malaysia,” recognising the unique and important role to be played by Khazanah and the companies under its care.

“As stewards of some of the country’s largest corporations, which employ thousands of people and have an impact on millions more, a just transition is required to ensure that all stakeholder interests are met, and that any unintended consequences are mitigated,” he said.

“I am also pleased to see that Khazanah’s goals are consistent with the nation’s objectives and the standards set by other leading global ESG practitioners. It is my hope that Khazanah will continue to champion sustainability and act as a partner to its portfolio companies as we work to achieve Net Zero by 2050” he added.

### **Khazanah’s Sustainability Framework and ESG Targets**

As part of its Framework, Khazanah has identified Sustainable Investing and Enterprise Sustainability as two key action points to help achieve its sustainability targets.

Through Sustainable Investing, Khazanah will embed ESG considerations into its investment decision making and stewardship of all its investee companies. Additionally, through Dana Impak, Khazanah will actively invest in catalytic sectors that will help build national resilience and deliver socio-economic benefits to the nation. This includes themes around building climate resilience, as well as providing decent and dignified work, and social mobility for the *rakyat*.

Concurrently, via its Enterprise Sustainability approach, Khazanah will embed sustainability into its day-to-day operations through better management of its energy usage, material consumption patterns, as well as travel practices.

Khazanah also aims to create greater impact through contributions to society and community. This includes continuing its efforts towards empowering communities, protecting the environment, promoting arts, and preserving heritage. This is carried out through its foundations, Yayasan Hasanah and Yayasan Khazanah, as well as other affiliated entities such as Taman Tugu, Think City and Khazanah Research Institute.

Under the **Environmental** imperative, Khazanah aims to safeguard Malaysia’s natural assets as well as protect the environment for current and future generations. Under the **Social** imperative, Khazanah aims to improve the socio-economic well-being of all stakeholder groups by taking into consideration how business actions affect their customers, employees, suppliers, contractors, and the surrounding communities. While under the **Governance** imperative, Khazanah will ensure its actions and policies as stewards of businesses are carried out in a responsible manner.

Within the **Environmental** pillar, Khazanah has set a target to achieve net zero emissions by 2050 and will be working towards carbon-neutral operations by 2023, actively assessing ways in which it can eliminate its emissions footprint through better work practices – as well as funding initiatives and projects providing a carbon offset.

On the **Social** front, Khazanah aims to enhance diversity, equality and inclusion policies and programmes. Khazanah will also work towards ensuring 30% of the Boards and senior leadership positions are held by women by 2025. In addition, Khazanah will introduce measurable socio-economic impact targets for all relevant initiatives, including under its Dana Impak and its foundation, Yayasan Hasanah, by 2023.

From a **Governance** standpoint, Khazanah will enhance Board competencies in the area of sustainability at its portfolio companies by 2024, disclose its voting principles at company general meetings by 2022, and include ESG-linked KPIs for key leadership positions for its portfolio companies by 2023.

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#### **About Khazanah Nasional Berhad**

Khazanah Nasional Berhad (“Khazanah”) is the sovereign wealth fund of Malaysia entrusted to deliver sustainable value for Malaysians. In line with its long-term strategy of *Advancing Malaysia*, Khazanah aims to deliver its purpose by investing in catalytic sectors, creating value through active stewardship, increasing its global presence, as well as building capacity and vibrant communities for the benefit of Malaysians. For more information on Khazanah, visit [www.khazanah.com.my](http://www.khazanah.com.my).