

<p>Recommendation G3 Sustainability and Climate-related Board Credentials</p>	<p>In order to develop the Board of Directors' skills, knowledge and experience, PAMB is a registered corporate member of FIDE Forum since 2021. They participate in various external trainings with the aim of enhancing their understanding and knowledge of various subject matters including sustainability and climate-related matters. The individual biography of PAMB Board of Directors is published in the Directors' Report of PAMB Audited Financial Statements.</p>
<p>Recommendation G4 Sustainability and Climate-Related Training</p>	<p>PAMB is committed to equipping its Board, Senior Management Team (SMT), and employees with the knowledge and capability to navigate evolving sustainability and climate-related expectations.</p> <p>As regulatory developments accelerate—particularly in climate policy and transition frameworks—it is essential that our leaders and employees understand both the risks and opportunities related to climate change, and PAMB's role in driving a just, inclusive, and net-zero-aligned future.</p> <p>1. Board and SMT Briefing on NPCC 2.0 To ensure that the Board and SMT remain updated on fast-moving regulatory changes, PAMB arranged a dedicated briefing on the National Policy on Climate Change (NPCC) 2.0.</p> <p>The NPCC 2.0 briefing ensures the Board and SMT are fully aware of Malaysia's evolving climate governance landscape, its potential implications to the insurance sector and able to steer PAMB's strategy in alignment with national climate direction and Prudential Group's sustainability ambitions.</p> <p>2. Enterprise-wide Capability Building through E-Learning In 2024, a company-wide e-learning programme on sustainability was introduced to our employees to establish foundational understanding of sustainability, its relevance to the financial services industry, and how Prudential operationalises its Group sustainability strategy across markets.</p> <p>To deepen capabilities, a second e-learning course on financing the transition was rolled out to all our employees. This 3-part module course aims to enhance employees' understanding of Prudential's role as an asset owner, our decarbonization pathways and why our investment strategy must reflect the realities and socio-economic nuances of diverse emerging markets in which we operate.</p> <p>By integrating sustainability into learning and development, PAMB reinforces a culture where climate considerations and transition impacts are systematically incorporated into decision-making across functions where responsible investment and financing a just and inclusive transition are key to Prudential's sustainability strategy.</p>

<p>Recommendation G5 Sustainability and Climate-related Discussions in Board Meetings</p>	<p>Climate-risk matters are reported as part of the risk management report under sustainability (including climate-related risk) update. The risk management report are presented and discussed in PAMB ERC, PAMB BRMC and PAMB BOD. Updates on investment related matters (including responsible investment) are also tabled to the PAMB Board of Directors on a quarterly basis.</p>
<p>Recommendation G6 Sustainability/ Climate-linked Remuneration</p>	<p>Prudential Assurance Malaysia Berhad (PAMB) has embedded sustainability considerations into its remuneration framework to reinforce our commitment to responsible business practices and climate resilience.</p> <p>Starting from 2025, all People Managers within the organization are required to carry a Sustainability KPI as part of their annual performance goals.</p> <p>The mandatory Sustainability KPI carries a minimum weightage of 5% in the overall performance assessment and serves as a key determinant for performance-based bonuses, reinforcing the linkage between sustainability outcomes and remuneration.</p> <p>Briefing sessions were conducted to guide People Managers on setting meaningful and actionable sustainability KPI, ensuring they can translate sustainability KPI into practical initiatives in their respective functions.</p> <p>We actively track compliance to ensure that every People Manager has this KPI in place, supported by reporting mechanisms.</p> <p>By linking remuneration to sustainability performance, PAMB demonstrates its dedication to driving meaningful change and ensuring that sustainability is not only a strategic priority but also a shared responsibility across all levels of leadership.</p>
<p>Recommendation G7: Separate Committee on Sustainability and Climate-related Matters</p>	<p>At the Group level, Prudential plc has instituted its Sustainability Committee.</p> <p>The Sustainability Committee comprises senior leaders from across the Group, including members of the Group Executive Committee (GEC), and reports regularly to the Board Risk Committee and the Board itself. This governance model ensures that sustainability considerations are embedded at the highest level of decision-making and cascaded throughout the organization.</p> <p>The committee, composed of at least three members with a majority of independent non-executive directors and chaired by a non-executive director, will oversee environmental impacts (including climate-related risks and the company's value chain), responsible investment practices, social sustainability in its markets, and people-related matters such as culture, diversity, equity and inclusion, and workforce engagement.</p> <p>PAMB benefits from this structure by aligning its local sustainability initiatives with Group-wide policies and priorities.</p>

