PRUDENTIAL BSN TAKAFUL

TCFD REPORT 2024

"Rather, seek the (reward) of the Hereafter by means of what Allah has granted you, without forgetting your share of this world. And be good (to others) as Allah has been good to you. Do not seek to spread corruption in the land, for Allah certainly does not like the corruptors."

The Quran (Al-Qasas 28:77)

At PruBSN, we carry out our responsibility with integrity, ensuring that our business decisions create meaningful value for both people and the planet while avoiding harm. This principle guides our commitment to sustainability, fairness, and resilience in everything we do — For Every Life, For Every Future.

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1.1 Message from CEO

Wan Saifulrizal Wan Ismail
Chief Executive Officer

At Prudential BSN Takaful Berhad (PruBSN), our role extends beyond providing financial protection—it is about helping build a more secure, sustainable future for the people and communities we serve. In a world where climate-related risks are becoming more severe and complex, we recognise the urgent need to respond with integrity, foresight, and collective purpose.

This inaugural Task Force on Climate-related Financial Disclosures (TCFD) Report marks a significant milestone in our journey. It reflects how we are integrating climate-related considerations into our governance, strategy, and operations—laying the foundation for long-term resilience and accountability in the face of a changing world.

Our sustainability journey has been steadily building momentum. In 2019, we moved our operations to a green-certified building, designed to support energy efficiency and reduce our overall environmental impact. The following year, we began incorporating climate-related risks into our organisational development efforts, ensuring that our leadership and teams were equipped to respond to emerging sustainability challenges. By 2021, we had formalised our Sustainability Framework and established our Sustainability Steering Committee, strengthening our internal governance and aligning our efforts with national priorities.

From 2022 onwards, we took deliberate steps to deepen the integration of sustainability into our business. We made a firm commitment to exclude coal-related sukuk from new investments and took steps to reduce these investments over time. In 2023, we launched Takafulink Dana ESG Global, our first sustainability fund, giving our customers access to investments that reflect both financial and environmental value.

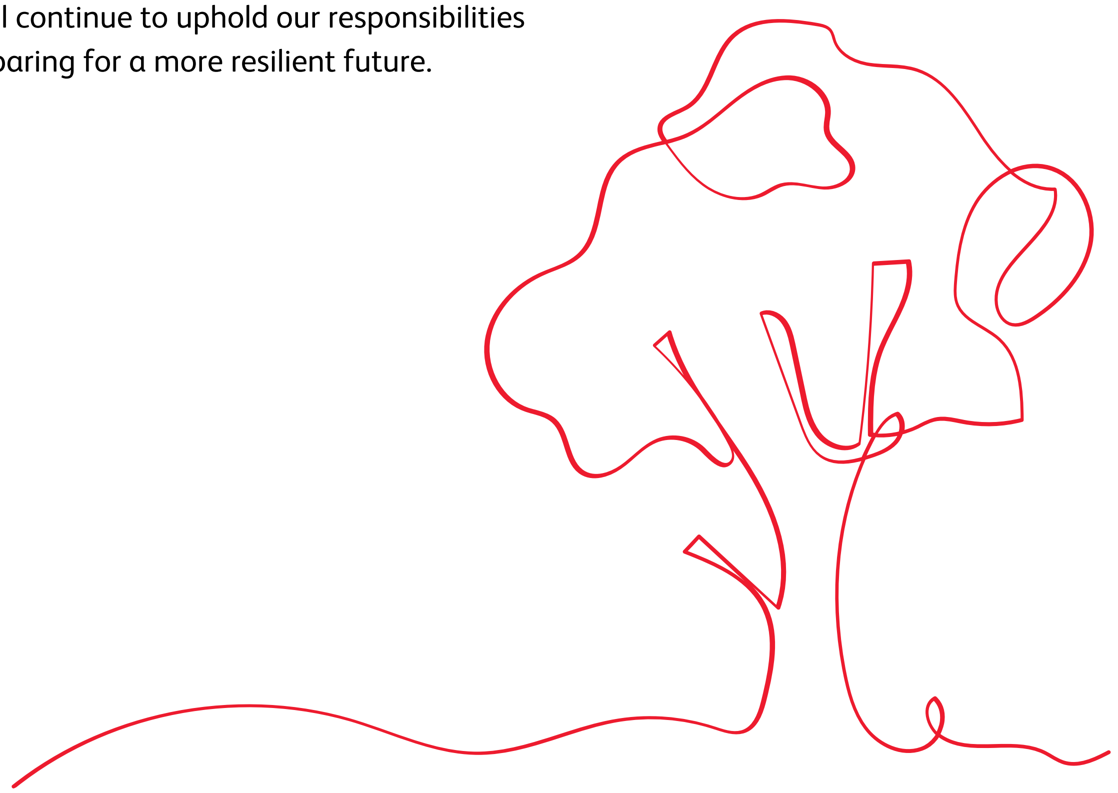
In 2024, we began seeing the impact of these efforts. We recorded a 49% reduction in the carbon intensity of our investment portfolio as measured by Weighted Average Carbon Intensity (WACI), with a WACI coverage of 30.5%, and achieved an 87% reduction in Scope 2 emissions compared to our 2019 baseline. We also reduced exposure to carbon-intensive sectors, divesting 40% of sukuk issued by companies with significant coal-related revenues. These outcomes demonstrate our determination to transition from intention to measurable progress.

