PRUDENTIAL BSN TAKAFUL

Strengthening **Climate Resilience** Through **Sustainable Action**

TCFD Report 2025

“Do not corrupt on earth after it has been set right.”

Surah Al-A’raaf (7:56)

This verse reflects the importance of responsible stewardship and sustainable development. It highlights the need to balance economic progress with the well-being of people, communities, and the environment, ensuring that today’s actions do not compromise the ability of future generations to thrive.

At PruBSN, this principle underpins our commitment to integrating sustainability considerations into our governance, strategy, risk management, and business practices. Through these efforts, we strive to create long-term value for our stakeholders while contributing to a more sustainable and resilient future.

Guided by our purpose, For Every Life, For Every Future, we remain committed to supporting the well-being of present and future generations through responsible and sustainable business practices.

Visual Theme

The cover page features Menara Prudential set within a landscape of greenery, water, and the Kuala Lumpur skyline, symbolising the interconnected relationship between business, people, and the environment. Reflecting PruBSN's sustainability journey, the visual theme throughout this report combines sustainable landscapes, resilient infrastructure, urban spaces, and selected historical and cultural landmarks to highlight the importance of balancing development, heritage, and progress while supporting the transition towards a lower-carbon and more climate-resilient future.

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STRENGTHENING CLIMATE RESILIENCE THROUGH SUSTAINABLE ACTION

At Prudential BSN Takaful Berhad (PruBSN), sustainability continues to be embedded across our governance, strategy, operations, and investment activities. As a Takaful operator, we recognise that climate change is not only an environmental issue, but also a financial and societal challenge that may affect our participants, investment portfolio, and long-term business resilience. For us, strengthening climate resilience is anchored in a deliberate and integrated approach that translates sustainability commitments into measurable, long-term outcomes.

As climate-related risks grow in frequency and complexity, our commitment is to ensure that sustainability at PruBSN is not treated as a standalone objective but as a core component of business decision-making, reflecting a shift from foundational policy-setting to disciplined execution, in which responsible investment practices, operational efficiency, and capability building collectively enhance both financial and environmental resilience.

Guided by the Task Force on Climate-related Financial Disclosures (TCFD) principles and aligned with regulatory expectations, with the Maqasid al-Shariah at our core, PruBSN remains focused on balancing risk mitigation with opportunity creation – supporting the just transition to a low-carbon economy while safeguarding the interests of participants and stakeholders. Ultimately, PruBSN's commitment is to deliver sustainable value and build a more resilient future for communities and the broader financial ecosystem.

In 2025, PruBSN continued to enhance its ability to identify, assess, and manage climate-related risks while supporting broader sustainability outcomes aligned with our purpose of "For Every Life, For Every Future."

Strengthening Governance and Accountability

PruBSN continued to strengthen its climate governance framework in 2025 by reinforcing accountability across both Board and management levels. Climate-related matters remained actively overseen by the Board of Directors, supported by the Board Risk Management Committee (BRMC) and Board Investment Committee (BIC), while implementation and coordination were led through the Sustainability Steering Committee (SSC). This governance structure ensures that climate considerations are embedded into strategic planning, risk management, investment oversight, and operational decision-making across the company.

A key development during the year was the expansion of sustainability-linked accountability across management levels. Sustainability KPIs were extended to all people managers, with a minimum weighting of 5%, reinforcing shared responsibility for sustainability outcomes across the organisation. PruBSN also continued to strengthen Board and management competency through climate-related training and engagement sessions covering regulatory developments, climate governance, disclosure expectations, and emerging sustainability risks.

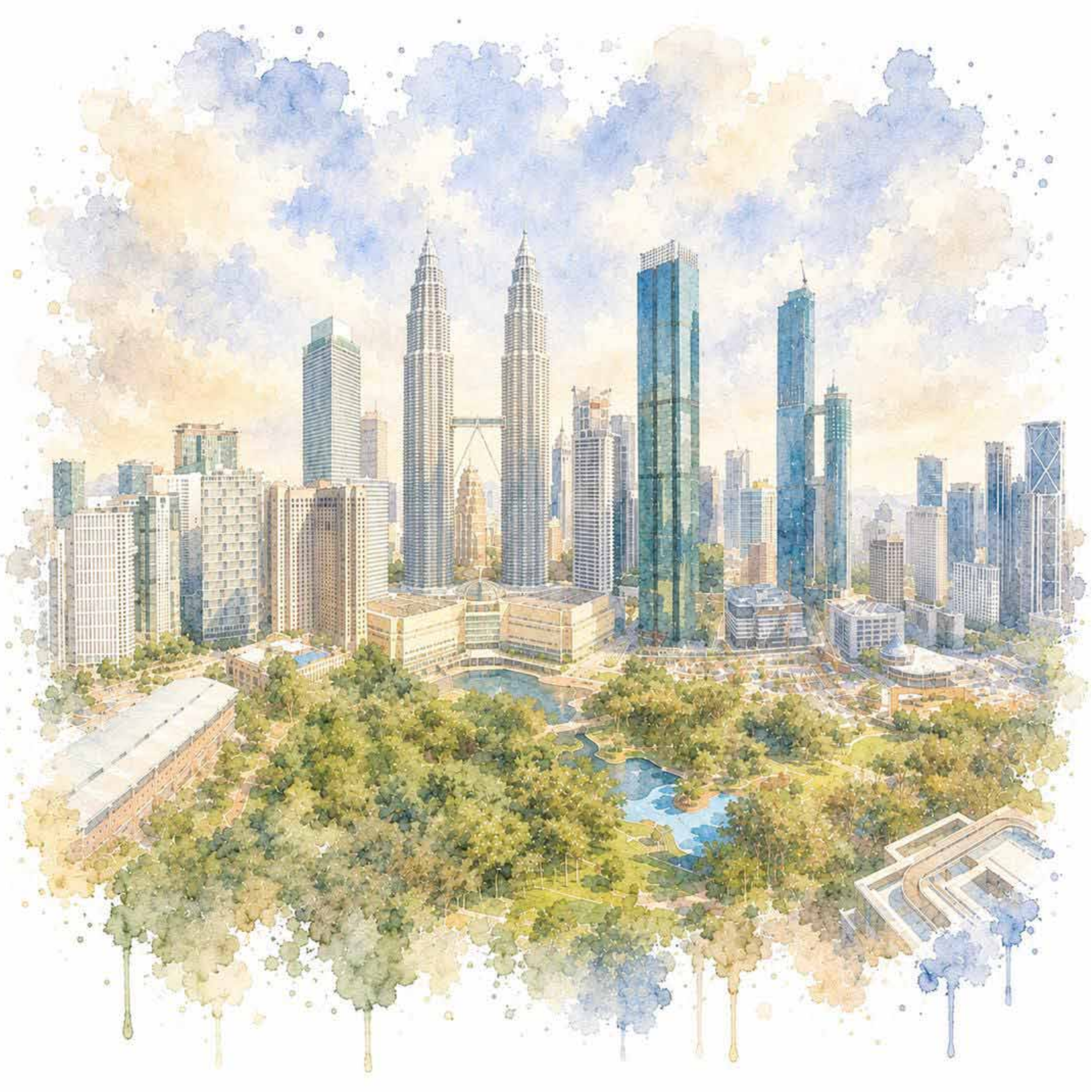
These efforts support continued alignment with Bank Negara Malaysia's Climate Risk Management and Scenario Analysis (CRMSA) Policy and strengthen the company's ability to respond proactively to evolving regulatory and stakeholder expectations.

Enhancing Climate Risk Capabilities

A major milestone in 2025 was the completion of PruBSN's Climate Risk Stress Testing (CRST) exercise, conducted in line with Bank Negara Malaysia's industry-wide climate risk initiatives. This exercise marked a significant advancement in the Company's climate risk management journey, strengthening its ability to assess and understand the potential financial implications of climate-related risks over the longer term.

The CRST exercise assessed both transition and physical climate risks under different climate scenarios based on the Network for Greening the Financial System (NGFS) pathways. The analysis considered the potential impacts on investment portfolios and takaful liabilities under varying assumptions relating to policy action, economic transition, and physical climate impacts.

Importantly, the exercise also served as a capability-building initiative, enhancing internal analytical, modelling, and governance capabilities. While the overall financial impacts observed remain limited at this stage, the exercise provided valuable insights into key



EXECUTIVE SUMMARY

risk transmission channels, data gaps, modelling limitations, and areas requiring future enhancement.

This represents an important step towards developing a more forward-looking and data-driven climate risk management approach.

Advancing Responsible Investment and Portfolio Alignment

PruBSN continued to strengthen the integration of climate considerations into its investment portfolio through a combination of portfolio monitoring, issuer engagement, and progressive portfolio alignment initiatives. The Company maintained its commitment to responsible investment practices by actively monitoring portfolio carbon intensity and managing exposure to higher-carbon sectors.

As of 2025, Weighted Average Carbon Intensity (WACI) had reduced by 38.3% compared to the 2019 baseline, reflecting ongoing portfolio rebalancing efforts and increased allocation towards lower-carbon and sustainable investments. PruBSN also continued increasing its allocation to Sustainable and Responsible Investment (SRI) sukuk, supporting broader market transition efforts while maintaining alignment with Shariah principles.

During the year, engagement activities were initiated with eight sukuk issuers with the objective to encourage improved climate-related disclosures, greater transparency, and clearer transition plans among investee companies. The Company also maintained its policy of avoiding new investments in issuers deriving significant revenue from coal-related activities.

These initiatives reflect PruBSN's practical and gradual approach towards strengthening portfolio resilience while supporting the transition to a lower-carbon economy.