Strategy	
<p>Recommendation S1 Identification of Climate-related Risks and Opportunities</p>	<p>Assessing climate-related risks The following climate-related risks have been identified for our organisation:</p> <p>Financial resilience From an investment standpoint, asset values may be impacted by both physical and transition risks. Transition risks can lead to market risks when investees' failure to adapt results in reduced valuations and heightened volatility. Additionally, these can also lead to credit risks if investees face greater likelihood of default due to climate events and exposure to stranded assets, or if government and regulatory changes, such as new taxes and policies, adversely affect the investees' business model. Physical risks can lead to operational impacts and/or liquidity risks, particularly when natural disasters trigger an urgent need for cash to support response efforts. These risks can arise over short, medium, and long-term timeframes and depend on the global and local level of transition to low carbon economies. Fast or disorderly transition could result in greater transition risk impacts, whereas limited or delayed transition could result in greater physical risk impacts.</p> <p>PAMB's financial resilience is crucial, as policyholders rely on the organisation for health and financial protection. PAMB has the responsibility to manage high carbon emissions and carbon-dependent exposures in the investment portfolio to lessen the effects of transition risks and stranded assets. PAMB's approach to responsible investment is guided by Prudential plc's sustainability strategy and Responsible Investment Standard, which include measures such as excluding investments in certain sectors and engaging companies to drive more sustainable practices, all subject to PAMB's fiduciary duties.</p> <p>Operational resilience PAMB recognises the importance of operational resilience and forward planning in addressing the physical risks associated with long-term or widespread climate change on our operations. As a life and health insurer, severe climate conditions may affect our service delivery and the ability to provide timely coverage to customers. To ensure continuity, the Business Continuity Plan (BCP) and Disaster Recovery Plan (DRP) are reviewed, implemented and tested at least annually to confirm that contingency and resilience measures remain effective in sustaining operations and delivering critical services at the agreed service levels during operational disruptions. Test and exercise outcomes are documented together with prescribed action items and remediation steps, where applicable.</p> <p>Strengthening operational resilience against physical risks involves several key measures, including:</p> <ul style="list-style-type: none"> • Identifying essential resources required to support critical business functions • Enabling remote-work capabilities for employees • Ensuring the availability of alternate sites for the timely recovery of critical operations <p>Customers may also be directed to alternative service channels to maintain service continuity. Financial representatives are provided with remote sales capabilities, enabling continued delivery of services even when office operations are affected by climate-related disruptions.</p>
<p>Recommendation S2 Impact of Climate-related Risks and Opportunities</p>	

	<p>The potential financial impact of climate-related events on business continuity is also assessed within the operational risk framework as part of the Prudential plc Group’s operational risk scenario analysis process.</p> <p>Insurance risks Potential impacts of climate change may influence overall mortality and morbidity rates across the insured population. In the short term, the absence of sufficient data and the high degree of uncertainty limit the ability to reliably assess climate-related factors affecting insurance risks. Emerging trends are monitored through regular experience analysis. Should material changes occur, these may influence the pricing and reserving assumptions, and claims payouts, which in turn could affect financial resilience and profitability.</p> <p>Regulatory, legislative and disclosure expectations The pace and volume of new climate-related regulations have been increasing steadily in many markets, including Malaysia, and will affect PAMB in the short and medium-term. PAMB is actively monitoring and addressing regulatory and industry changes. PAMB has participated in industry level committees, such as Joint Committee on Climate Change (JC3) and LIAM Climate Change & Environmental, Social and Governance Committee. Increasing climate disclosure requirements also heighten the potential for accusations of misleading communications (greenwashing’) and potential litigation associated with external reporting and conveying a materially false impression or misleading information. To manage this risk, internal review and governance arrangements are in place to approve published climate disclosures.</p> <p>Our climate-related opportunities To harness climate-related opportunities, PAMB investment has incorporated ESG considerations into its investment processes and mandated Fund Managers to identify viable ESG-related fixed income investment opportunities.</p>