As we present this first climate-related financial disclosure, we reaffirm our commitment to transparency and shared accountability. Through our participation in the Joint Committee on Climate Change (JC3) and contributions through the various committees within the Malaysian Takaful Association (MTA), we collaborate with industry peers and regulators to enhance sector-wide climate resilience and support the development of aligned policies.

Looking ahead, our ambition remains clear: to achieve net zero as an asset owner by 2050. We know this goal will require sustained investment in our people, continuous innovation in our processes, and strong partnerships across sectors. Our approach will continue to be informed by data, driven by purpose, and rooted in the belief that inclusive, sustainable progress benefits everyone.

To our customers and participants, we extend our sincere appreciation for your continued trust. To our Board of Directors and the Sustainability Steering Committee, thank you for your unwavering leadership and guidance. And to our employees and partners, your commitment remains the cornerstone of our sustainability journey.

Together, we will continue to uphold our responsibilities today while preparing for a more resilient future.



1.2 About this Report

At PruBSN, our purpose "For Every Life, For Every Future" drives our commitment to sustainability, resilience, and responsible risk-sharing through our accessible and diverse range of Takaful product offerings. In serving our customers, we recognise that climate change is not just an environmental issue but a financial and social imperative, directly affecting the communities and Takaful participants we serve. The increasing frequency and severity of climate-related risks, such as floods, extreme weather, and biodiversity loss, present significant challenges to the financial and Takaful sectors. As a Takaful operator, we must assess how these risks affect investment decisions and the long-term financial security of our participants.

The Task Force on Climate-related Financial Disclosures (TCFD), established by the Financial Stability Board, aims to create a standardised framework for transparent climate-related financial disclosures. PruBSN's report aligns with TCFD recommendations and regulatory expectations, including:

- Bank Negara Malaysia's (BNM) Climate Risk Management and Scenario Analysis Policy
- Malaysian Takaful Association's Value-based Intermediation for Takaful Framework
- Global Climate and ESG Standards

PruBSN's goals include enhancing transparency with clear disclosures, demonstrating accountability in integrating sustainability into its Takaful model, and supporting informed decision-making for stakeholders. Guided by TCFD, our climate risk management approach emphasises ethical risk-sharing and mutual cooperation. By continuously engaging with stakeholders and refining methodologies, PruBSN aims to contribute to Malaysia's low-carbon transition while upholding its commitment to financial and environmental sustainability.

" PruBSN's approach to climate-related risk management is guided by TCFD recommendations, providing a structured and transparent framework for assessing, managing, and disclosing climate-related risks. This approach is further strengthened by Takaful's values-driven principles, which emphasise mutual cooperation and Shariah-compliant risk-sharing—ensuring that our offerings promote both financial resilience and environmental stewardship. "

Anita Menon
Chief Risk Officer

TCFD

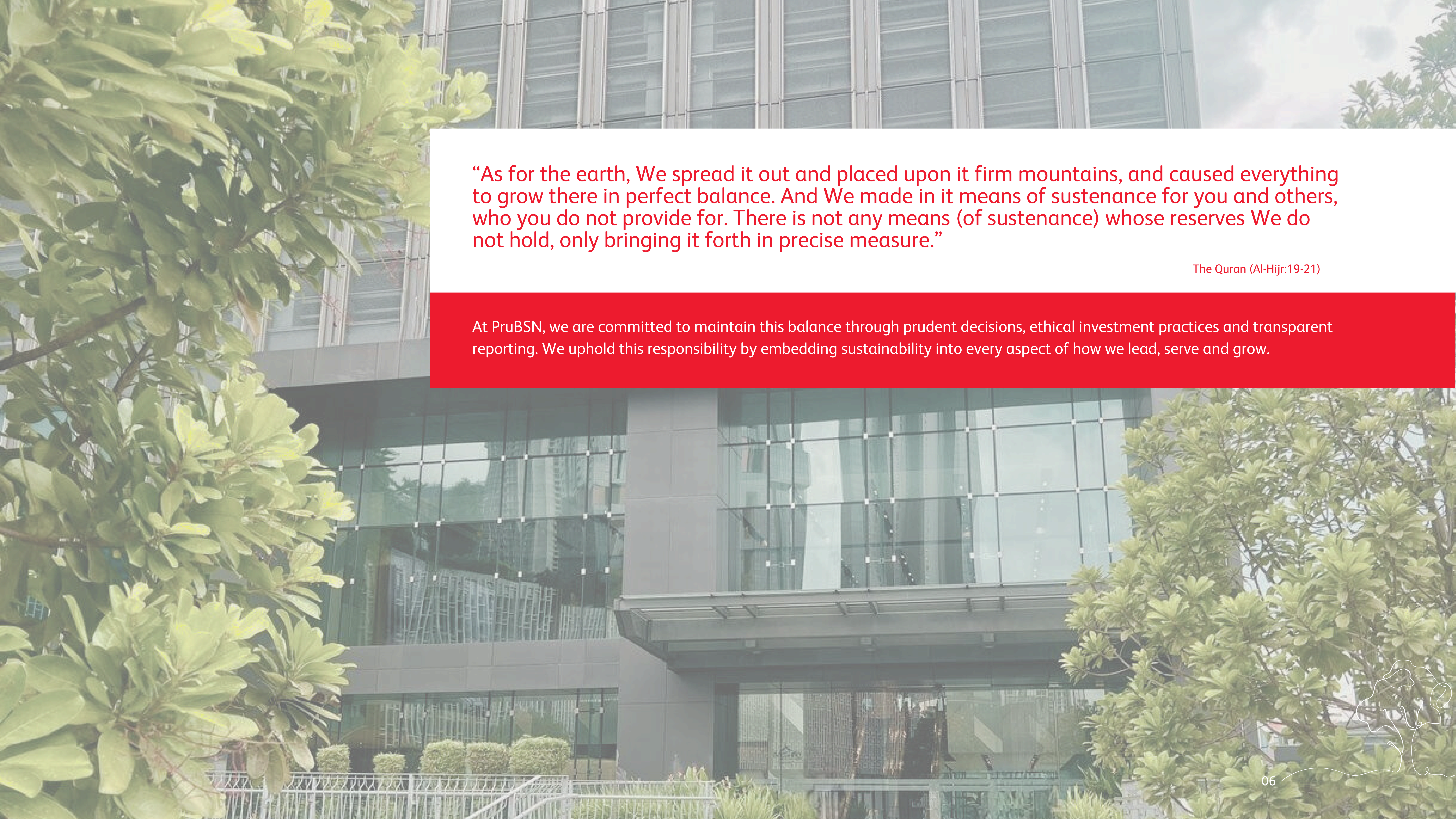
The TCFD framework consists of four disclosure areas, and they serve as the foundation of this report:

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

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

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

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



"As for the earth, We spread it out and placed upon it firm mountains, and caused everything to grow there in perfect balance. And We made in it means of sustenance for you and others, who you do not provide for. There is not any means (of sustenance) whose reserves We do not hold, only bringing it forth in precise measure."

The Quran (Al-Hijr:19-21)

At PruBSN, we are committed to maintain this balance through prudent decisions, ethical investment practices and transparent reporting. We uphold this responsibility by embedding sustainability into every aspect of how we lead, serve and grow.

2.1 Organisation Structure for Climate Governance

PruBSN has established a clear governance structure to oversee climate-related risks and opportunities, ensuring alignment with our strategic objectives and regulatory expectations. Climate governance is integrated across all levels of the organisation—Board, senior management, and business units—with defined roles to support effective decision-making and accountability. This structure is reinforced by the Three Lines of Defence model, ensuring clear responsibilities, oversight, and assurance across the organisation.

3 LINES OF DEFENCE

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.

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.

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.

BOARD OF DIRECTORS (The Board)

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.

Meets a minumum of six times annually, with additional meetings upon request.

Board Risk Management Committee (BRMC)

Oversees the effectiveness of climate risk management and reviews key climate-related risk exposures, mitigation strategies, and disclosures before escalation to the Board.

Meets quarterly, with additional meetings upon request.

Board Investment Committee (BIC)

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.

Meets quarterly, with additional meetings upon request.

Sustainability Steering Committee (SSC)

Chaired by the Chief Risk Officer, the SSC 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.

Meets a minimum of three times annually, with additional meetings upon request.

Sustainability Team

Leads the integration of climate-related risks and opportunities across the organisation by developing policies, frameworks, and disclosures. The team also monitors regulatory developments, supports capacity building, and works closely with business units and risk functions.

Individual Business Units

Business units are responsible for identifying, managing, and escalating climate-related risks and opportunities within their areas of operations. To embed sustainability—including climate-related risks and opportunities—into business-as-usual (BAU) practices, PruBSN has appointed Pillar Sponsors (members of the Executive Committee) and Pillar Leads for each sustainability pillar. These leaders are accountable for driving initiatives, tracking progress against sustainability goals, and ensuring alignment with both regulatory expectations and the company's strategic objectives. This structure enables ownership at the business level and fosters cross-functional collaboration on climate-related actions.

OVERSIGHT

MANAGEMENT

INTEGRATION AND PROMOTION

IMPLEMENTATION

2.2 Board-Level Climate Governance

At the Board level, climate-related governance is embedded through the roles of the full Board and its supporting committees.

Roles and Responsibilities: 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.
- The BIC oversees investment decisions and monitors the alignment of the investment portfolio with sustainability goals. This includes reviewing progress on emissions intensity (WACI), responsible investment strategies, and the use of sustainability screening or exclusions.

Discussions and Key Decisions: The Board receives regular reporting on material climate-related matters, where risk exposures, emissions performance and regulatory updates, are presented and discussed. In 2023, the Board approved the company's Climate Risk Appetite. In November 2024, two significant policies related to climate governance were approved — the Responsible Investment Policy and the Climate Disclosure Policy. These approvals reinforce PruBSN's commitment to embedding climate considerations into decision-making and enhance the organisation's ability to meet both its medium-term target of reducing carbon intensity by 55% by 2030 and its long-term ambition to achieve net zero as an asset owner by 2050.

Accountability and Renumeration: Accountability for climate-related matters is embedded across PruBSN's governance structure. While the Board's remuneration is not directly linked to climate-related performance at this stage, it retains ultimate accountability for the organisation's sustainability outcomes.