Strengthening Operational Sustainability

PruBSN continued to enhance operational sustainability through renewable energy adoption, digitalisation initiatives, and improvements in resource efficiency across its operations. These efforts reflect the Company's commitment to reducing operational emissions while strengthening business resilience and operational efficiency. The Company expanded renewable energy coverage through the Green Electricity Tariff (GET) scheme and Renewable Energy Certificates (RECs), including broader implementation across eligible branch and agency offices. Combined with the operation of its green-certified headquarters, these initiatives contributed significantly to reducing operational emissions.

In parallel, ongoing digitalisation and paperless initiatives continued to reduce paper consumption and improve operational efficiency across customer servicing, internal processes, and distribution operations. These initiatives not only contribute to environmental objectives but also support long-term cost management and operational resilience. Collectively, PruBSN achieved a 89.5% reduction in Scope 1 and Scope 2 emissions compared to the 2019 baseline, demonstrating substantial progress in reducing operational carbon emissions.

Expanding Measurement and Data Capabilities

Recognising the importance of robust climate data and transparent disclosures, PruBSN continued strengthening its climate-related measurement and reporting capabilities in 2025. During the year, the Company expanded its emissions measurement scope to include selected Scope 3 categories, representing an important advancement in its climate reporting journey.

New Scope 3 categories introduced included business travel and staff commuting. Methodologies were developed using recognised standards and external emission factors, while new quarterly quality control processes were implemented to strengthen data governance and consistency.

PruBSN also enhanced data reconciliation processes across internal systems and reporting platforms to improve reporting accuracy and support future assurance readiness. Despite ongoing challenges relating to data availability and coverage — particularly for financed emissions and certain asset classes — these developments represent important progress towards more comprehensive and decision-useful climate disclosures.

The Company will continue refining methodologies, improving data quality, and expanding reporting coverage over time in line with evolving regulatory expectations and industry practices.

Key 2025 Climate-related Highlights

Governance	Risk Management	Responsible Investment	Responsible Investment	Climate Disclosure	Climate Disclosure
Sustainability KPIs extended to all people managers	**Completion** of inaugural Climate Risk Stress Testing (CRST) exercise	**WACI** reduced to 38.3% from the 2019 baseline	**Engagement** initiated with 8 sukuk issuers to advance the just transition	**89.5% reduction** in Scope 1 and Scope 2 emissions from 2019 baseline	**Expanded** Scope 3 emissions measurement to include business travel and employee commuting emissions

OUR CLIMATE JOURNEY

PruBSN's climate journey reflects a structured progression from establishing strong governance foundations to enhancing capabilities and integrating climate considerations into business operations.

2019-2021 - FOUNDATION PHASE:
ESTABLISHING GOVERNANCE AND STRATEGY

2019

Moved operations to a green-certified building, designed to support energy efficiency and reduce our overall environmental impact.

2020

- Incorporated climate-related risks into organisational development efforts.
- Leadership and teams were equipped to respond to emerging sustainability challenges.

2021

Formalised our Sustainability Framework and established our Sustainability Steering Committee, strengthening our internal governance and aligning our efforts with national priorities.

2022-2024 - INTEGRATION PHASE:
EMBEDDING SUSTAINABILITY INTO BUSINESS

2022

- Deepened integration of sustainability into our business.
- Firm commitment to exclude coal-related sukuk from new investments and took steps to reduce these investments over time.

2023

- Launched Takafulink Dana ESG Global, our first sustainability fund, giving our customers access to investments that reflect both financial and environmental value.
- Conducted 5R and circular economy campaign.
- Rollout of Sustainability 101 training for all staff and agencies.

2024

- Published inaugural TCFD disclosures.
- Achieved a meaningful reduction in investment portfolio carbon intensity.
- Demonstrated strong progress in reducing Scope 2 emissions against the 2019 baseline.
- Organised the Company's first Sustainability Day.

2025 - CAPACITY BUILDING PHASE:
STRENGTHENING CLIMATE RISK AND DATA

2025

- Completed Climate Risk Stress Testing (CRST).
- Enhanced climate risk metrics and thresholds.
- Expanded emissions measurement to Scope 3.

2026 AND BEYOND -
MOVING FORWARD ON THE CLIMATE MATURITY JOURNEY

2030

reduce carbon intensity by 55%

2050

achieve net zero as an asset owner

Figure 1: PruBSN's Climate Journey - Milestones and Targets

ABOUT THIS REPORT

This report has been prepared to provide transparent and decision-useful information on PruBSN's approach to managing climate-related risks and opportunities.

Alignment with Regulatory and Reporting Developments

This report is aligned with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and reflects the expectations set out under Bank Negara Malaysia's CRMSA Policy Document. The disclosures are structured around the four core pillars of the TCFD framework – Governance, Risk Management, Strategy, and Metrics and Targets.

PruBSN's climate-related disclosures are currently anchored on the TCFD framework, which remains the prevailing framework under Bank Negara Malaysia's CRMSA requirements. At the same time, Malaysia's National Sustainability Reporting Framework (NSRF) introduces the phased adoption of ISSB (IFRS S1 and IFRS S2) standards beginning from 2025. In line with national timelines and evolving regulatory expectations, PruBSN will continue to progressively enhance its disclosures towards greater alignment with ISSB requirements over time.

Scope of the Report

The report covers climate-related governance, strategy, risk management, and performance for the financial year ended 31 December 2025. This includes disclosures relating to investment portfolio exposures and activities, operational emissions and sustainability initiatives, climate-related risk management processes, as well as key climate-related metrics and targets. Where relevant, disclosures incorporate both qualitative assessments and quantitative analysis based on available data and methodologies.

Report Preparation

This report has been prepared using internal management information, inputs from relevant business and support functions, external data sources where applicable, and recognised industry guidance and reporting methodologies. Certain disclosures, particularly those relating to climate scenarios, stress testing, and forward-looking analysis, remain subject to assumptions and inherent uncertainties.

Continuous Improvement

PruBSN recognises that climate-related reporting continues to evolve, particularly in areas such as Scope 3 emissions measurement, financed emissions, climate scenario analysis methodologies, and data quality and coverage. As such, this report should be viewed as part of an ongoing journey towards more robust, data-driven, and decision-useful climate reporting.

TCFD

The TCFD framework consists of four disclosure areas, and they serve as the foundation of this report:

GOVERNANCE

PruBSN's approach: Board and management oversight of climate risks and opportunities.

STRATEGY

PruBSN's approach: Identifying climate-related risks and opportunities affecting the Takaful sector.

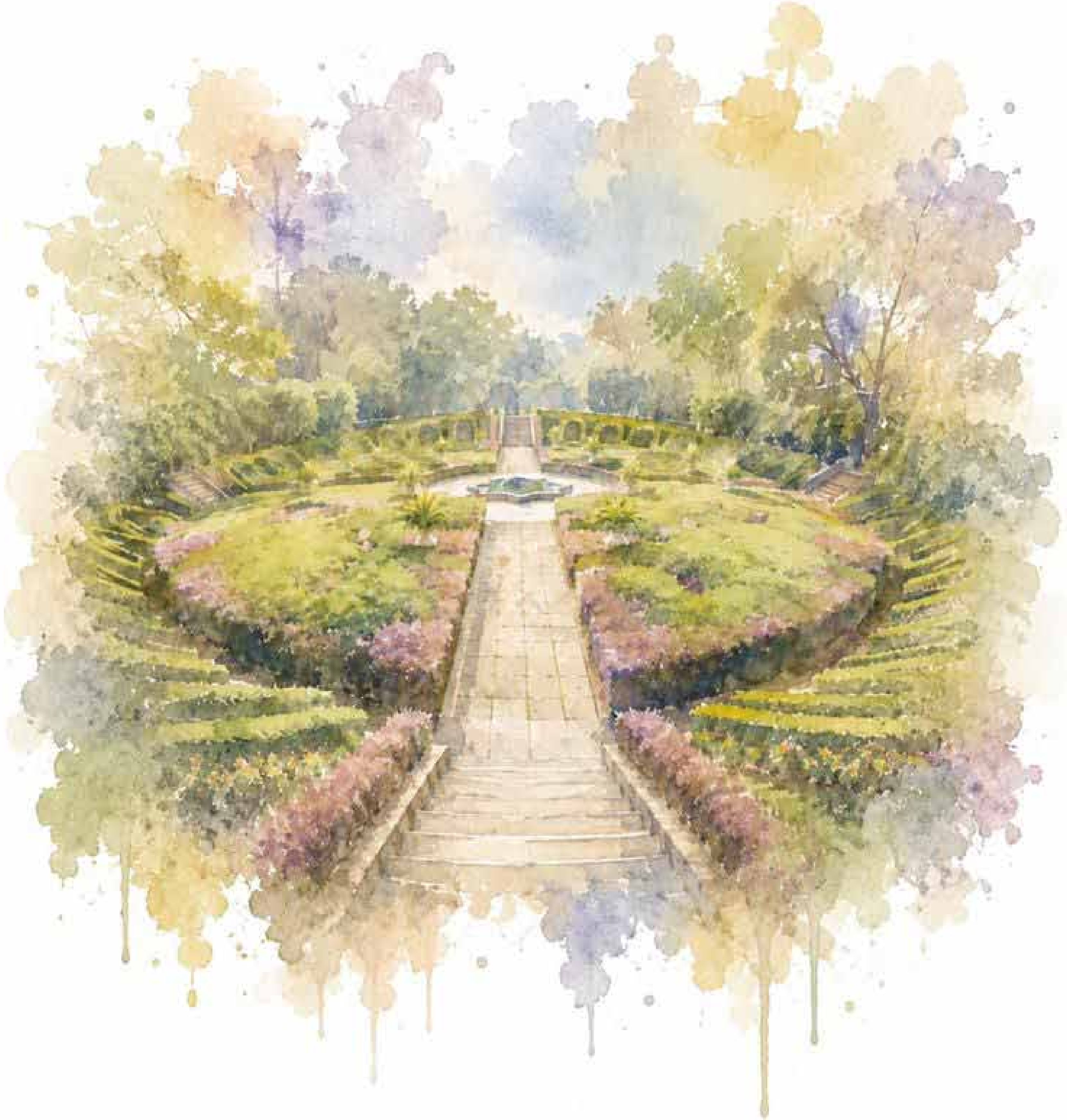
RISK MANAGEMENT

PruBSN's approach: Integrating climate-related risks into investment, and business operations frameworks.

