Sun Life Malaysia Assurance and Sun Life Malaysia Takaful Climate-related Disclosure 2025

Disclaimer:

This Report has been prepared by the Company in accordance with applicable regulatory guidelines, including Bank Negara Malaysia's Climate-related Risk Management and Scenario Analysis (CRMSA) Policy Document and the JC3 TCFD Application Guide. The information contained herein is provided for general informational purposes only and does not constitute legal, financial, or investment advice.

This Report includes forward-looking statements, targets, and projections relating to sustainability and climate-related matters. These statements are based on current assumptions, expectations, and information available as of the reporting date. Actual results may differ materially due to various factors, including changes in regulatory requirements, market conditions, technological developments, and other unforeseen circumstances. The Company does not undertake any obligation to update or revise these statements unless required by law.

All data and metrics disclosed in this Report are based on the best available information and methodologies at the time of reporting. While reasonable steps have been taken to ensure accuracy and completeness, certain information may be subject to estimation, inherent limitations, or future revisions. This Report should not be construed as providing any guarantee or assurance of future performance.

By accessing this Report, readers acknowledge and agree that the Company shall not be liable for any loss or damage arising from reliance on the information contained herein, except as required under applicable laws and regulations.

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Introduction

In line with the climate-related regulatory requirements issued by Bank Negara Malaysia (BNM) in 2022 for financial institutions, including insurers and takaful operators, Sun Life Malaysia ("the Company") has taken deliberate steps to strengthen its climate resilience and prepare for a low-carbon transition. These efforts are aligned with the Sun Life's (parent company) goal of achieving net-zero greenhouse gas (GHG) emissions for its *investments and operations by 2050.

The Company continues to uphold its climate governance structures, embed climate considerations into strategic planning, advance climate-related risk management, and report metrics and targets to guide progress in managing climate-related risks and opportunities.

The Company's climate agenda aligns closely with the Maqasid Al-Shariah principles outlined in the Malaysian Takaful Association's Value-Based Intermediation in Takaful (2021). Environmental stewardship is inherent in Shariah objectives, which emphasize responsible conduct and the preservation of natural resources. In this context, Shariah perspectives reinforce the moral obligation of boards, management, and employees to understand and manage the organisation's environmental impacts.

Reporting Scope and Frameworks

This Climate-related Disclosure ("Report") builds on the Company's prior climate-related disclosures prepared in accordance with Bank Negara Malaysia's Climate Risk Management and Scenario Analysis (CRMSA) Policy Document. The revised CRMSA (17 March 2025) expands regulatory expectations for financial institutions, including the requirement to progress from the "Basic" to both the "Basic" and "Stretch" recommendations set out in the Joint Committee on Climate Change (JC3) Task Force on Climate-related Financial Disclosures (TCFD) Application Guide for Malaysian Financial Institutions.

In line with these expectations, this Report provides enhanced disclosures across our climate governance, strategy, risk management, and metrics and targets. Our 2025 disclosures underwent internal assurance to confirm that the information presented is accurate, complete, verifiable, and not misleading, consistent with the requirements of the CRMSA Policy Document.

Our Process

To uphold the quality and reliability of our reporting, the Company publishes climate-related financial disclosures annually, supported by internal assurance.

Our 2023 to 2025 greenhouse gas (GHG) emissions, covering Scope 1, Scope 2, and selected Scope 3 categories, have undergone internal assurance. Further details are provided in the GHG Emissions Reporting Methodology section (pages 24 of this report).

Reporting Boundaries

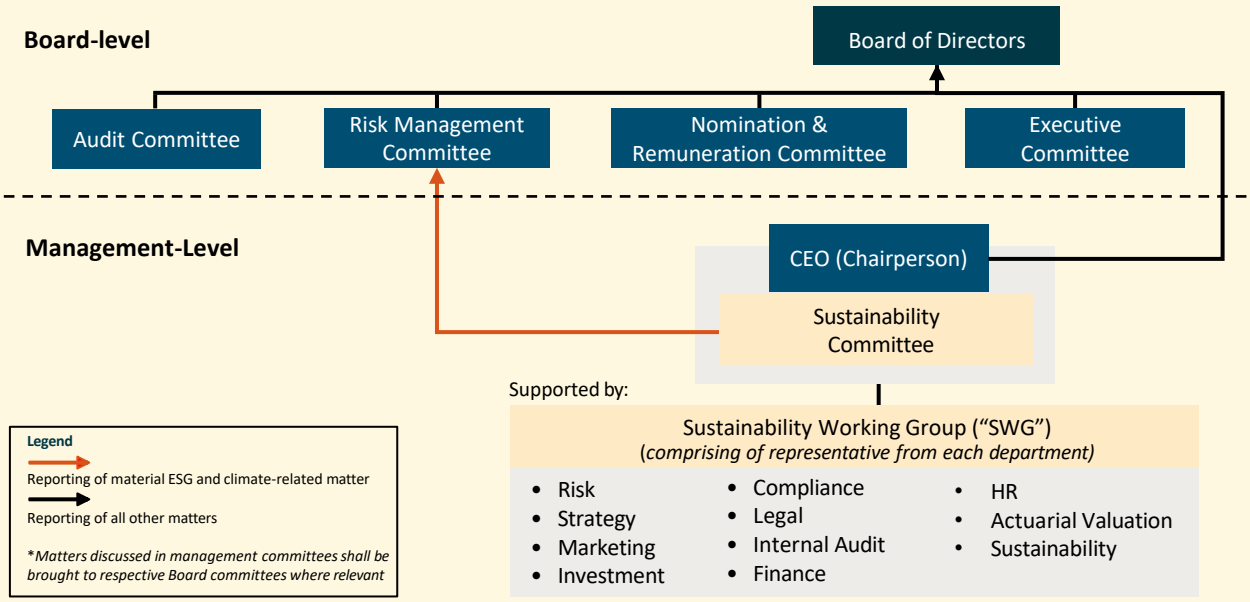
This Report presents the consolidated climate-related information of Sun Life Malaysia Assurance Berhad (SLMA) and Sun Life Malaysia Takaful Berhad (SLMT), collectively referred to as Sun Life Malaysia ("the Company"), for the period 1 January to 31 December 2025. Unless stated otherwise, all disclosures reflect the position and data applicable as of 31 December 2025. References to "we," "our," "us," or "the Company" collectively refer to SLMA and SLMT. All metrics and statements are based on the best available data and information obtained from both entities for the reporting year.