As climate governance matures, PruBSN will continue to strengthen the link between sustainability performance and remuneration to support long-term value creation and regulatory alignment.

Board Competency and Training: In 2024, all members of PruBSN's Board of Directors participated in a series of sustainability and climate-related training programmes to enhance their oversight capacity in line with TCFD expectations. These included both internal and external engagements on topics such as carbon markets, sustainable finance, climate governance, and reporting standards. One Board member also holds a formal certification in Circular Economy and Sustainability Strategies from the University of Cambridge, as well as the Sustainability and Climate Risk certification from the Global Association of Risk Professionals, further strengthening the Board's collective competency in guiding the company's climate agenda.

2.3 Management-Level Climate Governance

The Executive Committee (EXCO), holds overall responsibility for managing climate risks within the organisation. The Sustainability Steering Committee (SSC), a sub-committee of the The Executive Committee, led by the Chief Risk Officer (CRO), holds overall responsibility for managing climate-related risks and opportunities within the organisation. The SSC provides oversight on sustainability and climate-related matters. The SSC is supported by the Sustainability team, which is responsible for coordinating the integration of climate concerns into business operations, managing climate risk initiatives, and overseeing related disclosures and reporting activities.

Roles and Responsibilities: BNM does not require a Chief Sustainability Officer (CSO) by title, but it does expect clear senior-level accountability for climate and sustainability matters. In PruBSN, this role is played by the CRO. The CRO is responsible to bring climate-related matters to the Executive Committee (including, but not limited to the SSC, Risk Management Committee and Investment Committee) for integration into business and strategy planning, and ensure due process for climate governance and reporting to the Board and Board Committees.

Responsible Investment Policy

The Responsible Investment Policy provides a structured framework for aligning portfolio management with sustainability principles, including the use of ESG screening and carbon intensity monitoring.

Climate Disclosure Policy

Climate Disclosure Policy ensures that reporting practices are consistent, transparent, and aligned with both TCFD and BNM's expectations, enabling the company to communicate its progress credibly to stakeholders.

These policies strengthen accountability, guide action, and support PruBSN's transition to a more resilient and sustainable future.

GOVERNANCE

Engagement with the Board: Senior management engagement with the Board and Board Committees occur through regular reporting and deliberation sessions on material climate-related matters such as risk exposures, emissions performance and regulatory updates.

Accountability and Renumeration: At the management level, designated Pillar Sponsors (Exco members) are responsible for driving sustainability and climate-related initiatives under their assigned pillars. These responsibilities are incorporated into their Key Performance Indicators (KPIs) and influence performance assessments and incentive outcomes. This ensures that climate-related priorities are championed by leadership and integrated into business execution.

Climate-related Training: The CRO and the Head of Risk Management and Sustainability have attained the Sustainability and Climate Risk certification of the Global Association of Risk Professionals. In addition, the PruBSN leadership and management teams have undergone various sustainability and climate training, including modules focused on climate-related risks in the context of Takaful and Shariah principles.

These trainings aim to strengthen their capacity for informed decision-making and oversight of sustainability and climate-related matters. They have also attended and participated in climate-related conferences and forums.

3.1 Climate Risk Identification and Assessment

PruBSN views climate risk as a cross-cutting risk that affects multiple areas of the business, rather than a standalone risk category. This approach supports a double materiality perspective, considering both the financial impacts of climate risks on the business and the company's impact on the environment and society.

We define climate-related risks in accordance with the TCFD recommendations, distinguishing between:

- Transition risks, which arise from policy, regulatory, technology, legal, market, and reputational changes associated with the transition to a low-carbon economy.
- Physical risks, which include both acute risks (e.g., extreme weather events) and chronic risks (e.g., long-term climate shifts such as rising temperatures or sea levels).

CLIMATE RISK REGISTER

PruBSN maintains a Climate Risk Register, developed through annual workshops with key business units. The identified risks are assessed on three parameters; likelihood, velocity and impact. This allows the Company to evaluate risks across three different time horizons (short, medium and long-term) and prioritise the most material risk exposures.

The following table summarises the results of this assessment.

PruBSN's 2024 Climate Risk Assessment

Climate Risk Type	Transition Risk	Transition Risk	Physical Risk	Physical Risk
Area of Risk and Description	Strategy Implementation	Financial Resilience	Takaful and Product Risk	Operational Resilience
	Integrating climate considerations into its business strategy, it is essential that PruBSN strikes a balance between various stakeholder expectations, manage reputational risks, and effectively communicate climate commitments. Embracing a proactive approach ensures that opportunities are not missed while maintaining competitive advantage.	Investments face long-term climate risks, especially in high-emission sectors. Short to medium term, these investments and assets may experience transition risks such as price volatility, reduced liquidity, regulatory changes, and declining demand. Failure to adapt to a low carbon business model could lead to asset impairments, downgrades, and/ or stranding.	Climate change can potentially impact customer health and livelihoods, affecting mortality and morbidity, as well as the sustainability of family takaful and health solutions. Not adapting to customer preferences for sustainable products or addressing new health risks could reduce market competitiveness.	Climate change can affect the continuity of business operations and increase operational expenses. Rising temperatures and more frequent severe weather events, such as intense rainfall, may lead to increased energy demands, access disruptions, or service interruptions, particularly when third-party service providers or the buildings we occupy are affected. It is important to consider the potential impacts of climate-related events, including localised flooding, on operational resilience and to incorporate these into our operational risk scenarios.
Affected Time Horizon	Short and Medium Term	Medium and Long Term	Medium and Long Term	Medium and Long Term

3.2 Climate Risk Management

Climate-related risks are actively managed through established processes and controls within PruBSN's risk management framework. These risks are embedded in broader risk categories such as investment risk, operational risk, reputational risk, and strategic risk—reinforcing a unified and integrated approach.