METRICS AND TARGETS

PruBSN's approach: Measuring and tracking greenhouse gas (GHG) emissions and sustainable finance initiatives.

Figure 2: TCFD Disclosure Areas



"And the sky He raised and imposed the balance, so that you do not transgress within the balance."

Surah Ar-Rahman (55:7–8)

The principle of balance reflected in this Quranic verse underpins PruBSN's approach to climate resilience. As climate-related risks intensify, maintaining equilibrium between economic growth, environmental stewardship, and social responsibility becomes increasingly critical. Strengthening climate resilience, therefore, requires disciplined, sustainable action that aims to ensure that decisions made today do not compromise the stability of tomorrow.

PruBSN continues to be guided by this principle of balance in embedding sustainability into its governance, risk management, and operations, contributing to a more balanced and resilient future.

GOVERNANCE

PruBSN recognises that effective governance is fundamental to the identification, assessment, and management of climate-related risks and opportunities. Climate-related responsibilities are embedded within existing governance structures, ensuring that climate considerations are integrated into strategic planning, investment decisions, operational management, and risk oversight across the company. This integrated governance approach supports alignment with regulatory expectations under Bank Negara Malaysia's CRMSA Policy while strengthening the company's long-term resilience.

BOARD OF DIRECTORS (BOD)	Meets a minimum of six times annually, with additional meetings upon request. Provides overall oversight and strategic direction on climate-related risks and opportunities, ensuring they are integrated into business strategy and aligned with long-term sustainability goals	**OVERSIGHT**
Board Risk Management Committee (BRMC)	Meets quarterly, with additional meetings upon request. Oversees the effectiveness of climate risk management and reviews key climate-related risk exposures, mitigation strategies, and disclosures before escalation to the Board.	
Board Investment Committee (BIC)	Meets quarterly, with additional meetings upon request. Ensures that climate-related risks and sustainability considerations are integrated into investment decisions and portfolio management in line with the company's risk appetite and responsible investment principles.	
Risk Management Committee (RMC)	Meets quarterly, with additional meetings upon request. Supports the BRMC in safeguarding PruBSN against climate-related risks, regularly assesses climate risks and opportunities for strategic integration, and ensures the Board remains informed on relevant climate developments.	**MANAGEMENT**
Management Investment Committee (MIC)	Meets quarterly, with additional meetings upon request. Assists the BIC in the evaluation and review of climate and sustainability considerations, actions and performance with the aim to protect against harm and promote a fair economic transition.	
Sustainability Steering Committee (SSC)	Meets a minimum of three times annually, with additional meetings upon request Advises and drives the implementation of PruBSN's sustainability strategy, including climate-related initiatives. It provides cross-functional coordination, monitors progress, and endorses key decisions for management and Board consideration.	**INTEGRATION & PROMOTION**
Sustainability Team	Leads the integration of sustainability and climated-related initiatives across the organisation, bridging between business units, risk functions and management to support integration, as well as operations, capacity building and communications.	
Individual Business Units	Business units are responsible for identifying, managing, and escalating climate-related risks and opportunities within their respective areas of operations. They play a key role in embedding sustainability and climate considerations into day-to-day business activities, while supporting the implementation of initiatives, monitoring progress against sustainability goals, and ensuring alignment with the Company's strategic and regulatory objectives.	**IMPLEMENTATION**

Figure 3: PruBSN's Climate Governance Structure

GOVERNANCE

BOARD-LEVEL CLIMATE GOVERNANCE

Key Climate-Related Discussions and Decisions

Throughout the year, the Board and its Committees reviewed and discussed a range of climate-related matters, including the methodologies, assumptions, and outcomes of the Climate Risk Stress Testing (CRST) exercise, as well as developments relating to portfolio carbon intensity (WACI) and decarbonisation efforts. Discussions also covered portfolio alignment and investment strategies, including exposure to coal-related sectors and the allocation towards Sustainable and Responsible Investment (SRI) sukuk. In addition, the Board received updates on regulatory and reporting developments, including requirements under CRMSA and emerging ISSB standards, and reviewed climate-related disclosures as part of its governance responsibilities. These deliberations support informed oversight and reinforce the integration of climate-related considerations into the company's long-term strategic direction.

Role of Board Committees

While PruBSN's Board of Directors plays a central role in overseeing and ensuring that climate considerations are embedded in strategic decision-making and long-term value creation, the Board is supported by two key Board Committees in discharging its climate governance oversight — Board Risk Management Committee (BRMC) and the Board Investment Committee (BIC):

The BRMC is responsible for overseeing the effectiveness of the enterprise-wide risk management framework, including the integration of climate risks into operational and financial risk assessments and Risk Appetite Framework. The BRMC also reviews outputs from CRST and monitors climate-related risk metrics to keep risks within acceptable levels. It meets at least four times a year, with additional meetings as needed.

The BIC oversees investment decisions and monitors the alignment of the investment portfolio with sustainability goals. This includes reviewing investment policies and sustainability thresholds, as well as progress on emissions intensity (Weighted Average Carbon Intensity, or WACI), responsible investment strategies, and the use of sustainability screening or exclusions. The BIC meets quarterly, with additional meetings convened where required.

Monitoring of Climate-Related Performance

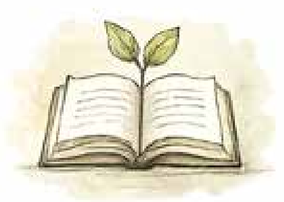
The Board monitors climate-related performance through regular reporting mechanisms and established climate-related metrics to support effective oversight and timely decision-making. Updates are periodically provided on portfolio carbon intensity (WACI), emissions performance, climate-related risk indicators, and progress against climate-related initiatives and targets. The Board also receives updates from management and the Sustainability Steering Committee (SSC) on key developments, implementation progress, and emerging climate-related matters. To strengthen oversight and facilitate timely management action, selected climate-related metrics are monitored using a Red-Amber-Green (RAG) approach, enabling the early identification and escalation of areas requiring attention.

Accountability and Remuneration

PruBSN recognises the importance of aligning performance management and accountability mechanisms with sustainability objectives. In 2025, sustainability-related Key Performance Indicators (KPIs) were incorporated into the performance frameworks of all people managers, with a minimum weight of 5%, while higher weightages were assigned to key roles with direct responsibility for sustainability and climate-related initiatives. Sustainability performance also formed part of management performance assessments, reinforcing accountability and supporting the integration of sustainability considerations into business execution and decision-making processes. Although climate-related factors are not currently a standalone component of Board remuneration, incorporating sustainability KPIs into the management performance frameworks strengthens our accountability, and underscores the importance of sustainability across the company.

Board Competency and Training

PruBSN recognises that effective oversight of climate-related risks requires appropriate knowledge and capability at Board and senior management levels. In 2025, Board members, management, and relevant staff participated in various climate-related and sustainability training programmes. These capability-building initiatives support informed oversight and strengthen climate-related competency within the company.



In-house Training

Environment, Social, Governance (ESG)
Empowering for Climate Disclosure Transition: NSRF, ISSB Standards, and GHG Assurance Readiness

Financial Institutions Directors' Education (FIDE)

Masterclass 8: Future for Climate Solutions-Unveiling Opportunities for Long-Term

Other Climate-related Training

Carbon Markets: What Directors Need to Know
"Climate First....or Last?" by Prof Mak Yuen Teen and Tina Thomas
Climate Governance, Financial Inclusion & Strategic Resilience

Figure 4: Climate-related Capacity Building, 2025

GOVERNANCE

MANAGEMENT-LEVEL CLIMATE GOVERNANCE

Sustainability Steering Committee

At the management level, the Sustainability Steering Committee (SSC) serves as the primary platform for coordinating and overseeing the implementation of sustainability and climate-related initiatives across the company. The SSC plays an important role in translating the company's sustainability objectives into operational execution by monitoring the progress of climate-related initiatives, KPIs, and action plans across business functions. It also reviews climate-related disclosures, including the TCFD report, and oversees key climate risk management initiatives such as Climate Risk Stress Testing (CRST). Through regular engagement across functions, the SSC facilitates coordination and alignment on climate-related matters to support effective implementation and consistent reporting across the organisation.

The SSC operates in alignment with the PruBSN Sustainability Framework, Value-Based Intermediation for Takaful (VBIT) principles, and regulatory expectations issued by BNM, ensuring that climate-related considerations remain integrated within the Company's broader sustainability and governance approach.

The SSC is supported by the Management Investment Committee and Risk Management Committee, which incorporate climate and sustainability-related considerations into their respective oversight, risk management, and investment decision-making responsibilities.

Management Responsibilities

Climate-related responsibilities are embedded across various management functions to support the integration of climate considerations into day-to-day business operations and decision-making processes. Investment functions are responsible for monitoring portfolio alignment, responsible investment practices, and engagement activities with investee companies, while the risk and sustainability functions oversee the development of frameworks, monitoring processes, reporting activities, and climate-related assessments. Operational functions support the implementation of sustainability initiatives, including emissions management, data collection, and operational efficiency measures. This cross-functional approach enables climate-related matters to be managed collaboratively across the organisation and supports the integration of sustainability considerations into business operations.

