

Prudential Assurance Malaysia Berhad
 (Company No. 198301012262 (107655-U))
 (Incorporated in Malaysia)

PAMB Climate-Related Statement

Governance	
<p>Recommendation G1 Board Oversight of Sustainability and Climate-related Matters</p>	<p>In today's rapidly evolving business landscape, the role of PAMB Board of Directors has expanded to encompass oversight and accountability for sustainability and climate-related matters. These include promoting sustainability and a just and orderly transition by incorporating appropriate considerations relating to sustainability into business strategies and approving strategic initiatives and plans to manage climate-related risks with relevant targets.</p> <p>The PAMB Board of Directors approves a climate-related disclosure policy to ensure credible, high-quality disclosures that mitigate greenwashing risks. They also review and approve public sustainability and ESG disclosures, including climate-related risks.</p> <p>The PAMB Board Risk Management Committee (BRMC) oversees and evaluates risk and opportunities arising from sustainability and climate-related matters on a periodic basis and incorporates these risks and opportunities in the evaluation of PAMB's strategies and business plan.</p>
<p>Recommendation G2 Sustainability Governance Structure Including Climate-Related Matters at the Management Level</p>	<p>PAMB Executive Committee (ExCo): The PAMB ExCo, a Management level Committee that reports to the Board, is responsible for overseeing the integration of the Prudential plc Group's Sustainability framework, supporting the country's climate-related targets and requirements.</p> <p>PAMB Executive Risk Committee (ERC) The PAMB ERC is tasked with overseeing sustainability and climate-related matters within PAMB and evaluating the risks and opportunities that arise from sustainability periodically.</p> <div style="text-align: center;"> <p>Sustainability Governance Structure</p> <pre> graph BT ERC[PAMB Executive Risk Committee (ERC)] --> BRMC[PAMB Board Risk Management Committee (BRMC)] ExCo[PAMB Executive Committee (ExCo)] --> Board[PAMB Board of Directors] BRMC --> Board </pre> </div>

<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>Recognizing the importance of leadership in driving sustainability, a training on sustainability was conducted for our Board members and senior leadership team. This training was focused on enhancing their skills around sustainability and climate issues.</p> <p>To foster a culture of sustainability within our organization, an e-learning program on sustainability was rolled out to all our employees. This initiative is designed to provide our employees with a fundamental understanding of what sustainability means to our business. The e-learning modules cover a range of topics, including sustainable business practices, environmental conservation, and the social impact of our operations.</p>
<p>Recommendation G5 Sustainability and Climate-related Discussions in Board Meetings</p>	<p>Climate-risk matters are reported as part of the quarterly risk management report under top risk and sustainability (including climate-related risk) update, and these are tabled to both PAMB BRMC and Board of Directors. 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>A sustainability-linked KPI will be mandatory for all people managers from year 2025 onwards. By incorporating sustainability into our employees' compensation, we ensure that our sustainability strategy is integrated and practiced at all levels across the organisation.</p>
Strategy	
<p>Recommendation S1 Identification of Climate-related Risks and Opportunities</p>	<p>Assessing climate-related risks</p> <p>The following climate-related risks have been identified for our organisation:</p> <p>Operational resilience</p> <p>We understand the importance of operational resilience and planning in the face of physical risks posed by long-term or widespread climate changes. As a life and health insurer, our service delivery and ability to provide timely coverage to our customers may be impacted by severe climate conditions. The Business Continuity Plan (BCP) and Disaster Recovery Plan (DRP) are reviewed, implemented and tested at least once a year to ensure the contingency and resilience measures can effectively maintain the operations and deliver critical services at an agreed level during operational disruption. The test and exercise outcomes are documented with action items and remediation steps, where applicable.</p> <p>To prepare for unforeseen events, it is essential to prepare our operational resilience against physical risks. This involves:</p> <ul style="list-style-type: none"> • Identifying key resources necessary for critical functions • Enabling remote work for our employees
<p>Recommendation S2 Impact of Climate-related Risks and Opportunities</p>	

- Ensuring that alternate sites are readily available for the recovery of critical business operations

Additionally, customers will be directed to alternative channels to maintain service continuity. Our financial representatives will have access to remote sales options, allowing us to continue providing services even if our offices are impacted by climate change challenges.

The financial impact from climate events on business continuity was also explored in our operational risk as part of the Prudential plc Group's operational risk scenario analysis process.

Insurance risks

Potential impacts of climate change could affect the overall mortality and morbidity rates within the population. In the short term, the lack of sufficient data and uncertainty hinder our ability to reliably assess the climate-related risks affecting insurance risks. Over the medium and long term, we will keep track of any emerging trends through our regular experience analysis, and we will conduct stress tests and scenario analyses to gauge the impact. Should significant changes arise, this may affect claims payouts, potentially affecting our financial resilience and profitability.

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 a sector's failure to adapt results in reduced valuations and heightened volatility. Additionally, these can also lead to credit risks if a sector faces a 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 business model. On the other hand, physical risks can lead to 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. Our financial resilience is crucial, as our policyholders rely on us for health and financial protection. We have a responsibility to manage high carbon emissions and carbon-dependent exposures in our investment portfolio to lessen the effects of transition risks and stranded assets.

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 us in the short and medium-term. Our Compliance, Government Relations and Risk teams are actively monitoring and addressing regulatory and industry changes. PAMB has participated in industry level committees and working groups, such as JC3 Sub-Committee (SC1) – Risk Management, Physical Risk Working Group, Transition Risk Working Group and LIAM Climate Change & Environmental, Social and Governance Committee.

