

OUR APPROACH TO SUSTAINABILITY

Recognising the importance of sustainability while taking into consideration our stakeholders and the investment community, we continuously engage and share sustainability best practices with our portfolio companies.

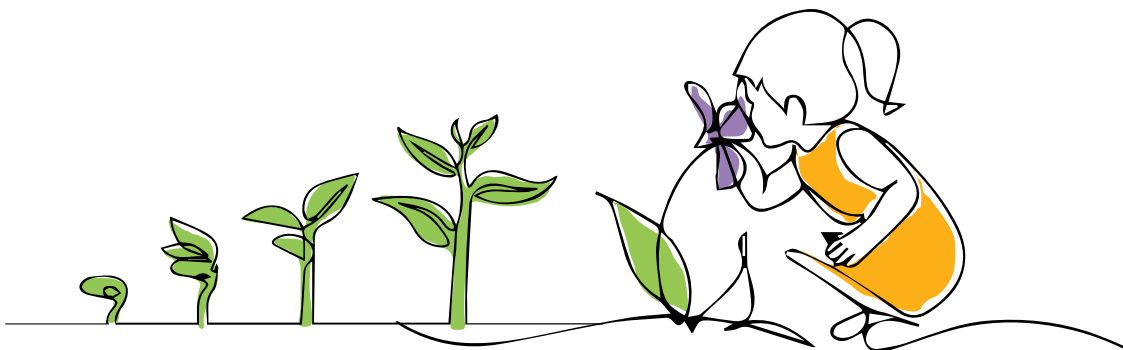
We undertook a portfolio-wide materiality assessment and formalised our Sustainability Framework in 2021 and 2022 respectively, outlining measurable targets that will guide our portfolio companies – as well as our organisation – towards creating positive long-term value across the ESG spectrum. By taking these actions, we are better positioned to engage effectively with our investee companies and our wider stakeholders on ESG issues.



► Dato' Feisal at the launch of the Khazanah Sustainability Framework and Targets in 2022



Discover the milestones we have achieved on our sustainability journey by reading **Our Progress** section on page 67 of this report.



We take a firm-wide approach to sustainability, covering how we behave as an investor as well as how we go about our day-to-day work. Our approach is designed to be holistic and focuses on issues which impact us and our portfolio companies most, from a business materiality point of view.

Our Sustainability Approach



Responsible Investor

We have made public commitments towards ensuring that ESG and responsible investor practices are integrated within our investment processes, including:

- Assessment of new investments
- Monitoring of existing investee companies
- Identifying value creation opportunities



Sustainable Organisation

As an organisation, we strive to embed sustainability within our cultural and behavioural practices. To this end, actions we have taken include:

- Driving internal enablement by creating sustainability awareness and providing training to our people
- Establishing an internal network of sustainability champions to spearhead activities that build awareness and drive adoption of sustainable initiatives internally
- Holding ourselves accountable via reporting on our progress and maintaining transparency
- Contributing to bodies that aim to enhance sustainability adoption and practices in Malaysia







Good Corporate Citizen

We believe that being a good corporate citizen not only drives business success but also plays a role in creating wider impact.

To this end, we continue to catalyse positive change in the environment and surrounding communities, towards creating a better future for the nation.

Our Progress

Since launching the framework in June 2022, we have made the following progress against the targets we have identified within our framework.

	Targets	Our Progress
 Environmental	Net Zero emissions by 2050	<ul style="list-style-type: none"> Committed to Net Zero emissions by 2050 Developing a strategy and will begin the development of Climate Transition Pathways by end 2023
	Carbon neutral operations by 2023	<ul style="list-style-type: none"> Developed a strategy and options to reach carbon neutrality by 2023, with baseline data collected and currently undergoing verification
 Social	Enhance Diversity, Equity and Inclusion (DEI) framework and programmes by 2023	<ul style="list-style-type: none"> Developed a DEI framework that will be applied throughout the organisation <p> Learn more about our DEI framework on page 88 of this report.</p>
	30% women in Board and Senior Management Team by 2025	<ul style="list-style-type: none"> A member of the 30% Club as of 2 March 2023 Women currently comprise 14% of our Board of Directors Women currently comprise 29% of our Senior Management Team
	Measurable socio-economic impact targets by 2023	<ul style="list-style-type: none"> Developed the SEMARAK framework as a tool to measure the socio-economic impact of our investments and initiatives SEMARAK framework has been applied across several investment opportunities and will continue to be refined moving forward
 Governance	Enhance Board competencies (including sustainability) across portfolio companies by 2024	<ul style="list-style-type: none"> Formalised the management process for the nomination of directors, which comprises selection, nomination and evaluation
	Disclose general voting principles by 2022	<ul style="list-style-type: none"> Publicly disclosed our general voting principles on our website
	Include ESG-linked KPIs for key leadership positions for our portfolio companies by 2023	<ul style="list-style-type: none"> 100% of our portfolio companies have established ESG-linked KPIs for key leadership positions

Our Sustainability Enablers

We believe in driving sustainability through:

» Sustainable Investments

Embedding sustainability into our investment decision-making processes

» Enterprise Sustainability

Embedding sustainability into our day-to-day practices, including through contributions to society and communities

We continue to implement sustainability enablers across our organisation with the aim of building our internal capabilities and capacity to address sustainability issues. The sustainability enablers we have implemented include:

Offering training and development opportunities to all employees, both in-house and external

Enhancing our ESG data and analytics capabilities

Advocating sustainability matters with our stakeholders

Building a culture of sustainability through internal initiatives to manage and reduce emissions and waste