Three Lines of Defence

PruBSN's climate governance approach is further strengthened through the application of the Three Lines of Defence model, which provides clear accountability, oversight, and independent assurance across the organisation. See Figure 5.

Continuous Improvement in Governance

PruBSN continues to enhance its climate governance approach in response to evolving regulatory expectations, industry developments, and emerging market practices. In 2025, the company reviewed the Sustainability Framework and the SSC's Terms of Reference to ensure that they remained fit-for-purpose and aligned with the company's evolving sustainability priorities. The Climate Disclosure Policy was also reviewed and remained aligned with the requirements of Bank Negara Malaysia's CRMSA Policy. In addition, operational enhancements were implemented in areas such as data governance, climate-related metrics, and climate scenario analysis capabilities. These ongoing improvements support governance stability while providing the flexibility needed to strengthen climate-related oversight, reporting, and decision-making over time.

Climate governance is embedded across the organisation through a structured three-lines-of-defence model, ensuring clear accountability, independent oversight, and integration of climate-related considerations into business, risk management, and investment decision-making.

OUR CLIMATE GOVERNANCE STRUCTURE
3 LINES OF DEFENCE

1 First Line of Defence
Business units form the first line of defence, responsible for identifying, assessing, and managing climate-related risks and opportunities as part of their day-to-day operations. They are accountable for integrating climate considerations into business decisions and ensuring alignment with PruBSN's sustainability objectives.

2 Second Line of Defence
A dedicated Sustainability team within the second line provides oversight, advisory and thought leadership on climate-related matters across the Company. This includes driving the integration of climate considerations into strategic planning, policies, and risk frameworks, as well as ensuring compliance with regulatory expectations and internal governance requirements.

3 Third Line of Defence
Internal audit serves as the third line of defence. It aids the Board of Directors by providing independent and objective assurance and advice on the adequacy and effectiveness of business processes, governance and risk management.

Figure 5: Three Lines of Defence, 2025

RISK MANAGEMENT

PruBSN integrates climate-related risks into its Enterprise Risk Management (ERM) framework to ensure that climate-related considerations are identified, assessed, monitored, and managed in a structured and consistent manner. Climate-related risks are not treated as a standalone risk category; they are embedded across existing risk management processes and considered alongside broader financial, operational, strategic, and reputational risks. This enables climate considerations to be incorporated into business decision-making, investment oversight, and operational planning across the organisation.

Our approach is aligned with Bank Negara Malaysia's Climate Risk Management and Scenario Analysis (CRMSA) Policy and supports the ongoing strengthening of climate risk management capabilities, including risk identification, scenario analysis, and data-driven assessments. As climate-related risks continue to evolve, PruBSN remains focused on enhancing its methodologies, governance processes, and analytical capabilities to support long-term business resilience.

Climate Risk Identification and Assessment

PruBSN identifies and assesses climate-related risks and opportunities through ongoing engagement across relevant business and support functions, taking into consideration evolving regulatory expectations, industry developments, operational exposures, and investment-related considerations.

The assessment incorporates both top-down and bottom-up perspectives to support a broader understanding of climate-related exposures across the business. This includes consideration of regulatory and market developments, as well as operational and business-specific risk drivers identified through cross-functional engagement.

Climate-related risks and opportunities identified through this process (Figure 6) are consolidated within the Company's climate risk register to support ongoing monitoring, assessment, and management discussions.

Top-down Assessment

- evolving regulatory expectations
- CRMSA requirements,
- industry/market developments,
- emerging climate-related trends/risks
- internal sustainability priorities and commitments

RISK IDENTIFICATION

▼

RISK ASSESSMENT

▼

CLIMATE RISK REGISTER

▼

MONITORING & REPORTING

Bottom-up Engagement

- key exposure areas
- business-specific risk drivers
- potential financial and operational implications
- emerging climate-related opportunities

Figure 6: Climate Risk Identification Flow

The assessment considers the potential impact, likelihood, and velocity of climate-related risks and opportunities across different areas of the business. This process supports the identification of priority areas requiring ongoing monitoring and management.

Climate-related risks are broadly categorised as shown in Figure 7.

TRANSITION RISKS	PHYSICAL RISKS		CLIMATE-RELATED OPPORTUNITIES
	ACUTE RISKS	CHRONIC RISKS	
• **POLICY & LEGAL** Regulatory and policy changes. • **TECHNOLOGY** Low-carbon technology transition costs. • **MARKET** Changing customer and investor expectations. • **REPUTATION** Reputational and greenwashing risks. • **LIABILITY** Climate-related litigation and disclosure risks.	• Extreme weather events such as heatwaves, hurricanes or flash floods.	• Long-term climate-related impacts such as sea level rise, changing precipitation patterns, and global warming.	• Resources efficiency • Adoption of low-emission energy sources. • Development of new products and services. • Market access and competitive advantage. • Supply chain resilience.

Figure 7: Climate-related Risks and Opportunities, 2025

RISK MANAGEMENT

Key Climate-related Risks and Opportunities

These key climate risks and opportunities were identified from both top-down and bottom-up approaches. Based on the qualitative assessment, PruBSN has identified several climate-related risks and opportunities that are currently considered most relevant to the business. These risks and opportunities are monitored through existing governance and risk management processes and continue to inform strategic and operational considerations across the business units.

	RISK DESCRIPTIONS	OPPORTUNITIES
STRATEGY IMPLEMENTATION Transition Risk	PruBSN recognises that integrating climate considerations into its business strategy requires careful alignment between commitments, execution, and stakeholder expectations. As regulatory requirements and disclosure standards continue to evolve, the company may face increased exposure to compliance obligations, heightened scrutiny from stakeholders, and reputational risks, particularly where there are gaps between commitments and implementation or where disclosures are subject to misinterpretation. Failure to demonstrate credible and timely progress may impact stakeholder confidence and long-term competitiveness.	Strengthening governance structures, enhancing sustainability disclosures, and building internal capabilities provide PruBSN with the opportunity to improve transparency, strengthen stakeholder confidence, and position the company as a responsible takaful operator aligned with regulatory expectations and industry developments.
FINANCIAL RESILIENCE Transition and Physical Risk*	PruBSN recognises that climate-related risks may impact the financial resilience of its investment portfolio across different time horizons. Transition risks, including regulatory changes, evolving market expectations, and shifts in capital allocation, may lead to repricing of carbon-intensive assets, increased market volatility, and reduced investment attractiveness in certain sectors. In parallel, physical risks may affect the performance of investee companies through operational disruptions, increased operating costs, and reduced productivity, which may translate into lower returns and higher portfolio volatility over time.	The transition to a lower-carbon economy provides PruBSN with opportunities to enhance portfolio resilience through increased allocation to Sustainable and Responsible Investment (SRI) sukuk, offering ESG-linked investment solutions such as Takafulink Dana ESG Global, and strengthening engagement with issuers to support their transition readiness and improve long-term portfolio performance.
TAKAFUL AND PRODUCT RISK Physical Risk	PruBSN recognises that climate change may influence customer health and financial resilience, with potential implications for takaful products. Climate-related developments, including rising temperatures, changing environmental conditions, and the increased prevalence of climate-sensitive diseases, may contribute to higher morbidity and mortality over time. These changes may affect claims experience, increase healthcare costs, and impact the long-term sustainability and pricing of protection solutions.	Evolving customer needs present opportunities for PruBSN to enhance product relevance by developing more inclusive and sustainable protection solutions, strengthening value propositions through preventive healthcare support, and equipping its agency force with sustainability knowledge to better engage customers.
OPERATIONAL RESILIENCE Transition and Physical Risk*	PruBSN recognises that climate-related risks may affect operational resilience and cost efficiency. Transition-related factors, including evolving environmental expectations and rising energy costs, may increase operational expenditure, while physical risks such as extreme weather events and flooding may disrupt business operations, impact infrastructure, and affect service delivery. These disruptions may lead to increased costs, operational inefficiencies, and challenges in maintaining business continuity.	PruBSN's ongoing digitalisation and operational initiatives provide opportunities to improve efficiency and reduce costs through paperless processes, optimise energy usage through renewable energy adoption (e.g. GET), and strengthen resilience through enhanced Business Continuity Planning, supporting both environmental objectives and long-term operational sustainability.

Figure 8: PruBSN's Key Climate-related Risks and Opportunities, 2025

*These risks were classified as Physical Risk in the 2024 Report

RISK MANAGEMENT

Climate Risk Monitoring and Risk Appetite

Climate-related risks identified through the assessment process are monitored through established governance and risk management forums. To support effective oversight and timely management action, PruBSN monitors selected climate-related indicators covering portfolio alignment, operational sustainability, stewardship activities, and climate risk management capabilities.

These indicators are monitored against established thresholds and reported through existing governance structures, including the Sustainability Steering Committee (SSC), Risk Management Committee (RMC), and Board Risk Management Committee (BRMC). Where necessary, management actions and mitigation measures are reviewed to ensure climate-related risks remain within acceptable level

This ongoing monitoring complements the Company's Climate Risk Stress Testing (CRST) exercise, which provide a longer-term assessment of resilience under different climate pathways.

Risk Appetite

The company's risk appetite framework reflects a low tolerance for unmanaged climate exposure, particularly in high-carbon investments or operations that could jeopardise financial or reputational resilience. Climate risk is addressed within existing policies and procedures, including compliance, Shariah governance, and investment decision-making.

Climate Risks Stress Testing

As part of its Climate Risk Stress Testing (CRST) exercise, PruBSN performed climate stress testing to assess how different climate pathways may affect the business over time.