*Sun Life's goal to achieve net zero GHG emissions by 2050 for investments does not include investments of third-party Clients, which are managed by our asset management businesses.

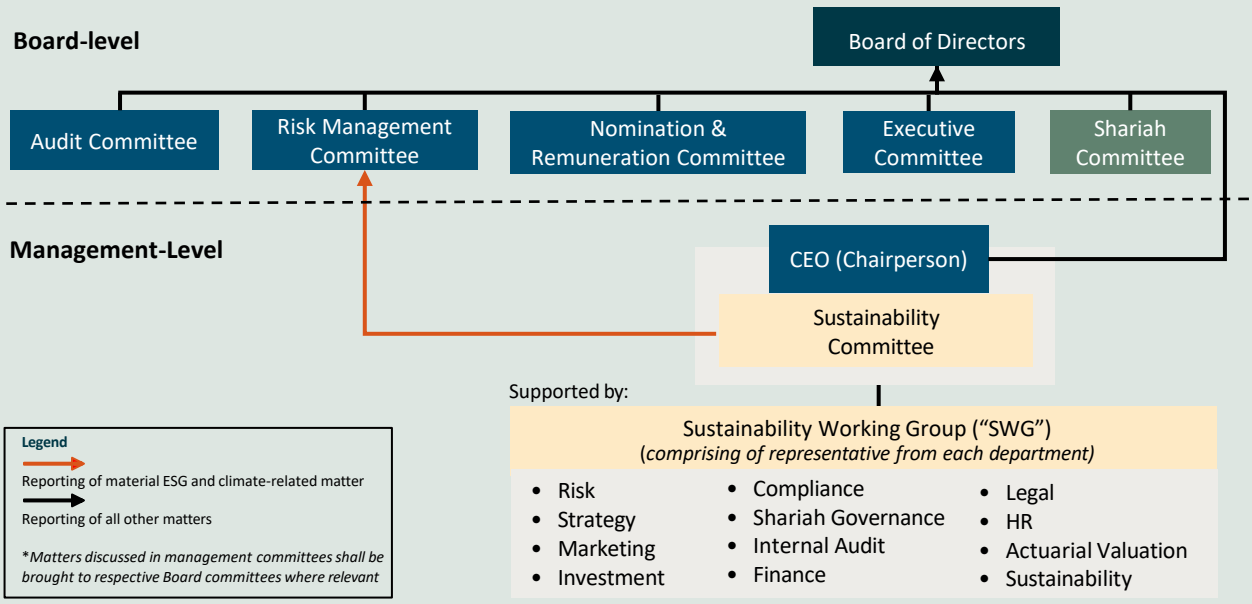
Governance

Sustainability is embedded through a top-down approach, ensuring clear alignment from the Board of Directors to our operational teams. The Board provides strategic oversight of the sustainability agenda, supported by the Risk Management Committee (RMC) and the Sustainability Committee, the latter chaired by our Chief Executive Officer (CEO). This governance structure aims to ensure coordinated decision-making and accountability across the organisation.

SLMA Sustainability Governance Structure



SLMT Sustainability Governance Structure



Board-level

The Board maintains overall accountability for sustainability and climate-related matters, with oversight responsibilities delegated to the relevant Board Committees. The Risk Management Committee (RMC) serves as the primary and dedicated committee overseeing sustainability and climate-related risks and opportunities. The table below outlines the respective roles, meeting frequency, and key sustainability-related discussions and actions undertaken in 2025.

Oversight Committee	Roles and Responsibilities	Meeting Frequency	Matters Discussed
Board of Directors (BOD)	• Oversees the sustainability strategy and incorporates sustainability and climate-related considerations when reviewing and approving the business strategy on an annual basis. • Discusses sustainability and climate-related matters including in relation to reviewing and approving climate-related financial disclosures (in relation to progress against climate change targets and goals). • Assigns roles and responsibilities for the management of climate-related risks to senior management and designate a senior management officer to oversee the effective management of climate-related risks.	Three times annually	• Reviewed and approved sustainability-related matters, including climate-related risks, opportunities, and associated regulatory required policies. • Discussed the company's sustainability strategic priorities to guide its future direction.
Risk Management Committee (RMC)	• Reviews and recommends risk management strategies, policies, risk tolerance and risk appetite, including sustainability and climate-related risks for Board's approval. • Reviews and assesses the results of the scenario analysis and stress test that includes assessment of climate risks before endorsing for Board's approval. • Reviews key risk-related issues, including sustainability and climate-related risks incorporated into the business plan.	Three times annually	• Reviewed and assessed the latest climate-related regulatory requirements. • Reviewed and assessed the latest sustainability reporting standards and requirements. • Reviewed and assessed the results and outcomes of climate-related risks stress testing.