Risk Appetite

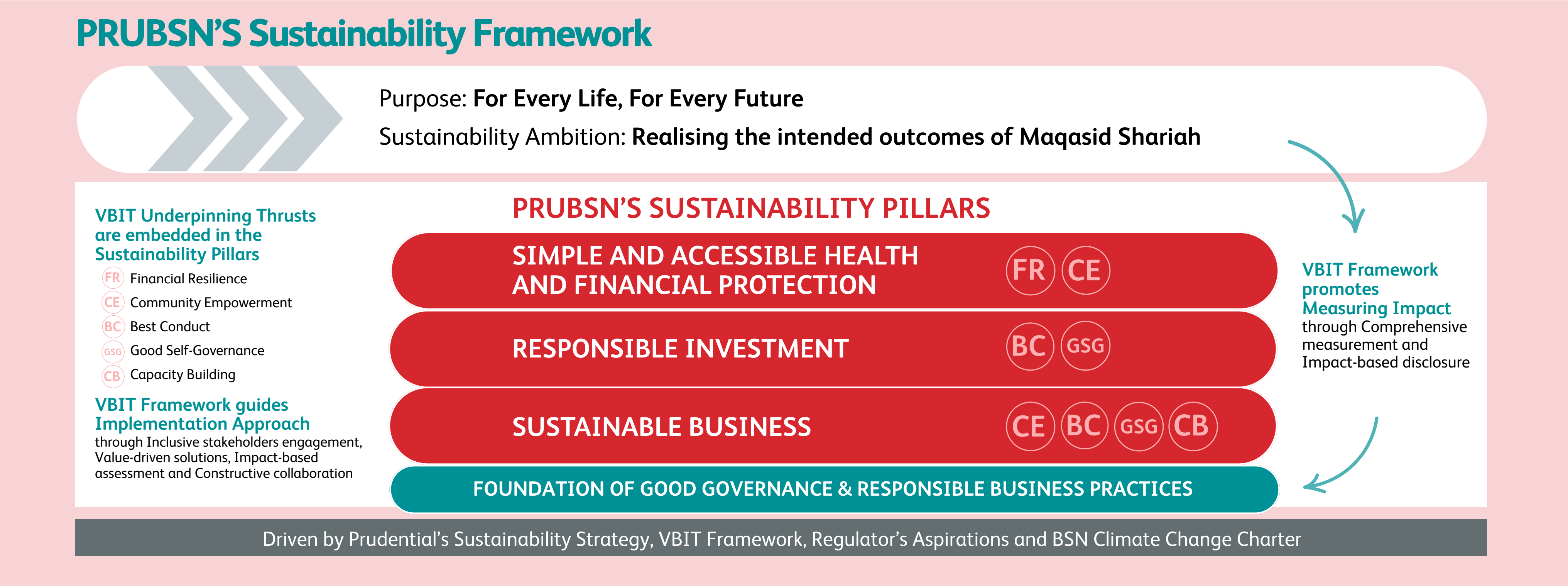
The company's risk appetite framework reflects a low tolerance for unmanaged climate exposure, particularly in high-carbon investments or operations that could jeopardise financial or reputational resilience. Climate risk is addressed within existing policies and procedures, including compliance, Shariah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

Processes and Controls: PruBSN's risk management process includes risk ownership, development of mitigation measures, and ongoing monitoring through key committees, including the SSC and BRMC. Controls include internal policies, due diligence measures, and integration into investment screening.

Several of our strategic initiatives—including the launch of the ESG fund, emissions tracking, and internal awareness programmes—also serve as indirect controls for managing climate risk. More details of these initiatives and their strategic alignment are disclosed in the Strategy section of this report.

Performance Monitoring: Performance monitoring of climate risk is ongoing, using metrics such as Weighted Average Carbon Intensity (WACI), Scope 2 emissions, and progress against climate-related strategic targets. This ensures that climate risk management remains dynamic, measurable, and aligned with the company's broader sustainability objectives.

Looking Forward: PruBSN is in the process of implementing scenario analysis and stress testing to further enhance the identification and assessment of climate risks. This ongoing work aims to provide deeper insights into the potential financial and operational impacts of various climate transition pathways and physical risk scenarios, thereby facilitating greater efficiency in risk mitigation and risk management.



3.3 Integration into Overall Risk Management

Climate-related risks are managed within PruBSN's Risk Framework, which provides the foundation for identifying, assessing, managing, and monitoring all material risks across the organisation. Climate risks—both physical and transition—are treated as transversal risks that may impact multiple existing risk categories such as takaful risk, market risk, operational risk, and reputational risk. These risks are incorporated into the risk register and subject to ongoing monitoring, escalation, and reporting processes.