Given the uncertainty and long-term nature of climate-related risks, this exercise supports a more forward-looking understanding of potential financial and operational impacts under different climate conditions and transition pathways.

Specifically, it supports the Company in:
- exploring a range of plausible future outcomes,
- assessing resilience under different climate pathways,
- identifying potential vulnerabilities and emerging risks, and
- supporting long-term strategic and risk management considerations.

Stress Testing Design and Approach

PruBSN's climate risk stress testing was conducted in alignment with:
- Bank Negara Malaysia's (CRST) framework, and
- climate scenarios developed by the Network for Greening the Financial System (NGFS).

The scenarios are applied over a long-term time horizon extending to 2050, reflecting the longer-term nature of climate-related risks and transition pathways, and the corresponding analysis considers varying levels of transition and physical risks under different climate trajectories and policy responses.

Orderly Transition

Net Zero 2050 (NZ2050)

- Early and coordinated policy action
- Higher transition risk in the near term
- Lower physical risk over time

Disorderly Transition

Divergent Net Zero 2050 (DNZ2050)

- Delayed policy response
- Abrupt market adjustments
- Very high transition risk

Limited Transition

Nationally Determined Contributions (NDCs)

- Continued reliance on carbon-intensive activities
- Lower transition risk initially
- Higher long-term physical risk

Figure 9: Climate Pathways Under BNM's CRST

Climate Scenarios under BNM's CSRT

The CSRT presents three climate scenarios exhibiting three pathways for managing climate-related risks in an organisation. These scenarios are not forecasts but represent plausible pathways used to enhance understanding of potential climate-related risks and impacts under different future conditions.

RISK MANAGEMENT

PruBSN's Climate Risk Stress Testing Exercise 2025

In 2025, PruBSN completed its inaugural CRST exercise in line with Bank Negara Malaysia's Climate Risk Management and Scenario Analysis (CRMSA) requirements, marking an important step in strengthening the company's climate risk management capabilities.

The exercise was conducted using a static balance sheet approach based on the company's position as of 31 December 2023, with climate-related projections assessed over a long-term horizon extending to 2050. Aligned with scenarios developed by the NGFS, the assessment considered three climate pathways — an orderly transition (Net Zero 2050), a disorderly transition (Divergent Net Zero 2050), and a limited transition pathway based on Nationally Determined Contributions (NDCs). The exercise enabled PruBSN to assess how different transition and physical risk trajectories may affect the business over time.

The CRST exercise focused primarily on two key impact areas:

- Investment Impact: Potential impact of climate-driven yield changes on sukuk valuations and investment cashflows,
- Protection Impact: Potential impact of climate-related mortality changes on Takaful liabilities and benefit payouts.

As this represents an early-stage industry exercise, several limitations remain, including the use of static balance sheet approach, limited availability of granular emissions data, simplified modelling methodologies, and the exclusion of behavioural assumptions. Nevertheless, the exercise serves as an important capability-building initiative, providing a structured and forward-looking foundation for enhancing climate risk assessment, stress testing, and long-term resilience planning.

Moving forward, PruBSN will continue strengthening its climate risk management capabilities through ongoing improvements in data availability, stress testing and scenario analysis methodologies, Scope 3 emissions measurement, and the integration of climate considerations into broader strategic and risk management decision-making.

Observations, Limitations and Takeaways

FINANCIAL	ASSET	RISK	CAPABILITY / STRENGTH
Impact area: Limited Near-Term Financial Impact	**Impact area: Asset-Liability Offset Effect**	**Impact area: Long-Term Physical Risk Exposure**	**Impact area: Capability Building Milestone**
Result shows: Climate-related financial impacts are currently limited, reflecting the company's portfolio composition and modelling assumptions.	Result shows: Interest/profit rate shocks are observed across scenarios but are largely offset between assets and liabilities.	Result shows: Transition risks are more evident under NZ2050 and DNZ2050 pathways, while physical risks rise under the limited transition pathway.	Result shows: CRST strengthens analytical readiness.

Figure 10: CSRT Key Takeaways, 2025

Climate-related risks are increasingly interconnected across investment, operational, and strategic areas, with varying transition and physical risk dynamics emerging under different climate pathways. This reinforces the importance of integrated, adaptive, and forward-looking risk management approaches.

STRATEGY

PURPOSE: For Every Life, For Every Future

AMBITION: Realising the intended outcomes of Maqasid Shariah

PRUBSN'S SUSTAINABILITY PILLARS

- FR CE — SIMPLE AND ACCESSIBLE HEALTH AND FINANCIAL PROTECTION
- BC GSG — RESPONSIBLE INVESTMENT
- CE BC GSG CB — SUSTAINABLE BUSINESS

VBIT Framework Promotes Measuring Impact through Comprehensive measurement and Impact-based disclosure

FOUNDATION OF GOOD GOVERNANCE AND RESPONSIBLE BUSINESS PRACTICES

VBIT Underpinning Thrusts are embedded in the Sustainability Pillars

FR Financial Resilience | CE Community Empowerment | BC Best Conduct | GSG Good Self-Governance | CB Capacity Building

VBIT Framework guides Implementation Approach
through Inclusive stakeholders engagement, Value-driven solutions, Impact-based assessment and Construction collaboration

Driven by Prudential's Sustainability Strategy, VBIT Framework, Regulator's Aspirations and BSN Climate Change Charter

Figure 11: PruBSN's Sustainability Framework

CLIMATE RISK MANAGEMENT STRATEGY

Climate-related risks and opportunities have implications across PruBSN's operations, investment portfolio, products, and stakeholder relationships. For this reason, PruBSN integrates climate considerations into its broader sustainability and business strategy to strengthen long-term resilience and support sustainable value creation.

Rather than operating through a standalone climate strategy, climate-related considerations are embedded across governance structures, risk management processes, investment decision-making, operational initiatives, and people practices. This integrated approach enables the company to respond to evolving regulatory expectations, market developments, and stakeholder needs in a practical and balanced manner.

PruBSN's climate strategy focuses on:
- Managing climate-related risks and vulnerabilities
- Supporting the transition towards a lower-carbon economy
- Strengthening operational and financial resilience
- Delivering sustainable long-term value to stakeholders

This approach is aligned with the company's broader sustainability ambitions, Value-Based Intermediation for Takaful (VBIT) principles, and Bank Negara Malaysia's CRMSA expectations.

PruBSN's climate-related initiatives are implemented through the company's three sustainability pillars:
- Simple and Accessible Health and Financial Protection
- Responsible Investment
- Sustainable Business

These pillars provide the foundation for translating climate-related considerations into actionable initiatives across business operations, investments, and organisational practices. PruBSN's Sustainability Framework (Figure 11) provides strategic alignment between our sustainability ambitions, including climate action, and external expectations, including VBIT and Bank Negara Malaysia's climate aspirations.

STRATEGY

CLIMATE RISK MANAGEMENT STRATEGY FOR BUSINESS OPERATIONS

PruBSN continues to strengthen the resilience and sustainability of its operations by integrating climate-related considerations into infrastructure, operational processes, and workplace practices.

The company recognises that operational resilience may be affected by both transition and physical climate risks, including increasing energy costs, evolving environmental expectations, and potential operational disruptions arising from extreme weather events.

To address these risks, PruBSN continues to enhance operational efficiency while reducing environmental impact through digitalisation, renewable energy adoption, and sustainable workplace initiatives.

Ongoing Initiatives

- Advancing paperless, sustainable and technology-enabled operations
- Expanding renewable energy adoption across branch and agency offices through the Green Electricity Tariff (GET) scheme
- Continuing efforts to improve operational efficiency and resource management
- Supporting Malaysia's sustainability goals through conscious choices at work and home
- Progressively enhancing climate-related data collection and emissions measurement capabilities, including selected Scope 3 categories

New Achievements in 2025

- Expanded renewable energy coverage across branch and agency offices through the successful application of the GET scheme for the remaining eligible offices
- Introduced reporting of selected Scope 3 emissions categories, including business travel and staff commuting, to strengthen visibility of operational and value chain-related emissions
- Continued progress in reducing paper usage and advancing digitalisation initiatives across operations
- Implemented ongoing data quality control and reconciliation processes to strengthen the reliability and consistency of climate-related operational data and reporting
- Continued efforts to reduce unnecessary energy consumption across office operations and support more efficient resource usage

CLIMATE RISK MANAGEMENT STRATEGY FOR INVESTMENT PORTFOLIO

PruBSN integrates climate considerations into its investment strategy to strengthen portfolio resilience and manage exposure to transition-related risks.

The company recognises that climate-related developments, including policy changes, evolving market expectations, and shifts in capital allocation, may affect the long-term performance of carbon-intensive sectors and investment assets.

As part of its Responsible Investment approach, PruBSN continues to enhance portfolio alignment with lower-carbon pathways while supporting sustainable and Shariah-compliant investment opportunities.

Ongoing Initiatives

- Implementation of a coal exclusion threshold for investments in sukuk issuers deriving more than 30% of revenue from coal
- Monitoring of portfolio carbon intensity through Weighted Average Carbon Intensity (WACI)
- Increasing allocation to Sustainable and Responsible Investment (SRI) sukuk
- Offering sustainability-linked investment solutions, including Takafulink Dana ESG Global, to support growing demand for responsible investment options
- Engagement with sukuk issuers to encourage stronger sustainability practices, support credible transition efforts, and promote positive long-term climate and environmental outcomes
- Strengthening internal investment capabilities through ESG and sustainability-related training and professional development initiatives

New Achievements in 2025

- Increased allocation to Sustainable and Responsible Investment (SRI) sukuk for non-linked funds
- Initiated engagement with eight sukuk issuers as part of PruBSN's active ownership and stewardship approach
- Completed engagement with selected sukuk issuers, while the remaining engagements continue to be monitored as identified matters are progressively addressed
- Continued enhancement of climate-related portfolio monitoring and investment assessment processes through WACI tracking and issuer engagement activities

STRATEGY

CLIMATE RISK MANAGEMENT STRATEGY FOR PEOPLE AND CULTURE

PruBSN recognises that effective climate risk management requires strong organisational awareness, accountability, and capability development across all levels of the organisation.