<p>Recommendation S3 Strategy and Risk Appetite on Climate Change-Related Risks and Sustainability Measures</p>	<p>PAMB adopts the Prudential plc Group’s Sustainability Strategy anchored on the following three pillars:</p> <ul style="list-style-type: none"> ● Increasing access to health and financial protection ● Promoting Responsible Investment ● Ensuring Sustainable Business <p>To support PAMB's commitment to responsible investments and align with Prudential plc Group ESG metrics targets, PAMB investment has incorporated ESG considerations into its investment processes. Additionally, the investment portfolio of the PAMB Non-Investment-linked fund is aiming for carbon neutrality by 2050. The climate-related metric utilized is the Weighted Average Carbon Intensity (WACI). The initial intermediate target for WACI reduction towards achieving net-zero is set at a 25% decrease by 2025 and a 55% decrease by 2030, using 2019 as the baseline.</p>
<p>Recommendation S4:</p>	<p>PAMB conducted climate-related stress testing to assess the potential financial implications of climate-related risks and opportunities over time and under different conditions, as well as the related strategies to manage these, in alignment with Bank</p>

<p>Scenario Analysis as an Opportunity to Improve Strategic Resilience and Explore Climate Vulnerabilities</p>	<p>Negara Malaysia's Policy Document on Climate Risk Management and Scenario Analysis (BNM/RH/PD 028-124).</p> <p>The climate scenarios considered consist of three Network for Greening the Financial System (NGFS) Phase IV climate scenarios, which were developed by the NGFS to cover a range of plausible pathways for the evolution of physical risks and transition risks. The three NGFS-aligned scenarios used are as follows:</p> <ul style="list-style-type: none"> • Orderly Scenario (Net Zero 2050) - Assumes the immediate implementation of stringent climate policies, leading to global net zero CO₂ emissions by around 2050. This scenario is characterised by elevated transition risk but relatively lower physical risk, with global temperature increases limited to approximately 1.5°C by 2050. • Disorderly Scenario (Delayed Transition) - Assumes new climate policies are delayed until around 2030, with limited international coordination. As a result, more abrupt and disruptive policy measures are required thereafter to meet climate ambitions (e.g. below 2°C). This results in higher transition risk, greater economic disruption, and rising physical risks relative to the Orderly scenario. • Hot House World Scenario (Current Policies) - Assumes existing climate policies are not materially strengthened, resulting in insufficient mitigation efforts. Transition risks remain moderate, while physical risks become severe over the long term. Emissions continue to rise until around 2080, leading to approximately 3°C of global warming and significant chronic physical impacts. <p>PAMB's stress testing incorporates scenarios that combine multiple risk factors such as elevated mortality levels, changes in credit spreads, and movements in equity and interest rates. PAMB adopts a static balance sheet approach for projections up to 2050 to assess the short-, medium- and long-term impact.</p> <p>Across all climate scenarios assessed, PAMB's valuation surplus remains resilient throughout the projection period from 2026 to 2050, indicating that climate-related risks do not pose a material threat to PAMB's overall surplus position. The impact on company surplus is largely immaterial in the earlier years, with more material impacts arising under certain scenarios in the later years. These impacts are assessed to be manageable within PAMB's existing risk management framework.</p> <p>PAMB's primary exposure to climate-related risk arises from transition risk, which is predominantly market driven. Accordingly, the management of market risk forms an integral part of PAMB's risk management framework, providing mitigation against potential adverse financial impacts from market risks. Additionally, PAMB's approach to responsible investment guided by Prudential plc's sustainability strategy contributes to the effective management of transition risks.</p> <p>While there are benefits in the use of forward-looking analyses, it is important to acknowledge the limitations. These limitations include but are not limited to data quality, data availability, data consistency, underestimation of physical climate risk, model limitations, greater uncertainties over longer time horizons, and extensive judgements and assumptions.</p>