Management-level

The Board maintains overall accountability for sustainability and climate-related matters, with oversight responsibilities The Sustainability unit, led by a dedicated Sustainability Lead, reports directly to the Chief Operating Officer (COO). Both the COO and Sustainability Lead have sustainability-related KPIs and jointly facilitate the Sustainability Committee (the "Committee").

The Committee, co-chaired by the SLMA and SLMT CEO, oversees the Company's sustainability agenda, ensuring alignment with strategic priorities and organisational goals. The Committee is responsible for assessing and managing climate-related risks and opportunities, proposing budgets and strategies, and overseeing the implementation of sustainability policies and processes. It meets monthly (or at least eight times a year) to monitor progress and provides quarterly updates to the Board through the RMC.

The Committee is supported by the Sustainability Working Committee (SWC), comprising representatives from key business functions. The SWC drives the execution of sustainability initiatives, tracks performance against targets, and enables operational integration in line with the Company's governance structure.

Sustainability Committee (members and key business functions):

- President, Country Head and Chief Executive Officer (CEO) of SLMA – Chairperson
- Chief Executive Officer (CEO) of SLMT – Co Chairperson
- Chief Operating Officer
- General Counsel
- Chief Financial Officer
- Chief Investment Officer
- Chief Actuary & Appointed Actuary
- Chief Human Resources Officer
- Chief Marketing Officer
- Chief Client and Digital Officer
- Shariah Governance Officer (SLMT)
- Sustainability Lead

Compliance & Governance / Control Functions:

- Chief Risk Officer
- Chief Compliance Officer
- Chief Internal Auditor
- Company Secretary

Management-level

(continued) In 2025, the Committee's deliberations were increasingly focused on evolving regulatory and industry expectations, with an emphasis on strengthening the Company's readiness to manage climate-related risks and opportunities. Key discussions included a gap analysis against the latest sustainability-related reporting requirements, guided by the Joint Committee on Climate Change (JC3) Taskforce on Climate-related Financial Disclosures (TCFD) "Stretch" Recommendations, the National Sustainability Reporting Framework (NSRF), and Bank Negara Malaysia's Climate Risk Stress Testing (CRST) Methodology Paper. These assessments support the Company's ongoing efforts to enhance regulatory compliance and alignment with leading climate-related disclosure practices.

The Committee also works closely with the Company's Enterprise Risk Management Committee (ERMC), which provides oversight of the enterprise-wide risk management framework to ensure that material risks are systematically identified, assessed, and managed within the Board-approved risk appetite, and in accordance with applicable policies and regulatory requirements. The ERMC oversees operational risk, compliance, business continuity management, and audit issue remediation, and, in collaboration with the Sustainability Committee, reviews Environmental, Social & Governance (ESG) and climate-related risks to support the Company's long-term resilience and sustainability objectives.

Sustainability/ Climate-linked Remuneration

Sustainability and climate-related priorities are embedded within the CEO's annual goal-setting framework and form part of the CEO's performance evaluation. The CEO's remuneration structure links variable pay to both company-wide and individual performance outcomes.

Sustainability and climate-related Objectives and Key Results (OKRs) are integrated into the Company's broader strategic agenda, ensuring alignment with its overall vision and strategic direction. These OKRs support the identification and implementation of initiatives that strengthen resilience to climate-related risks while capturing sustainability-related opportunities.

Board and Management Sustainability Training and Credentials

Sustainability and climate-related competencies are embedded within the Company's annual Board Effectiveness Evaluation (BEE) and Directors' Skills and Competency Assessment, including the integration of sustainability considerations into strategic oversight and decision-making. The Board and senior management are also required to undertake annual sustainability and climate-related training to strengthen governance capabilities, enhance technical understanding, and ensure effective oversight of climate-related risks and opportunities.

To support the integration of sustainability and climate-related considerations into the Company's strategy, the Board and Management have undertaken targeted training on key climate and sustainability topics, as summarised in the table below.

List of annual trainings attended by the Board and Management		
No.	Topics	Participation
1.	Mandatory Accreditation Program Part II: Leading for Impact (LIP) Building high-impact boards for sustainable growth	BOD
2.	Dialogue Session: Reshaping The Future: Islamic Economics for a Humane and Sustainable Future	
3.	Asian Institute of Chartered Bankers (AICB) - Climate Risk Management: What Bank Directors Need to Know	
4.	Asia School of Business (ASB) - Climate Risk Management	
5.	Quarterly Islamic Banking Webinar Series with Dubai Islamic Bank: Sustainable Finance & Responsible Investment Framework	
6.	Climate Reporting Readiness Workshop	
7.	The Sustainability Shift: How Financial Leadership Can Lead the Climate Response	
8.	Reimagining the Future of Insurance: Innovation for a Sustainable Future	
9.	National Climate Governance Summit 2025 - Transition Finance: The Foundation of The Transition Economy	
10.	BNM Sasana Symposium 2025: Structural Reforms – Building a Resilient Malaysia	
11.	Asia School of Business: 10th Anniversary Celebrations - Leadership & Entrepreneurship – The Resilience Playbook	
12.	PIDM National Resolution Symposium 2025 Precaution Over Reaction: Harvesting Readiness in an Uncertain World	
13.	FIDE Forum - The Sustainability Shift: How Financial Leadership Can Lead the Climate Response	
14.	Getting Ready for the Adoption of IFRS S1 and S2	BOD and Management

Strategy

Sun Life's enterprise climate resilience approach integrates the identification and management of climate-related risks and opportunities across its life and health insurance/takaful portfolios, investment activities, and operational footprint. Our approach to climate resilience aims to strengthen our ability to deliver on our Purpose of helping Clients achieve lifetime financial security and live healthier lives.