Complementing the Risk Framework, PruBSN's Sustainability Framework (presented above) provides strategic alignment between our sustainability ambitions, including climate action, and external expectations such as the Value-Based Intermediation for Takaful (VBIT) framework and BNM's climate-related aspirations. While the Sustainability Framework guides the integration of climate considerations into strategic planning and business activities, the Risk Framework ensures those risks are actively governed and managed within defined risk tolerances.

PruBSN has also developed a climate-related risk appetite, which is embedded within the broader Risk Appetite Framework. This sets clear boundaries for acceptable exposures to climate risks and supports sound decision-making across business units and investments. The climate risk appetite helps ensure that strategic and operational decisions are consistent with our sustainability goals and regulatory commitments. As we continue to advance our climate risk capabilities, we are enhancing our data, tools, and methodologies to improve forward-looking assessments and resilience planning.

4.1 Climate Risk Management Strategy for Business Operations

Identification and Impact: Through our annual Climate Risk Register assessment, several risks related to business operations were identified, including exposure to reputational risk, regulatory non-compliance, and operational disruption due to climate-related events. These risks were assessed to be medium to high rated, particularly reputational risk from stakeholder scrutiny and perceived inaction.

Strategy and Initiatives: PruBSN embedded climate considerations into operational decision-making and has managed to reduce its Scope 2 emissions by 87% since 2019. This was primarily as a result of moving to a new and more energy efficient head-office and renewable energy procurement via Green Electricity Tariff (GET) Programme of TNB and Renewable Energy Certificates (RECs) by Sarawak Energy. Operational resilience is further supported by digitalisation strategies that improve service continuity and reduce resource dependence.

Risk Appetite Alignment: PruBSN maintains a very low appetite for climate-related operational risks, especially where such risks may impact customer trust, Shariah compliance, or regulatory alignment. Operational climate risks are managed with ongoing reviews and performance monitoring, ensuring that mitigation aligns with both environmental and organisational values.

4.2 Climate Risk Management Strategy for Investment Portfolio

Identification and Impact: One of the key risks identified through the Climate Risk Register was transition risk within the investment portfolio, particularly exposure to sectors considered "brown" or misaligned with a low-carbon economy. Such assets may face impairments, downgrades, stranding, carbon taxation or declining investor confidence, threatening financial resilience.

Strategy and Initiatives: To mitigate these risks, PruBSN developed and adopted a Responsible Investment Policy to guide its investment-decision making and continued offering its sustainability fund, Takafulink Dana ESG Global, to its customers. High-carbon assets are actively monitored and excluded where appropriate. The portfolio's WACI score has improved significantly following the strategic decision to emphasise divestment and no new investment in coal-intensive sectors.

Risk Appetite Alignment: PruBSN maintains a very low appetite for investments in carbon-intensive sectors without a clear transition plan. Our investment strategy focuses on minimising exposure to high-emission sectors while supporting sustainable, Shariah-compliant investments that enhance long-term value and climate resilience.

BUSINESS OPERATIONS
Investing and adopting digitalisation to boost electronic transactions for key functions help minimise paper consumption. The bigger challenge in a successful transition to electronic is changing mindsets, approaches and ways of working for staff, agents and customers.

INVESTMENT PORTFOLIO
Strengthening PruBSN's position and commitment to sustainability, the Takafulink Dana ESG Global Fund encourages purposeful investing by aligning financial objectives with ESG principles. The fund offers customers the opportunity to prioritise sustainability in their investment choices.

Business Plan 2024

Climate-related Strategies for Business Operations 2024

- Embraced digitalisation and increased transactions by electronic means to reduce paper usage
- Enhanced Standard Operating Procedures (SOPs) and Sustainable Sourcing
- Implemented the use of renewable energy sources at PruBSN branch and agency offices via the GET scheme

Climate-related Strategies for Investment Portfolio 2024

- Continued divestment of investments to reduce carbon exposure by disposing at least 20% in Sukuk that derives more than 30% of revenue from coal
- Takafulink Dana ESG Global, a sustainability fund launched in mid-2023, to meet the demand of more environmentally-conscious customers, and those who support sustainability
- Monitor and track the WACI score of the company's investment portfolio
- Board Approval of Responsible Investment Policy

4.3 Climate Risk Management Strategy for People and Culture

Identification and Impact: PruBSN recognises that one of the most critical risks is a lack of internal awareness or readiness to respond to climate-related risks and opportunities. Risks include slow organisational adaptation, poor communication of sustainability strategy, and inability to leverage on potential opportunities.

Strategy and Initiatives: PruBSN places high priority on internal engagement and capabilities-building. In 2024, all Board members and senior management participated in various sustainability and climate-related training programmes, including National Climate Governance Summits, reporting standards workshops, and in-house training sessions such as Prudential Earth Observatory Singapore Study. All staff were required to complete the compulsory PruBSN Sustainability 101. Additionally, sustainability-related KPIs are embedded in the performance scorecards of PruBSN's senior management, particularly for Exco members serving as Pillar Sponsors. These KPIs influence performance assessments and incentives, ensuring leadership accountability. Starting in 2025, PruBSN has expanded sustainability-related KPIs to all people managers, reinforcing shared responsibility and supporting the integration of sustainability into everyday decision-making and leadership practices across the organisation.