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Risk Management	
<p>Recommendation R1 & R4 Process for Identifying and Assessing Climate-related Risks</p>	<p>PAMB regularly conducts analysis and evaluation of the potential effects of climate-related risks, including transition and physical risks, to ensure continued service delivery to customers and to strengthen business and financial resilience. The risk management framework incorporates both emerging and top risks, including those associated with sustainability, such as climate-related issues.</p> <p>Climate-related risks are integrated into the risk management processes to assess their significance in relation to other risk types. Climate risk is treated as a thematic, cross-cutting risk with the potential to influence or amplify various existing risks under management. This approach acknowledges the significant interconnections and possible impacts of climate-related risks on other individual risk categories, such as credit, market, insurance, and operational risks.</p> <p>Climate-related risks are identified and assessed through processes such as the Risk and Control Self-Assessment (RCSA), scenario analysis, and stress testing. The RCSA provides a systematic approach to risk identification, the detection of key control gaps, and the development of management actions to address these gaps. Relevant controls are reviewed and updated on an annual basis.</p> <p>Scenario analysis is used to evaluate physical risks, including flood-related cost impacts, while stress testing assesses financial resilience to transition risks by modelling economic changes and their effects on assets, liabilities, and selected insurance risks. PAMB adopts the Prudential plc Group Risk Framework, which includes a non-financial risk appetite framework.</p>
<p>Recommendation R2 & R5 Process for Managing Climate-related Risks</p>	<p>Managing and responding to climate-related risks</p> <p>Climate-related risks vary substantially in nature, focus, and impact across different markets. Ongoing assessments of top and emerging risks support the identification of changes in the climate and sustainability landscape and facilitate timely adaptation. PAMB contributes insights and experience while drawing on Prudential plc Group's expertise to ensure a consistent approach to managing climate-related risks across all Group markets. The effects of climate change continue to evolve rapidly, giving rise to new risks and developments.</p> <p>As a significant asset owner, the primary exposure to climate-related risks arises within the investment portfolios. The responsible investment approach, together with activities that support the investment decarbonisation commitments under Prudential plc Group's sustainability strategy, contributes to the effective management of transition risks within the asset book. Engagement is undertaken with companies assessed as having high ESG risk and which collectively account for 65% of the Absolute Carbon Footprint (ACF) in PAMB's non-investment-linked fund portfolio. However, starting from 2026, a new engagement target will be adopted. Description of the new engagement target can be found under M1 & M3 of Metrics and Targets.</p> <p>Severe climate conditions have the potential to disrupt daily servicing activities. To maintain preparedness, operational resilience to physical risks is strengthened through the Business Continuity Plan (BCP) and Disaster Recovery Plan (DRP).</p>

<p>Recommendation R3 & R6 Process for Integrating (i) Process for Identifying and Assessing Climate-related Risks and (ii) Process for Managing Climate-related Risks; into Overall Risk Management</p>	<p>How we integrate climate-related risks into our overall risk management framework</p> <p>The management of climate-related risks has been embedded into Prudential plc risk management framework. These risks are managed through the Prudential plc Group Risk Framework, which defines the process for identifying, assessing, managing and monitoring risks across the Prudential Group business and operations. A wide range of emerging and established financial and non-financial risks that could potentially impact Prudential's operating results, financial condition and reputation are covered. Sustainability risk, including climate-related risk, is integrated within the risk management framework and is treated as a cross-cutting risk that intersects with other risk types, including investment risk. In essence, climate risk is not regarded as a standalone risk; instead, it is assessed and managed both independently and in relation to other related risks. In addressing investment risk, responsible investment considerations are incorporated into the overall process, forming an integral component of investment risk management.