In 2024, we acknowledged the National Energy Transition Roadmap's (NETR) commitment to achieve net-zero GHG emissions by 2050. This is consistent with our Parent Company's (Sun Life's) global net-zero goal for investments and operations by 2050. Relevant governance bodies, as described in the Governance section, oversee the review, monitoring and delivery of the Company's climate-related goals to ensure accountability. Oversight includes tracking performance against targets and reviewing management actions to address identified climate-related risks and opportunities.

Our sustainability strategy, including climate considerations, aligns with Sun Life's global sustainability strategy pillars: Purpose, Clients, and Resilience. These pillars guide the identification and management of climate-related risks and opportunities.

Climate-related Risks & Opportunities

The Company's Scenario Analysis to Enhance Strategic Resilience and Identify Climate-related Risks

In the context of growing climate uncertainty and increasingly frequent extreme weather events in Malaysia and globally, we remain committed to advancing our climate-risk capabilities. This includes exploring emerging methodologies and challenging baseline assumptions to better understand potential future impacts on our business and long-term resilience.

In-line with this, we intend to undertake our climate scenario analysis (CSA) on a biennial cycle and in 2025, we completed a Climate Risk Stress Test (CRST) to quantify the potential financial impacts of climate-related risks. These exercises assessed the resilience of our life insurance and takaful liabilities, investment portfolio, and operational activities, as well as our preparedness for a low-carbon transition.

Scenario Analysis	Climate Stress Testing
• Quantitative • Represent various future states of the world, like climate change scenarios and policy developments. • Show how scenario analysis is used to evaluate risks associated with different future states. • The insights gained from scenario analysis inform proactive decision-making. • Cover a wide range of risk factors, events and interdependencies.	• Qualitative • Indicate that climate stress testing assesses the financial resilience of entities. • Show that stress tests intentionally model adverse climate-related conditions. • The goal is to determine the financial impact of these adverse conditions on the entity. • Focus on a few key risk drivers, events and impacts.

We apply climate scenarios from the NGFS Phase III integrated assessment models to assess and stress test both physical and transition risks. These three scenarios illustrate potential adverse climate pathways and provide a structured basis for evaluating how climate-related risks may affect the Company's operations, financial position, and long-term strategic resilience.

Climate-related Risks & Opportunities

(continued) The scenarios include a range of temperature rise outcomes and varying degrees of transition efforts:

Orderly Transition Scenario **1.5ºC**

Net Zero 2050, in line with a 1.5ºC world

This scenario reflects a timely and orderly transition consistent with global pathways to limit warming to 1.5°C by 2050. It assumes strong policy action and rapid technological adoption, including significant deployment of Carbon Dioxide Removal (CDR) solutions and accelerated shifts toward renewable energy. While physical climate risks remain comparatively limited, the pace and scale of the transition give rise to elevated transition risks for the financial sector.

Physical risk : Limited

Transition risk : High

Disorderly Transition Scenario **1.5ºC**

Divergent Net Zero 2050, in line with a 1.5ºC world

This scenario reflects a delayed and disorderly transition, characterised by uneven emissions-reduction efforts and insufficient investment in low-carbon technologies. These conditions lead to heightened transition shocks, including inconsistent and escalating carbon prices, which may translate into economic and operational disruptions for the sector. Physical risks remain moderate under this pathway.

Physical risk : Limited

Transition risk : Moderate to high

Hot House World Scenario **2.6ºC**

Nationally Determined Contributions, in line with a 2.6ºC world

This scenario reflects a future where global climate action remains insufficient, resulting in significant warming of approximately 2.6ºC by 2100. Under this “Hot House World” trajectory, physical climate risks intensify substantially, while transition risks remain comparatively low as existing policy pledges are fully implemented but remain inadequate to drive an orderly and timely transition.

Physical risk : High

Transition risk : Low

For CSA, we applied the Company’s Climate Risk Management Manual to evaluate identified physical and transition risks under plausible future pathways. Each risk was assigned a low, medium, or high rating to reflect its potential severity and likelihood. These ratings support the prioritisation of management actions and guide the Company’s broader climate-related risk strategy.

For CRST, we adopted end-2023 as the baseline year and modelled regulatory-prescribed scenarios through 2050 to assess potential impacts on both insurance/takaful liabilities and market exposures. The results provide key insights into the structural drivers of the Company’s climate-related risks and opportunities.[

Climate-related Risk Mitigation Strategies and Actions Taken in Response to Identified Opportunities

We recognise that climate change presents transition and physical risks to our business. Evolving regulatory requirements and market expectations may affect our strategic planning, product design, and investment decisions. In parallel, increasing frequency and severity of extreme weather events could disrupt operations or impair the value of our physical and investment assets, particularly those with long-term exposure.

To manage these risks, we continue to assess the potential impacts of climate change on our operations and portfolios, and to integrate climate considerations into our risk management framework. This includes strengthening our resilience through targeted mitigation strategies, scenario analysis, and ongoing adaptation measures to ensure business continuity.

In 2025, we strengthened our assessment by integrating insights from the CRST exercise and our latest materiality assessment through Client engagement. The combined approach analysis identified both physical and transition risks that may impact our core business, investment portfolio and operational resilience, while also highlighting emerging opportunities to support business transitions and develop climate-responsive solutions.

The following table presents our climate-related risk assessment, outlining the potential impacts on our business and strategic priorities across the relevant time horizons as well as our mitigation strategies.