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>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>
Risk Management	
<p>Recommendation R1 Process for Identifying and Assessing Climate-related Risks</p>	<p>Risk Management</p> <p>We regularly analyze and evaluate the potential effects of climate change risks to ensure we can continue to serve our customers and enhance our business resilience. Our Risk Management Framework considers both emerging and top risks, including those linked to sustainability (climate-related issues included).</p> <p>At PAMB, sustainability risks, especially climate-related ones, are classified as top risks, which receive heightened management attention and reporting.</p> <p>Climate-related risks are considered into our risk management processes to evaluate their significance in relation to other risks. We consistently regard climate risk as a thematic cross-cutting risk type, with the potential to impact or amplify various existing risks that we manage. By approaching climate-related risks this way, we acknowledge the considerable interdependencies and effects they may have on other standalone risks, including credit, market, insurance, and operational risks.</p> <p>PAMB adopts the Prudential plc Group Risk Framework, which also encompasses a non-financial risk appetite framework.</p>
<p>Recommendation R2 Process for Managing Climate-related Risks</p>	<p>Managing and responding to climate-related risks</p> <p>Climate-related risks differ greatly in their nature, focus, and impact across various markets. Our ongoing assessment of top and emerging risks allows us to identify and adapt to the changing landscape of climate change and sustainability issues. PAMB shares insights and experience while leveraging Prudential plc Group's experience to enable a consistent approach in tackling climate-related risks throughout Prudential plc Group markets. The effects of climate change are rapidly evolving, with new risks and developments emerging constantly.</p>
<p>Recommendation R3 Process for</p>	<p>How we integrate climate-related risks into our overall risk management framework</p> <p>Our Risk Management Frameworks provide the overarching structure and overview on all risk management standards across the entity. This includes financial risks such as</p>

<p>Integrating (i) Process for Identifying and Assessing Climate-related Risks and (ii) Process for Managing Climate-related Risks; into Overall Risk Management</p>	<p>credit and insurance risk, and non-financial risks such as third-party risk. Climate risk is integrated within our Risk Management Framework and is treated as a cross-cutting risk, intersecting with other types of risks, including investment risk. Therefore, climate risk is not regarded as a standalone risk; it will be assessed and managed both independently and alongside related risks. When addressing investment risk, responsible investment considerations is incorporated into the process which cannot be separated from the investment risk management process.</p> <p>Sustainability risk (climate-related included) is currently assessed to be a top risk for PAMB. PAMB's Top Risks assessment process considers qualitative and quantitative data from various sources. The methodology used to assess climate risk aligns with that of all other risks, which factors impact and likelihood considerations. This allows materiality of the risk to be comparable across all types of risks.</p> <p>Climate risk is also assessed through the operational risk scenario analysis and stress testing processes, which also examine scenarios beyond those related to climate risk. The methodology used for different types of scenarios remains consistent, making the outcomes of these exercises comparable. This allows for an assessment of the significance of climate risk in relation to other major risks, which is currently deemed not significant.</p> <p>Likewise, stress testing encompasses various scenarios that integrate multiple risk factors, such as increased mortality, fluctuations in credit spreads, and movements in equity and interest rates, into a single scenario.</p>
Metrics and Targets	
<p>Recommendation M1 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: As of Dec 2024, there are 6 companies that are identified for engagement in 2025 that contribute 65% of Absolute Carbon Footprint ("ACF") in PAMB's non-Investment linked fund's portfolio.</p> <p>For reporting period Jan to Dec 2024, there were engagements with 5 companies identified in 2023 that contribute 65% of the ACF in PAMB's non-Investment linked fund's portfolio.</p> <p>b) Active Voting - Proxy Voting:</p>

	<p>Recognizing that voting can enhance the long-term performance of investments, we prioritize active voting.</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="448 407 1334 674"> <thead> <tr> <th data-bbox="448 407 643 443">Metric</th> <th data-bbox="643 407 987 443">2023</th> <th data-bbox="987 407 1334 443">2024</th> </tr> </thead> <tbody> <tr> <td data-bbox="448 443 643 520">Greenhouse gas emissions</td> <td data-bbox="643 443 987 520">Scope 1: 45.86 t CO2e</td> <td data-bbox="987 443 1334 520">Scope 1: 42.38 t CO2e</td> </tr> <tr> <td data-bbox="448 520 643 598">–</td> <td data-bbox="643 520 987 598">Scope 2 (location based):</td> <td data-bbox="987 520 1334 598">Scope 2 (location based):</td> </tr> <tr> <td data-bbox="448 598 643 674">Scope 1 and 2 (CO2 equivalent)</td> <td data-bbox="643 598 987 674">6244.46 t CO2e Scope 2 (market based): 2673.15 t CO2e</td> <td data-bbox="987 598 1334 674">6248.55 t CO2e 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 RY2024 has 100% fully covered the operation's electricity consumption.</i></p>	Metric	2023	2024	Greenhouse gas emissions	Scope 1: 45.86 t CO2e	Scope 1: 42.38 t CO2e	–	Scope 2 (location based):	Scope 2 (location based):	Scope 1 and 2 (CO2 equivalent)	6244.46 t CO2e Scope 2 (market based): 2673.15 t CO2e	6248.55 t CO2e Scope 2 (market based): 0.00* t CO2e
Metric	2023	2024											
Greenhouse gas emissions	Scope 1: 45.86 t CO2e	Scope 1: 42.38 t CO2e											
–	Scope 2 (location based):	Scope 2 (location based):											
Scope 1 and 2 (CO2 equivalent)	6244.46 t CO2e Scope 2 (market based): 2673.15 t CO2e	6248.55 t CO2e Scope 2 (market based): 0.00* t CO2e											
<p>Recommendation M2 Key Climate-related Targets</p>	<p>Targets we use to manage climate-related risks and opportunities</p> <p>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>												