The company continues to strengthen internal understanding of climate-related risks and sustainability through training, engagement initiatives, and integration of sustainability considerations into performance management practices.

This supports the development of a workplace culture where climate considerations are embedded into day-to-day decision-making and operational execution.

Ongoing Initiatives

- Inclusion of climate-related topics in Board training and awareness programmes
- Mandatory sustainability-related training for employees through computer-based learning modules
- Enhancing sustainability capability building initiatives to support the integration of climate-related considerations into day-to-day business activities and customer engagement practices
- Ongoing sustainability awareness and employee engagement initiatives across the organisation
- Inclusion of sustainability KPIs for all People Managers, with a minimum weighting of 5%

New Achievements in 2025

- Introduced sustainability KPIs for all People Managers, with higher weighting for selected key roles
- Conducted climate-related awareness initiatives, including climate simulation and employee engagement activities to strengthen understanding of climate-related risks and sustainability issues
- Continued upskilling of the Sustainability team through professional certifications, including GARP Sustainability and Climate Risk (SCR) certification
- Increased employee awareness and adoption of sustainable practices aligned to the 5Rs: Refuse, Reduce, Reuse, Repurpose, and Recycle
- Integration of sustainability-related content into agency training programmes to support responsible customer engagement and sustainability awareness

Figure 12: PruBSN Climate-related Awareness - Climate Simulation Workshop 2025

STRATEGY

Strategic Roadmap

PruBSN's climate-related strategy continues to evolve progressively in response to changing regulatory expectations, market developments, and organisational maturity. The strategy is structured across short-, medium-, and long-term horizons to support continuous improvement in governance, risk management, data quality, business integration, and climate-related disclosures.

The roadmap reflects a phased approach. In the near term, the focus is on strengthening foundational capabilities, including governance, climate risk management, and emissions data collection. Over the medium term, priorities shift towards embedding climate considerations into business and investment decision-making processes while enhancing disclosure readiness. In the longer term, PruBSN aims to further advance the maturity and decision-usefulness of sustainability-related disclosures and continue supporting the transition towards a lower-carbon economy.

Short-Term Priorities (1–2 Years)

- **Strengthen governance and oversight**
- **Enhance emissions data collection, including Scope 3 emissions**
- **Improve identification and prioritisation of climate-related risks**
- **Establish climate-related metrics and monitoring capabilities**

Medium-Term Priorities (3–5 Years)

- **Enhance portfolio alignment and engagement**
- **Strengthen scenario analysis and climate risk stress testing capabilities**
- **Further integrate climate considerations into business processes**
- **Align disclosures with ISSB and emerging regulatory requirements**

Long-Term Priorities (>5 Years)

- **Continue supporting the transition to a lower-carbon economy**
- **Enhance decision-useful sustainability-related disclosures**
- **Advance sustainability-related capabilities in line with evolving regulatory and market expectations**

KEY METRICS

Business Operations (Operational Emissions) (Scope 1 and Scope 2)

- Scope 1 GHG emissions
- Scope 2 GHG emissions
- NEW in 2025: Scope 3 GHG emissions – Business travel
- NEW in 2025: Scope 3 GHG emissions – Employee commute

Investment Portfolio

- Portfolio carbon intensity (WACI)
- NEW in 2025: Engagement with sukuk issuers

Further details on climate-related metrics, methodologies, and targets are provided in the Metrics and Targets section.

Figure 13: PruBSN's Climate Strategy and Key Metrics

METRICS & TARGETS

PruBSN tracks climate-related performance through a set of metrics and targets across its investment portfolio, business operations, sustainability and climate-related engagement activities. These metrics support the Company in monitoring exposure to climate-related risks, assessing progress against strategic objectives, and enhancing transparency in climate-related disclosures. The approach reflects PruBSN's continued progression towards more structured, data-driven, and decision-useful climate reporting, in line with evolving regulatory expectations and industry practices.

The Company recognises that climate-related measurement remains an evolving area, particularly in relation to financed emissions, Scope 3 emissions, and data availability across certain asset classes. As such, PruBSN adopts a progressive and practical approach, focusing on areas with sufficient data reliability while continuing to strengthen methodologies, governance, and coverage over time.

Climate Targets

PruBSN has established a set of climate-related targets to guide its transition towards a lower-carbon and more sustainable business model. These targets reflect a balanced approach, combining long-term ambition with practical implementation considerations, while considering current market conditions, data limitations, and evolving methodologies.

Medium-Term Target
55% reduction of carbon emissions intensity by 2030 (against 2019 baseline)

Long-Term Target
Net Zero asset owner by 2050

Portfolio Decarbonisation Target

PruBSN aims to achieve 55% reduction in Weighted Average Carbon Intensity (WACI) by 2030, compared to a 2019 baseline.

As part of its medium-term climate ambition, this target supports the gradual alignment of the investment portfolio with lower-carbon pathways while balancing investment considerations, portfolio resilience, and market realities.

Sustainable Investment Allocation

PruBSN continues to increase its allocation to Sustainable and Responsible Investment (SRI) sukuk as part of its broader responsible investment approach.

The company adopts a measured and progressive approach towards increasing SRI allocation, taking into consideration market availability, investment suitability, and portfolio objectives.

Operational Emissions

PruBSN continues to monitor and reduce operational emissions.

Key initiatives include:
- Renewable energy adoption through the Green Electricity Tariff (GET) scheme and Renewable Energy Certificates (RECs)
- Energy efficiency improvements
- Ongoing digitalisation and paperless initiatives

These initiatives support both emissions reduction and operational efficiency objectives across the organisation.

Net Zero Commitment

PruBSN is committed to achieving Net Zero as an asset owner by 2050, in line with broader industry and Group ambitions.

This commitment reflects the Company's long-term aspiration to align its investment portfolio with global decarbonisation pathways and support the transition towards a lower-carbon economy.

Portfolio Alignment and Stewardship

PruBSN adopts a progressive approach to portfolio alignment through a combination of monitoring, exclusion thresholds, and active stewardship activities.

Key initiatives include:
- Monitoring of portfolio carbon intensity (WACI)
- Implementation of exclusion thresholds for higher-carbon exposures
- Engagement with issuers contributing significantly to portfolio emissions

These efforts support the Company's objective of strengthening portfolio resilience while encouraging improved climate-related disclosures and transition readiness among investee companies.

Scope 3 Emissions

In 2025, PruBSN has expanded its climate-related measurement capabilities through the inclusion of selected Scope 3 emissions categories.

The Company has initiated measurement for categories including business travel and staff commuting, with ongoing efforts to progressively expand coverage over time.

METRICS & TARGETS

KEY CLIMATE-RELATED METRICS

The medium- and long-term targets are supported and evidenced by progress in two core areas: investment portfolio and business operations.

CLIMATE-RELATED METRICS FOR BUSINESS OPERATIONS

Scope 1 Greenhouse Gas (GHG) Emissions

Scope 1 GHG emissions are direct emissions from company-owned or controlled sources. There are no material Scope 1 emissions in PruBSN operations, as our operations do not involve significant use of combustion engines, manufacturing, or physical assets.

Scope 2 GHG Emissions

PruBSN calculates Scope 2 emissions in alignment with the GHG Protocol Scope 2 guidance. The reporting period covers 1 January to 31 December 2025, in line with PruBSN's financial year, and our Scope 2 emissions measurement incorporates:

- Renewable electricity procured through the Green Electricity Tariff (GET) scheme by Tenaga Nasional Berhad
- Renewable Energy Certificates (RECs) procured from Sarawak Energy
- Residual electricity consumption converted to GHG emissions using IEA GHG emission factors

The Scope 2 emissions are calculated using the formula:
(Scope 2 = Electricity consumed x Emission Factor).

Results

	2019 (Baseline) (tCO2e)	2024 (tCO2e)	2025 (tCO2e)
Scope 2 GHG Emissions (location-based)	605.96	349.33	324.54
Scope 2 GHG Emissions (market-based)	N/A	78.61	63.57
Reduction	N/A	87%	89.5%
Renewable Energy Sources Coverage	N/A	77.5%	80.4%

Scope 2 GHG emissions reduced to 89.5%

Renewable Energy Sources Coverage increased to 80.4%

Scope 2 GHG Emissions

2019	2025
605.96	63.57

89.5% compared to 2019 baseline

Methodology

Scope 2 GHG emissions are calculated based on purchased electricity consumption across PruBSN's operations. Market-based emissions reporting reflects the use of renewable electricity instruments, including Sarawak Energy RECs procured to match electricity consumption at the headquarters, as well as renewable electricity supplied through the TNB GET scheme across eligible branch and agency offices.

During the year, PruBSN continued to expand renewable electricity coverage across its operations, contributing to lower market-based Scope 2 GHG emissions. The Company's headquarters also remained a certified green building, supporting improved operational energy performance.

Commentary

PruBSN continued to strengthen the sustainability of its business operations in 2025 through increased renewable energy adoption and ongoing operational efficiency initiatives. Scope 2 GHG emissions (market-based) reduced further from 78.61 tCO2e in 2024 to 63.57 tCO2e in 2025, representing an overall reduction of 89.5% compared to the 2019 baseline, an improvement from the 87% reduction achieved in 2024.