The assessment evaluated physical and transition risks across short-, medium-, and long-term time horizons to inform our strategic and risk management decisions.

- **Physical risks** relate to the direct or indirect impacts of extreme weather events and long-term climatic changes on our assets, financial performance, and operations.
- **Transition risks** refer to potential financial or reputational impacts arising from the global transition to a low-carbon economy, such as increased compliance obligations and shifts in market expectations.
- **Time horizons**: short-term (1 year), medium-term (3 to 5 years), and long-term (5 years and beyond, extending to 2050 and beyond).

Climate Risk Grouping	Time Horizon	Physical Risk Impact	Transition Risk Impact	Mitigation Strategies
Insurance/ Takaful Risk	Long-term	Rising mortality and morbidity risks driven by more frequent and severe extreme weather events, growing food and water insecurity, and changing disease patterns, resulting in higher claims payout.		We run our CRST exercise to project net benefit payouts under the NGFS climate scenarios and time horizons. While the results indicate that the potential financial impact to the Company is immaterial, we remain vigilant and proactive in conducting forward-looking tests as more advanced and sophisticated models and data become available.

Climate-related Risk Mitigation Strategies and Actions Taken in Response to Identified Opportunities

(Continued)

Climate Risk Grouping	Time Horizon	Physical Risk Impact	Transition Risk Impact	Mitigation Strategies
Operational Risk	Long-term	Prolonged extreme weather events pose a risk of disrupting our critical services, systems, and operational processes.		We assessed our flood risk based on a postcode-level exposure analysis of all operational sites. The exposure remains low. We participated in Sun Life's physical climate risk assessment, which leveraged a global climate intelligence tool to evaluate the Company's resilience and ability to mitigate potential losses and operational downtime due to physical climate risks.
Market (Investment) Risk	Short-, Medium-, Long-term	Extreme weather events may significantly affect our investment portfolio, particularly assets such as power plants situated in flood-prone areas, potentially resulting in substantial financial losses.	Our investment portfolios are exposed to risks arising from regions, political, sectors, or counterparties that may struggle to adapt their business models in the shift to a low-carbon economy.	We run our CRST exercise by applying the National Institute Global Econometric Model's (NIGEM) assumptions on the equity prices and interest rates to project future equity and fixed income movements based on the NGFS climate scenarios across the defined time horizons. The assessment indicates that our equity portfolio is exposed to potential market loss risk. It has provided us guided insights to integrate climate-related risk consideration more effectively into our investment strategies and decision-making processes. We also presented to the Risk Management Committee and the Board of Directors for oversight.

Climate-related Risk Mitigation Strategies and Actions Taken in Response to Identified Opportunities

(Continued)

Climate Risk Grouping	Time Horizon	Physical Risk Impact	Transition Risk Impact	Mitigation Strategies
Policy and Legal/Litigation Risk	Long-term		We anticipate progressively stricter regulatory expectations on climate-related disclosures and risk management. These developments may elevate compliance and operational risks, requiring the allocation of additional resources to ensure timely and effective adherence to evolving requirements.	We have established a structured sustainability governance framework to oversee compliance with climate-related regulatory requirements. Climate-related risks and opportunities are regularly assessed and discussed at the management level, with key insights and progress updates escalated to the Board to support informed oversight and decision-making. We integrated climate-related risk into our risk management framework and monitor it and added climate risk monitoring in our quarterly CRO report to the ERMC and the Board's RMC.
Market (Consumer) Risk	Short-, Medium-, Long-term		Customer behavior may increase demand for climate-related insurance / takaful products that can insure/ protect them given the increasing frequency of extreme weather events, as well as temperature rise in response apart from stricter regulatory requirements on climate change mitigation and adaptation.	We engaged with our Clients to identify and prioritise sustainability topics that may present material climate-related risks and opportunities for the Company. These topics are informed by a structured assessment of emerging regulatory requirements, industry best practices, peer benchmarks, and broader stakeholder expectations.

Climate-related Risk Mitigation Strategies and Actions Taken in Response to Identified Opportunities

(Continued)
The scenario analysis has also enabled us to objectively assess potential opportunities.

Advance Sun Life's Purpose to help Clients achieve lifetime financial security and live healthier lives.

Products and Services

Climate-related Opportunities

- Emerging opportunities in new markets focused on sustainability solutions.
- Access to new markets and Client segments focused on ESG.

Action Taken

- Introduced two ESG funds (first to launch in Malaysia) as a selection for our investment-linked insurance/takaful products.
- *Engaged with our Clients to gain deeper insights into their priorities and expectations on key sustainability topics.

Deliver on our Clients' sustainability goals as a trusted partner.

Markets

Climate-related Opportunities

- Growing demand for green financial products.
- Potential for new investment opportunities in sustainable infrastructure.

Action Taken

- Invested a total of RM991 million in sustainable fixed income securities and equities as at 31/12/2025.
- Our sustainability-focused investments include Exsim Capital Resources Berhad (funding green building construction) and Pelabuhan Tanjung Pelepas Sdn Bhd (supporting a major port operator's operational greening and capacity expansion).
- Participated in industry forums such as the Climate Change and Principle-Based Taxonomy to share best practices as well as the development and refinement of the Climate Risk Stress Testing module in Malaysia.

Enhance Sun Life's long-term Resilience by addressing core sustainability considerations.

Resource Efficiency

Climate-related Opportunities

- Energy-efficient operations that reduce operational costs through improved energy efficiency and resource management.