Risk Appetite Alignment: PruBSN maintains a very limited appetite for climate-related misalignment caused by internal governance gaps or communication failures. We believe a strong culture of climate literacy and shared accountability is fundamental to effective risk mitigation and long-term strategic success.

PEOPLE AND CULTURE

The company's inaugural Sustainability Day was held in August 2024. PruBSN focused on the role of Khalifa and circular economy, emphasising key messages on climate risks, climate action, and sustainable practices. Employees were encouraged to actively participate in various sessions ranging from practical talks and hands-on activities as well as games and competitions. Raising sustainability awareness is given priority by PruBSN as we see it as vital for fostering a workplace culture where employees share ownership and responsibility for climate action.

Business Plan 2024

Climate-related Strategies for People and Culture 2024

- Board of Director's training to include climate-related topics
- Inclusion of sustainability KPIs for Executive Committee members and Leadership team
- Upskill Investment Team by obtaining certifications in CFA ESG Investing
- Mandatory computer-based training on Sustainability for all staff
- Inaugural Sustainability Day to create awareness among staff and stakeholders

METRICS AND TARGETS

5.1 Medium and Long-term Targets

PruBSN remains steadfast in our goal to achieve net-zero emissions across our portfolio by 2050, aligning with the Intergovernmental Panel on Climate Change (IPCC) pathways to maintain the global temperature rise well below 2˚C, as outlined in the Paris Agreement. This goal takes into account all green house gas emissions within PruBSN's portfolio and is measured in carbon dioxide equivalents (CO2e).

The company has established two major climate goals: a medium-term target to reduce carbon emissions intensity by 55% by 2030 (using 2019 as the baseline), and a long-term target to become a net zero asset owner by 2050. These commitments demonstrate clear and measurable Metrics and Targets used to assess and manage relevant climate-related risks and opportunities over time.

2030
MEDIUM TERM
55% reduction of carbon emissions[1] intensity by 2030

2050
LONG TERM
Net Zero asset owner by 2050

Note: Against 2019 baseline

PruBSN also integrates the six Principles of Reponsible Investment (PRI)[2] within its framework and aims to align its carbon reduction policy with the guidelines established by the Net Zero Asset Owner Alliance (NZAOA), covering asset classes, carbon metrics, base year, and more. In accordance with the NZAOA, PruBSN aims to establish a set of five-year intermediate carbon reduction targets for the portfolio. The current interim target is to achieve a 55% reduction in the Weighted Average Carbon Intensity (WACI) of the portfolio by 2030, ensuring that the measures taken to lower the WACI do not lead to significant realised losses for the invested funds.

5.2 Key Climate-related Metrics

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

BUSINESS OPERATIONS

Total Scope 2 GHG Emissions

2019	2024
605,961 kgCO2e	79,970 kgCO2e

REDUCTION 87%

METHODOLOGY

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.

For 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 2024, in line with PruBSN's financial year. Scope 2 emissions are calculated using the formula: (Scope 2 = Electricity consumed x Emission Factor). The annual electricity consumption is derived from the total monthly kWh usage. In cases where monthly kWh data is unavailable, we estimate the consumption by dividing the electricity bill amount by the applicable cost per kWh. The IEA GHG Emission Factors were used for the respective year - 2019 factors for the baseline year and 2024 factors for the current reporting year. The location-based emission factor is applied to buildings not covered under any renewable energy sources like TNB Green Electricity Tariff (GET) or Sarawak Energy Renewable Energy Certificates (RECs). For buildings that applied GET scheme, the electricity consumed under the scheme is calculated using the market-based emission factor. Notably, the sharp reduction in Scope 2 emissions is attributed to our headquarters being a certified green building and the purchase of RECs to match our electricity consumption. This reflects our commitment to support the renewable energy market and reduce our location-based emissions footprint.

PruBSN acknowledges the relevance of Scope 3 GHG emissions, which represent indirect emissions across our value chain. We are currently evaluating data sources and methodologies to support the inclusion of material Scope 3 categories in future disclosures.

1. **Carbon emissions** refers to carbon dioxide equivalent emissions (CO2e) per the Greenhouse Gas (GHG) Protocol, including carbon dioxide (CO2), methane (CH4), nitrous oxide (N2O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCS), sulphur hexafluoride (SF6) and nitrogen trifluoride (NF3).

2. See https://www.unpri.org/about-us/what-are-the-principles-for-responsible-investment

INVESTMENT PORTFOLIO

Weighted Average Carbon Intensity (WACI) Score

2019	2024
WACI Score: 1,947	WACI Score: 985*

REDUCTION 49%

* WACI Coverage: 30.5%

METHODOLOGY

WACI[3] is calculated in accordance with the Partnership for Carbon Accounting Financials (PCAF) Standards, covering the reporting period from 1 January to 31 December 2024. This metric is based on the Scope 1 and 2 emissions of investee companies, normalized by their revenue and weighted according to the value of PruBSN's holdings. In cases where actual emissions data is not available, proxy estimates or modelled data from MSCI Sustainability Index is utilised, based on sectoral or regional benchmarks. WACI is measured for our sukuk investments in the non-investment linked funds. By tracking WACI, we can evaluate how well our portfolio is transitioning toward a low-carbon economy and pinpoint areas for improved climate alignment.