Renewable energy sources coverage also increased from 77.5% to 80.4% during the year. These results reflect continued progress in reducing operational carbon emissions and demonstrate the effectiveness of the company's renewable energy and energy efficiency initiatives across its operations.

Notably, the sharp reduction in Scope 2 GHG emissions is attributed to our headquarters being a certified green building and the purchase of Sarawak Energy RECs to match our electricity consumption. In addition, TNB GET was procured for our branch and agency offices to support renewable energy adoption.

During the year, Scope 2 GHG emissions recorded a reduction, primarily driven by the expansion of renewable energy coverage across the eligible branch and agency offices and energy efficiency practices that we adopted. This reflects our commitment to support the renewable energy market and reduce our location-based emissions footprint.

METRICS & TARGETS

In 2025, PruBSN implemented the Group's environmental data management platform, Envizi, to strengthen the governance, consistency, and accuracy of environmental data reporting. Under this approach, electricity consumption data is submitted quarterly and subjected to Group-level quality assurance and validation processes prior to system upload.

Following the implementation of Envizi, a minor methodological enhancement was introduced in the application of International Energy Agency (IEA) emission factors due to the timing of annual IEA factor releases and the current system configuration, which does not retrospectively update previously applied emission factors.

To maintain consistency in reporting, the latest available IEA emission factor is applied to the subsequent calendar year's electricity consumption data. Accordingly, the reported 2024 Scope 2 GHG emissions were calculated using the 2023 IEA emission factor, while the reported 2025 Scope 2 GHG emissions were calculated using the 2024 IEA emission factor. The 2019 baseline emissions remain unchanged, with the 2019 IEA emission factor retained to preserve baseline comparability.

Scope 3 GHG Emissions: Business Travel

In 2025, PruBSN initiated reporting of Scope 3 GHG emissions relating to employee business air travel as part of its ongoing efforts to strengthen climate-related data coverage and improve visibility over indirect emissions across its operations and value chain. This marks an important first step in expanding the company's Scope 3 emissions measurement capabilities and supporting more comprehensive climate-related disclosures.

Results

	2025 (tCO_2e)
Scope 3 GHG Emissions Business Travel	172

Commentary

The disclosed emissions relate to employee air travel booked through the company's appointed travel agency for the reporting period from 1 January 2025 to 31 December 2025. As this is the first year of reporting for this category, the disclosure is intended to establish an initial measurement and improve understanding of emissions associated with business travel activities. We acknowledge that the current business travel data may not fully reflect the overall travel footprint and will progressively enhance disclosure quality and data availability through closer collaboration with internal stakeholders.

Methodology

Business air travel emissions are measured based on quarterly travel reports provided by the company's appointed travel agencies and managed through the Group's environmental data management platform, Envizi. Travel distances are reported in kilometres (km) and converted into carbon dioxide equivalent (CO_2e) emissions using DEFRA 2025 emission factors.

The reported disclosure currently covers employee air travel booked through appointed travel agencies only and excludes independently booked flights subsequently claimed through the expense management system, other modes of business travel, and travel undertaken by agents, contractors, and other non-employees. The data is submitted on a quarterly basis and subject to Group quality assurance processes to support reporting accuracy and consistency.

Scope 3 GHG Emissions: Employee Commute

In 2025, PruBSN initiated measurement of Scope 3 GHG emissions relating to employee commuting as part of efforts to progressively expand indirect emissions reporting and strengthen climate-related data coverage. Employee commute emissions may include daily travel between employees' residences and workplaces using various modes of transportation. PruBSN recognises that commuting patterns may be influenced by factors such as hybrid work arrangements, work location, and transportation preferences. The company's hybrid working arrangement may contribute towards reducing overall commuting-related emissions by lowering the frequency of employee travel to office locations.

Results

	2025 (tCO_2e)
Scope 3 GHG Emissions Employee Commute	263.05

Commentary

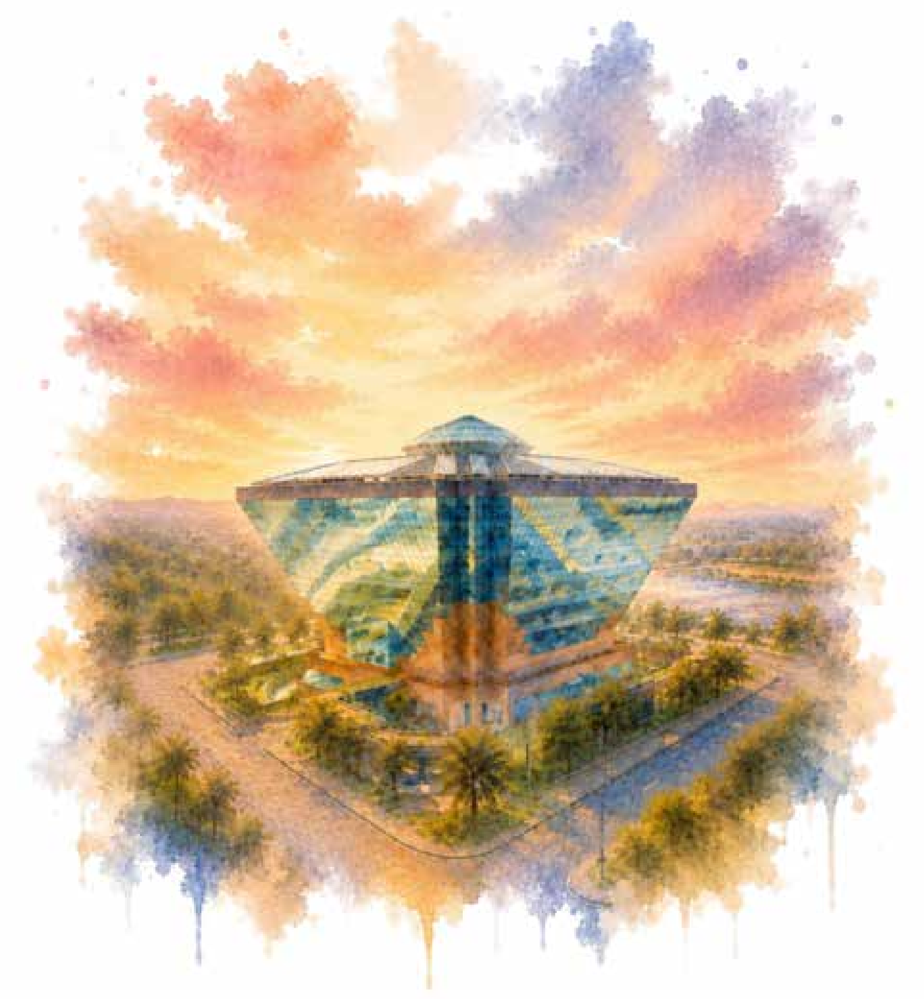
Employee commuting emissions were estimated based on survey responses, which achieved a population coverage of 38.8%. The disclosed emissions were subsequently extrapolated to represent the overall workforce population. The data inputs and reported results were validated by an independent party to enhance the credibility and reliability of the disclosures. PruBSN remains committed to strengthening the robustness and representativeness of its Scope 3: Employee Commute emissions reporting and will continue to improve employee participation and population coverage in future reporting cycles to enhance the accuracy and completeness of employee commuting emissions disclosures.

Methodology

Employee commute emissions are calculated in alignment with the GHG Protocol Scope 3 Category 7: Employee Commuting using the distance-based method. The calculation is based on the sum of employee's annual commuting distance travelled multiplied by the respective emission factors of the primary vehicle type used for commuting. Data inputs are derived from employee survey responses, which capture the one-way distance travelled between home and office as well as the primary mode of transportation used, while employee attendance records are used to determine commuting frequency in a year. Relevant DEFRA 2025 emission factors are applied to each vehicle category to estimate the carbon dioxide equivalent (CO_2e) emissions.

Scope 3 GHG Emissions

Business Travel (tCO_2e)	Employee Commute (tCO_2e)
172	263.05



METRICS & TARGETS

Climate-related Metrics for Investment Portfolio

Weighted Average Carbon Intensity (WACI)

WACI remains one of PruBSN's portfolio-level climate metrics used to monitor exposure to carbon-intensive investments and assess portfolio alignment with lower-carbon pathways.

Results

	2019 (Baseline)	2024 (tCO2e)	2025 (tCO2e)
WACI Score	1,947	985	1,202
WACI Reduction	N/A	49%	38%
WACI Coverage	N/A	30.5%	23.5%

WACI reduced by 38% compared to the 2019 baseline

WACI Score

2019 (tC02e)	2025 (tC02e)	
1,947	1,202	38% compared to 2019 baseline

Commentary

The reduction in WACI indicates continued progress in lowering the portfolio's carbon intensity, reflecting reduced exposure to higher-emission sectors, improved alignment with lower-carbon transition pathways, and ongoing progress towards the company's decarbonisation objectives. At the same time, while we are committed to decarbonising our portfolio, we recognise that being part of the emerging markets means that reducing WACI is not a straightforward call. Movements in WACI arising from changes in the carbon intensity of investee companies, market volatility, shifts in portfolio composition and weightings, as well as the availability and coverage of reliable emissions data across the portfolio is evident in the decline in WACI coverage in 2025 (23.5% compared to 30.5% in 2024). This decline in WACI coverage was primarily driven by:

- Increased allocation towards asset classes, where emissions data remains limited or unavailable
- Ongoing limitations in emissions data coverage and estimation methodologies

As a result, WACI should be interpreted together with its coverage level, with continued improvement in data coverage remaining a key priority for the company.