</p> <p>The approach to responsible investment is guided by the Prudential plc Group Responsible Investment Standards and considers the principles outlined in Bank Negara Malaysia's Climate Change and Principle-based Taxonomy (BNM CCPT). This includes commitments such as achieving carbon neutrality for PAMB's non-investment-linked fund portfolio by 2050, applying investment restrictions in selected sectors, engaging companies responsible for 65% of the Absolute Carbon Footprint (ACF) to encourage appropriate remedial actions and transition efforts, and gradually increasing fixed-income exposure to renewable energy projects and government-issued green bonds. ESG integration has been embedded throughout the investment process to enhance the portfolio's risk-return profile.</p> <p>Climate risk is also assessed through the operational risk scenario analysis and stress testing processes, which consider a range of scenarios beyond those related solely to climate-related risks. A consistent methodology is applied across different scenario types, enabling comparability of outcomes and supporting an assessment of the relative significance of climate risk in relation to other major risks. Based on current assessment results, climate risk is considered not significant.</p> <p>Similarly, stress testing incorporates scenarios that combine multiple risk factors such as elevated mortality levels, changes in credit spreads, and movements in equity and interest rates into a unified assessment framework.</p>
Metrics and Targets	
<p>Recommendation M1 & M3 Key Climate-related Metrics</p>	<p>Metrics we use to assess climate-related risks and opportunities</p> <p>To measure our exposure to climate-related risks in our investment portfolio, we use emission intensity data. The Weighted Average Carbon Intensity (WACI) of our investments helps us track our progress in decarbonizing our portfolio.</p> <p>WACI data allows us to compare carbon footprints in relation to the revenue generated by investee companies. By measuring WACI, we can compare the emission intensity of various portfolios and monitor improvements over time. WACI also serves as a useful indicator of transition risk within our investment portfolio, as a higher WACI typically suggests a misalignment with the objectives of the Paris Agreement.</p>

	<p>PAMB's Focus on Active Engagement:</p> <p>a) Companies Responsible for 65% of the Absolute Carbon Footprint: For reporting period Jan to Dec 2025, there were engagements with 6 companies identified in 2024 that contributed 65% of Absolute Carbon Footprint (“ACF”) in PAMB’s non-Investment linked fund’s portfolio.</p> <p>Starting from 2026, Prudential Group will shift the annual corporate engagement target to focus on the top 40 companies that contribute the most to the absolute emissions within our investment portfolio and are lagging on the transition, spanning both listed equity and corporate bonds. This strategic shift enables us to allocate resources where they can have the greatest impact on risk mitigation and value creation, prioritising companies with the greatest potential for improvement. It also enables us to be better positioned to support investee companies in managing climate-related risks, strengthening their resilience, and identifying transition opportunities that align with our fiduciary responsibilities to our policyholders and shareholders.</p> <p>b) Active Voting - Proxy Voting: Recognizing that voting can enhance the long-term performance of investments, we prioritize active voting and have voted in 100% of available investee meetings.</p> <p>To assess our operational emissions, we track the reduction in greenhouse gas emissions for Scope 1 and 2, measured in CO2 equivalents</p> <table border="1" data-bbox="448 1020 1333 1289"> <thead> <tr> <th>Metric</th> <th>2024</th> <th>2025</th> </tr> </thead> <tbody> <tr> <td>Greenhouse gas emissions</td> <td>Scope 1: 42.38 t CO2e</td> <td>Scope 1: 37.32 t CO2e</td> </tr> <tr> <td>–</td> <td>Scope 2 (location based):</td> <td>Scope 2 (location based):</td> </tr> <tr> <td>Scope 1 and 2</td> <td>6244.46 t CO2e</td> <td>5887.47</td> </tr> <tr> <td>(CO2 equivalent)</td> <td>Scope 2 (market based): 0.00* t CO2e</td> <td>Scope 2 (market based): 0.00* t CO2e</td> </tr> </tbody> </table> <p><i>*Scope 2 (market-based) emission calculation takes into account the impact of renewable energy procurement. PAMB’s Scope 2 (market-based) emission is 0 tCO2e because the Renewable Energy procured by PAMB in RY2025 has 100% fully covered the operation’s electricity consumption.</i></p>	Metric	2024	2025	Greenhouse gas emissions	Scope 1: 42.38 t CO2e	Scope 1: 37.32 t CO2e	–	Scope 2 (location based):	Scope 2 (location based):	Scope 1 and 2	6244.46 t CO2e	5887.47	(CO2 equivalent)	Scope 2 (market based): 0.00* t CO2e	Scope 2 (market based): 0.00* t CO2e
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<p>Recommendation M2 Key Climate-related Targets</p>	<p>Targets we use to manage climate-related risks and opportunities We have made steady progress against our targets to achieve net zero in our Prudential plc Group investments by 2050. For the WACI metric, the initial intermediate target for WACI reduction is set at a 25% decrease by 2025 and a 55% decrease by 2030, using 2019 as the baseline.</p>															