Action Taken

- Started tracking and monitoring our GHG Emission Scope 1, 2 and 3 (category 1, 6, 7).
- Drive Client digital relationship targets (submissions, claims, servicing).

* Refer to Appendix (page 34) for the outcomes of the Client engagement and materiality assessment.

Risk Management

Process for Identifying and Assessing Environmental Risk

Our climate-related risk management approach is anchored in the Company's policies, Sun Life's Enterprise Risk Management (ERM) Framework, and Bank Negara Malaysia's Climate Risk Management and Scenario Analysis (CRMSA) Policy Document, supported by the Climate Risk Stress Testing (CRST) Methodology Paper. In 2023, we introduced the Climate Risk Management Manual, which provides guidance on the identification, assessment, and monitoring of climate-related risks. The Manual is applied alongside the ERM Framework and Risk Appetite Policy to ensure consistent and effective implementation of climate-related risk management across the organisation. Within the ERM Framework, Environmental and Social Risk, encompassing climate risk, forms one of the Company's key risk categories. Climate-related risk considerations are then embedded within our overall risk management cycle, covering the identification, measurement, management, monitoring, and reporting of risks. We apply ESG risk assessments to areas such as transition risks and physical risks, referencing frameworks like TCFD for consistency.

In 2024, we performed a qualitative climate scenario analysis using the NGFS Phase 3 scenarios to evaluate both physical and transition risks. The assessment identified two categories of physical risks: acute and chronic, and four categories of transition risks: policy and legal, technology, market, and reputational. These risks were evaluated across short-, medium-, and long-term time horizons to inform our strategic and risk management decisions.

- **Physical risks** relate to the direct or indirect impacts of extreme weather events and long-term climatic changes on our assets, financial performance, and operations.
- **Transition risks** refer to potential financial or reputational impacts arising from the global transition to a low-carbon economy, such as increased compliance obligations and shifts in market expectations.

Process for Identifying and Assessing Environmental Risk

(Continued) The following describes the transmissions channels and climate related risks that may impact the Company.

Climate-Related Risks			Primary Exposure to Company					Insurance/ Takaful Liabilities	Investment Assets
Risk Type	**Sub-Type**	**Manifesta-tion**	**Opera-tional**	**Insurance / Takaful**	**Invest-ment**	**Business**	**Structural**		
Physical	Acute	Extreme weather events (cyclones, floods)	✓					• Mortality • Morbidity • Lapse • Expense • Pandemic & Catastrophe	• Equity risk • Property risk • Foreign exchange risk • Credit risk
	Chronic	Precipitation changes, rising temperatures & sea levels		✓					
Transition	Policy & Legal	Carbon pricing, emissions reporting obligations			✓	✓	✓	• Lapse • Expense	• Interest/ • Profit • rate risk • Equity risk • Property risk • FX risk • Credit risk
	Market & Technology	Low-emission substitution, new tech investment, changing behaviour			✓	✓	✓		
	Reputation	Consumer shifts, sector stigmatisation, stakeholder concerns			✓	✓	✓		
Liability	Litigation	Exposure to litigation	✓					—	—
	Regulatory Enforce-ment	Mandatory regulation, climate disclosure	✓						

Process for Identifying and Assessing Environmental Risk

(Continued) Our time horizons are aligned with the Key and Emerging Risk Process Manual under the ERM Framework. A formal risk identification exercise is conducted annually as part of the strategic and business planning cycle. This process guides the Company in identifying, assessing, and managing risks across the three time horizons:

- **Short-term**: 12 – 18 months business planning horizon
- **Medium-term**: 3–5 years aligned with the strategic plan
- **Long-term**: 5 years and beyond, extending to 2050 and beyond. (In 2024, our parent company, Sun Life adopted a long-term definition extending beyond 2050 to reflect the deeper integration of climate-related risks into the ERM Framework and to ensure alignment with global expectations for climate scenario analysis.)

The table outlines the risk assessment, detailing the potential impacts on our business and strategic plans across different time horizons.

Risk Category	Identified Risk	Short-term	Medium-term	Long-term
Physical Risks				
Acute	Extreme weather events			●
Chronic	Precipitation variability and extreme weather patterns			●
Transition Risks				
Policy & Legal	Regulatory requirements	●	●	●
	Carbon pricing			●
	Emissions-reporting obligations	●	●	●
Market	Shifting customer behaviour			●
Reputation	Talent retention and attraction			●
	Behavioural trends and social change			●
Technology	Cost of lower-emission technology			●

As part of our climate risk assessment process, the Company identifies climate-related risks that are material to achieving our business objectives. This assessment draws on existing risk management practices, including ongoing monitoring across strategic, market, credit, liquidity, insurance/takaful, and operational risks, as well as an evaluation of emerging external and internal developments that may influence our risk profile.