While we are committed to decarbonising our portfolio, we recognise that being part of the emerging markets means that reducing WACI would not be straightforward. Factors like inflation, increased emissions data, and changes in our assets may cause WACI fluctuations. Thus, we do not expect our decarbonisation progress to be linear. We are confident in our ability to manage the WACI fluctuations while staying focused on our net zero goals.

Looking ahead, we will continue collaborating with asset managers, investee companies, and ESG data providers to improve data availability and expand WACI coverage[4], which currently stands at 30.5%. Enhanced data completeness will provide us with greater climate risk insights and bolster our alignment with TCFD and BNM's disclosure expectations.

3. **WACI Score** quantifies the carbon intensity of a PruBSN's investment portfolio by calculating the average GHG emissions (Scope 1 and 2) of portfolio companies per million dollars of revenue, weighted by the proportion of each investment. A lower WACI score indicates that the portfolio is exposed to companies with lower carbon intensity, which is often viewed as more resilient in a low-carbon economy.

4. **WACI Coverage** refers to the percentage of an investment portfolio for which carbon emissions data (Scope 1 and Scope 2) is available and used in calculating the WACI. It shows how much of a company's portfolio has reliable emissions data to actually compute the WACI. A higher coverage percentage means the WACI score is more complete and accurate.

METRICS AND TARGETS

5.3 Next Step: Improvement on Data Availability and Coverage

While PruBSN currently reports on Scope 1 and Scope 2 GHG emissions, Scope 3 emissions—representing indirect emissions across our value chain—are not yet included in our disclosures. These emissions can arise from a wide range of activities, including those related to business travels, employee commuting, agent travel and financed emissions.

PruBSN acknowledges that certain Scope 3 categories may be material to our overall emissions profile, particularly financed emissions given the nature of our business. Understanding and managing these emissions is essential for capturing the full extent of our climate impact and aligning with stakeholder expectations, including regulators, and customers.

However, Scope 3 emissions measurement poses challenges, including limited data availability and dependence on third-party data providers. To address this, PruBSN is taking steps to assess the materiality of relevant Scope 3 categories, improve data collection processes, and evaluate appropriate methodologies for future reporting.

As part of our roadmap, we aim to progressively enhance the transparency and completeness of our emissions reporting. This includes engaging with key stakeholders across our value chain, leveraging industry guidance, and working towards alignment with global frameworks such as the GHG Protocol and PCAF Standards, where applicable.

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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;

vii. 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;

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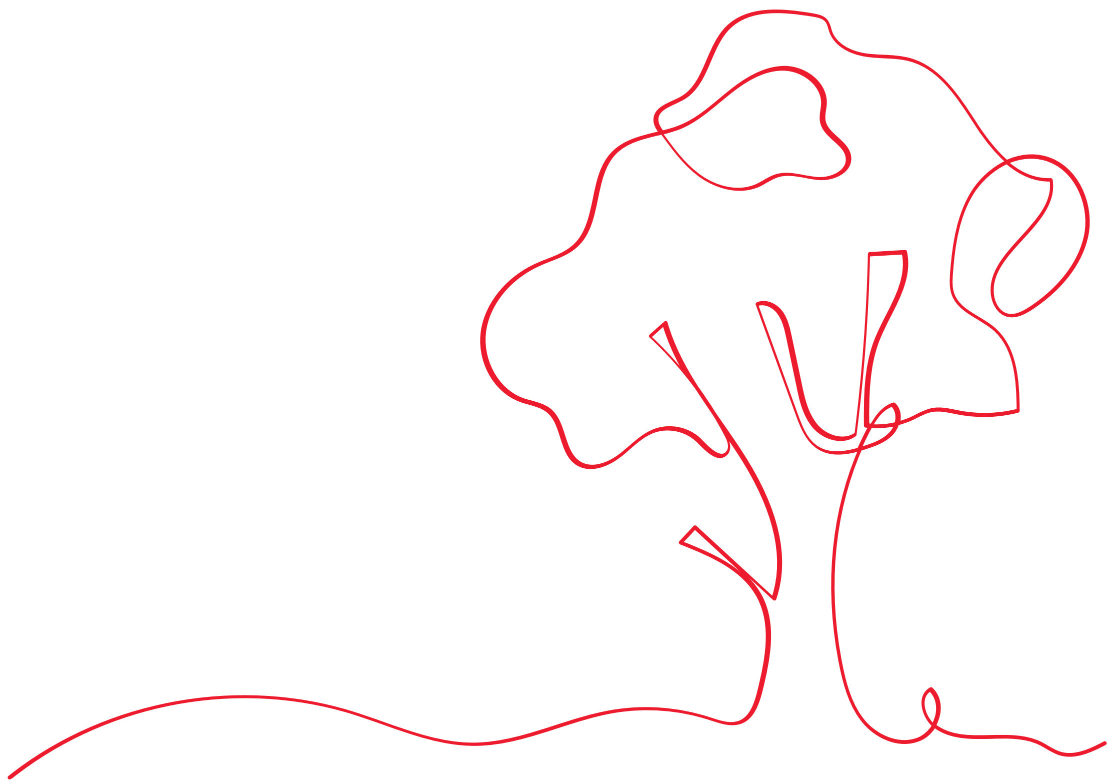

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