Methodology

WACI is calculated in accordance with the Partnership for Carbon Accounting Financials (PCAF) Standards and covers the reporting period from 1 January to 31 December 2025. The metric is based on the Scope 1 and Scope 2 emissions of investee companies, normalised by revenue and weighted according to the value of PruBSN's holdings. WACI measurement currently focuses on sukuk investments within non-investment-linked funds. The WACI data are obtained from our appointed fund managers, after which our investment team consolidates and analyses them to derive the final WACI results. The reported WACI data and methodology have also been validated by an independent party to enhance the credibility of the disclosures.

Going forward, we intend to progressively transition towards financed emissions reporting to further strengthen portfolio emissions measurement and better guide our long-term decarbonisation pathway.

METRICS & TARGETS

Sukuk Issuer Engagement

In 2025, PruBSN strengthened its responsible investment approach through targeted sustainability and engagement with sukuk issuers to support efforts in portfolio alignment and enhance understanding of sustainability and climate-related risks and transition readiness. Issuer engagement forms part of PruBSN's broader stewardship approach to encourage improved sustainability practices, disclosures, and long-term resilience among investee companies.

Results

	2025	
Sukuk Issuer Engagements	8 engagements commenced in 2025	2 engagements completed in 2025

PruBSN engages with sukuk issuers to encourage stronger sustainability practices, support credible transition efforts, and promote positive long-term climate and environmental outcomes. The Investment Team works closely with appointed fund managers to identify companies for engagement, using a risk-based prioritisation approach.

Engagement priorities are guided by several indicators, including issuers that contribute significantly to the portfolio's carbon emissions, palm oil-related issuers with room for improvement in sustainability certification and issuers found to have material gaps in climate change mitigation plans based on BNM's Climate Change and Principle-based Taxonomy (CCPT).

The CCPT classification is used as part of PruBSN's investment monitoring and decision-making process to assess climate-related risks and opportunities within the portfolio. It supports the identification of issuers that may require closer monitoring, further engagement, or additional consideration in investment decisions, particularly where the classification indicates elevated transition risk or limited alignment with climate objectives.

In 2025, PruBSN initiated engagement with eight sukuk issuers. Of these, two engagements were completed during the year, while the remaining six continue to be monitored as engagement efforts remain ongoing until the identified matters are satisfactorily addressed. As sustainability and climate-related improvements often require time to implement, certain engagements may extend across multiple years.

Progress is tracked through a structured milestone-based monitoring approach to assess improvements over time. Measuring and monitoring progress towards positive engagement outcomes remains an important part of PruBSN's active ownership approach and commitment to responsible investment practices.

STEP 1
Raise awareness of issue with issuer company

STEP 2
Dialogue and open engagement

STEP 3
Issuer agrees to address the issue

STEP 4
Issuer develops or plans to implement a plan to address the issue

STEP 5
Company has satisfactorily resolved the issue

Figure 14: PruBSN's Approach to Issuer Engagement

LOOKING AHEAD

Building on Progress Achieved

PruBSN recognises that sustainability and climate-related risk management continue to evolve, alongside growing expectations for more robust data, methodologies, governance, and disclosures.

Building on the progress achieved in 2025, PruBSN remains committed to continuously strengthening its climate resilience, risk management, and disclosure capabilities in line with evolving stakeholder and regulatory expectations.

As illustrated in Figure 15, the Company's climate maturity journey continues to evolve from foundational climate disclosures towards more advanced climate risk assessment, expanded measurement capabilities, and enhanced reporting readiness. Following the implementation of CRST in 2025, future efforts will focus on enhancing scenario analysis methodologies, expanding Scope 3 emissions measurement, and strengthening modelling capabilities to support more forward-looking and decision-useful disclosures.

At the same time, PruBSN continues to enhance its sustainability and climate-related metrics and reporting framework by improving data governance, quality control processes, and the consistency and reliability of sustainability and climate-related data across business functions and reporting systems. The Company also continues to refine portfolio monitoring approaches and methodologies to support stronger integration of sustainability and climate considerations into business operations, strategy, and investment decision-making.

Looking ahead, PruBSN will continue to align its disclosures with evolving regulatory expectations and emerging sustainability and climate-related reporting standards, including developments in ISSB and climate-related disclosure practices. Through this measured and progressive approach, the Company aims to strengthen its long-term resilience further while supporting sustainable and responsible growth.

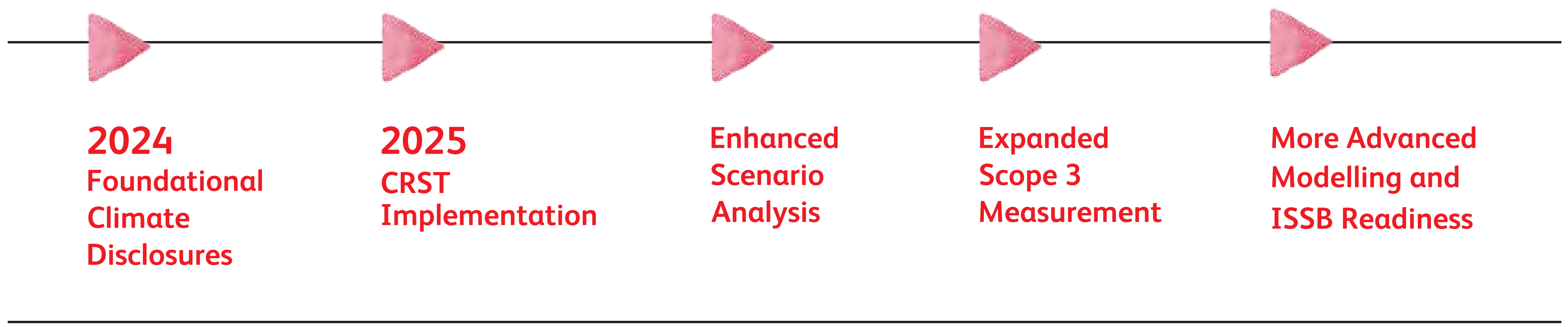


Figure 15: PruBSN's Climate Maturity Journey

DISCLAIMER

This document does not constitute or form part of any offer or invitation to purchase, acquire, subscribe for, sell, dispose of or issue, or any solicitation of any offer to purchase, acquire, subscribe for, sell or dispose of, any securities in any jurisdiction nor shall it (or any part of it) or the fact of its distribution, form the basis of, or be relied on in connection with, any contract therefore.

Basis of preparation and caution regarding data limitations

The climate-related information contained in this document has been prepared on the following basis:

i. The climate-related information is unaudited;

ii. All climate-related information, positions and statements set out in this document are subject to change without notice;

iii. The climate-related information included in this document does not constitute any investment, accounting, legal, regulatory or tax advice or an invitation or recommendation to enter into any transaction;

iv. The climate-related information included in this document may have been prepared using models, methodologies and data which are subject to certain limitations. These limitations include: a lack of reliable data (due, amongst other things, to developing measurement technologies and analytical methodologies); a lack of standardisation of data (given, amongst other things, the current lack of international coordination on data and methodology standards); and future uncertainty (due, amongst other things, to changing projections relating to technological development and global and regional laws, regulations and policies, and the inability to make use of strong historical data);

v. The models, external data and methodologies used in climate-related information included in this document are or could be subject to adjustment which is beyond PruBSN's control;

vi. Any opinions and estimates should be regarded as indicative, preliminary and for illustrative purposes only. Expected and actual outcomes may differ from those set out;

vii. The climate-related data contained in this document reflects available information and estimates at the relevant time;

viii. Where PruBSN has made use of any methodology or tools developed by a third-party, the application of the methodology or tools (or consequences of its application) shall not be interpreted as conflicting with any legal or contractual obligations and such legal or contractual obligations shall take precedence over the application of the methodology or tools;

ix. Where PruBSN has made use of any underlying data provided or sourced by a third-party, the use of the data shall not be interpreted as conflicting with any legal or contractual obligations and such legal or contractual obligations shall take precedence over the use of the data;

x. Further development of reporting, standards or other principles could impact the climate-related information in this document, or any metrics, data and targets (it being noted that Environmental, Social and Governance reporting and standards are subject to rapid change and development).

PRUDENTIAL BSN
TAKAFUL

VISUAL REFERENCES

The illustrations featured throughout this report depict selected Malaysian landmarks, natural landscape and sustainable infrastructure that reflect the connection between people, nature, heritage and development.

These visuals are intended to support the report's sustainability narrative and do not represent PruBSN operations or investment exposures unless otherwise stated.


Putrajaya
Putrajaya, Malaysia


Menara Prudential
Tun Razak Exchange (TRX)


Kuala Lumpur Skyline
Kuala Lumpur, Malaysia


Bangunan Sultan Abdul Samad
Dataran Merdeka, Kuala Lumpur


Perdana Botanical Gardens
Kuala Lumpur, Malaysia


Masjid Wilayah Persekutuan
Kuala Lumpur


Dewan Undangan Negeri Sarawak
Kuching, Sarawak


KL Tower
Kuala Lumpur, Malaysia


The Exchange 106
Tun Razak Exchange (TRX)


Kinabalu Park
Sabah, Malaysia


Large-Scale Solar Farm
Malaysia


Langkawi UNESCO Global Geopark
Langkawi, Kedah, Malaysia


Tanjung Piai National Park
Johor, Malaysia


Suruhanjaya Tenaga Diamond Building
Putrajaya, Malaysia


Merdeka 118
Kuala Lumpur, Malaysia


Forest Research Institute Malaysia (FRIM)
Kepong, Selangor, Malaysia


Petronas Twin Towers
(Kuala Lumpur City Centre)
Kuala Lumpur, Malaysia

“If the Hour (Day of Judgment) is about to be established and one of you has a sapling in his hand, then let him plant it.”

(Hadith of the Prophet, narrated by Ahmad)

CONTACT

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