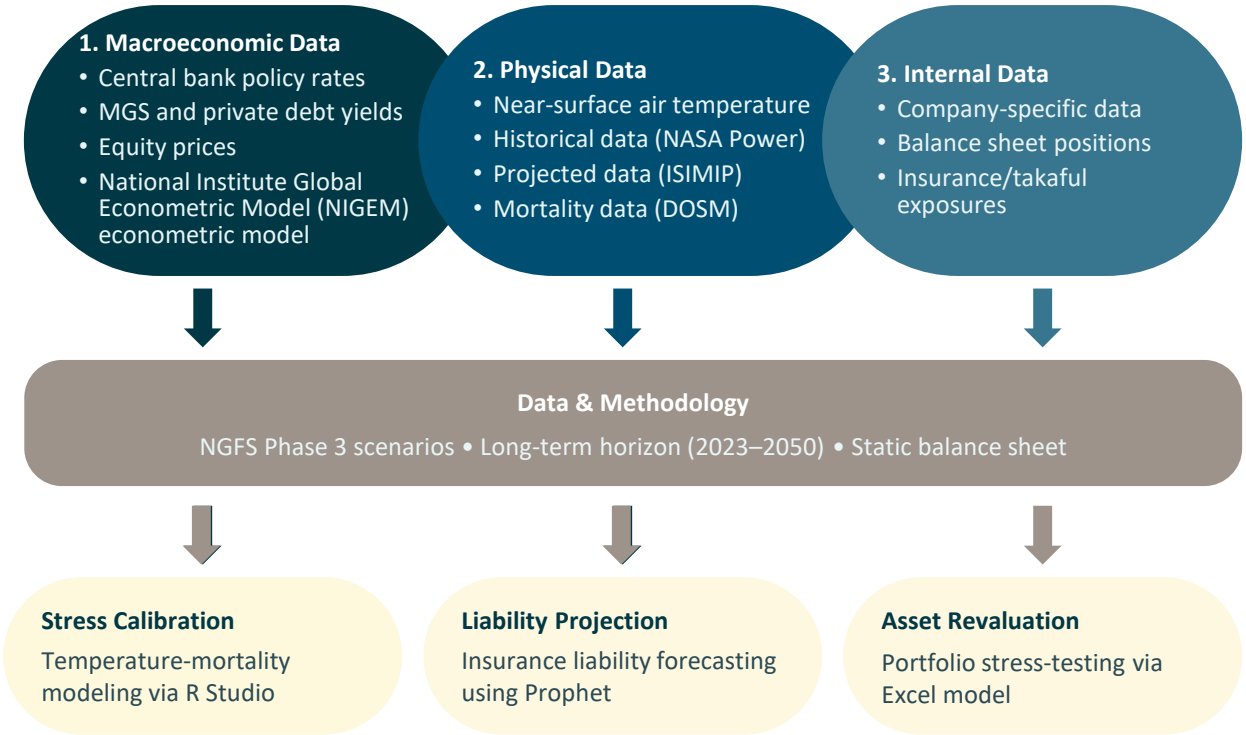
For each material climate-related risk, we document the underlying climate-related risk drivers and assess their potential quantitative and qualitative impacts on the Company. We recognise that climate-related risks and their drivers are interconnected and may cut across multiple categories within our risk universe.

Process for Identifying and Assessing Environmental Risk

(Continued) Our assessment of climate-related risks is supported by multiple analytical approaches, including:

- **Physical risk assessments**, conducted on a stand-alone basis by geographic exposure, covering both acute and chronic hazards; and
- **Transition risk assessments**, evaluating business model resilience, carbon-transition pathways, and exposure to policy, regulatory, technological, market, consumer preference, and reputational developments.

In 2025, we enhanced our assessment by incorporating quantitative monitoring using datasets and methodologies aligned to our business strategies and exposures. We conducted stress tests on our insurance/takaful and market risks using NGFS Phase 3 scenarios, covering a long-term horizon from end-2023 to 2050. A static balance sheet assumption was applied based on our end-2023 position. The illustration below outlines the data inputs and methodological approach used to ensure a relevant and robust stress-testing exercise for the Company.



Material climate-related risks are also accounted for within our **investment risk** management processes. We assess potential impacts of climate change on long-term investment performance and incorporate these insights into our strategic asset allocation and ongoing portfolio management. Our portfolios or holdings identified as having elevated climate-related risk exposure are subject to enhanced oversight and management actions as appropriate.

In line with regulatory expectations, we apply Bank Negara Malaysia's Climate Change Principle-based Taxonomy (CCPT) to identify sectors and activities with high climate-risk profiles. Through this assessment, we identified certain holdings that fall under CCPT Category C5a, defined as activities causing significant environmental harm with no remedial measures in place. These exposures are monitored, with outcomes and risk implications reported bi-annually to the Board/Board Committees and Senior Management.

Process for Managing Climate-related Risks

As a life insurance company/takaful operator that does not underwrite property and casualty business, our exposure to physical climate-related insurance/takaful claims is assessed to be not material. For our physical assets, such as offices, we are in progress to strengthen our climate risk assessment using a global climate intelligence tool facilitated by Sun Life. With respect to transition risks, the Company continues to implement risk-mitigation actions as outlined in our Climate Strategy to manage potential impacts on our business model, investment portfolio, and long-term financial resilience.

We have established a set of Key Risk Indicators (KRIs) to detect and monitor emerging climate-related risks and assess the likelihood of these risks exceeding our defined risk appetite. Environmental and social risk indicators have also been integrated into the Risk Dashboard, enabling structured quarterly monitoring and reporting.

These KRIs and the Risk Dashboard are reviewed on a quarterly basis by the Enterprise Risk Management Committee and the Board Risk Management Committee for consistent oversight and integration within the broader risk-management framework. In 2025, there is no abnormality noted in both the KRIs and Rish Dashboard for climate-related risks.

We have also incorporated a climate-related scenario into our Individual Target Capital Level (ITCL) assessment to evaluate the potential capital impact of climate-related risks over relevant time horizons. The results of the 2025 assessment indicate that the impact of the climate scenario on capital adequacy is not material.

To ensure effective governance and accountability over climate-related risks, The Company applies the Three Lines of Defense (LOD) model:

- **First Line of Defense**: Responsible for identifying, assessing, managing, and monitoring climate-related risks within business operations.
- **Second Line of Defense**: Led by the Chief Risk Officer and Chief Compliance Officer, provides independent oversight of the Company's risk-management framework. The Second Line of Defence also provides independent oversight of the sustainability-related risks.
- **Third Line of Defense**: Provides independent assurance on the effectiveness of climate-related risk controls through internal audit activities.

Three Lines of Defense

First Line of Defense
Identify, assess, manage, and monitor climate-related risks within business operations

Second Line of Defense
Independent oversight of the risk-management framework, led by the Chief Risk Officer and Chief Compliance Officer

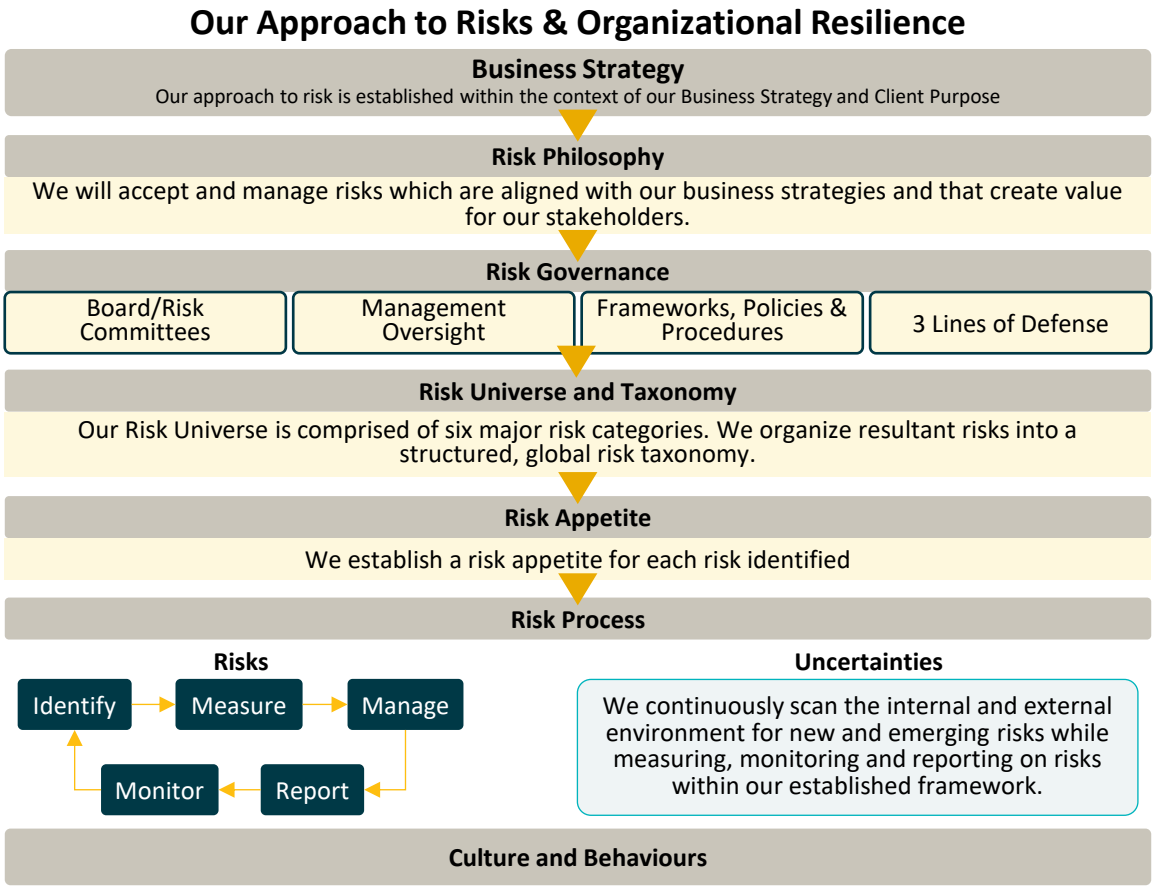
Third Line of Defense
Independent assurance on effectiveness of climate-related risk controls through internal audit

Integrating Climate-related Risk into Overall Risk Management

Our Risk Management Framework continues to guide the organisation in fostering a culture of vigilance and proactive risk awareness. We acknowledge that climate-related physical and transition risks may give rise to both financial and non-financial impacts on our operations, investment portfolio, and Clients.

To further embed sustainability considerations into decision-making, we have established a Sustainability Policy that articulates our strategic approach to managing material sustainability issues, including climate-related risks and opportunities.

The diagram below illustrates our overarching risk approach, which is grounded in our business strategy and Client commitments. This approach is iterative that our risk philosophy and risk appetite both shapes, and are shaped by, our strategic priorities as we continue to integrate climate and ESG considerations across the organization.



Integrating Climate-related Risk into Overall Risk Management

(continued) We assess the resilience of our business strategies through structured risk evaluation processes to ensure alignment with our Risk Appetite and overall risk philosophy. These assessments consider Client expectations, capital and liquidity requirements, and the organization's capacity to absorb adverse events. Management prioritizes material risks and determines appropriate responses—risk avoidance, mitigation, transfer, or acceptance—supported by tabletop exercises, stress-testing, and scenario analysis, including climate-related scenarios.

Our Risk Universe provides standardized classifications across Business and Strategic Risk, Credit Risk, Market Risk, Insurance/Takaful Risk, Liquidity Risk, and Operational Risk. This taxonomy supports consistent reporting, monitoring, and assessment of all risk types, including climate-related risks.

Operating in a rapidly evolving global landscape, we are exposed to both quantifiable risks and emerging uncertainties, particularly geopolitical developments and climate change which are inherently more difficult to measure. Our risk management approach therefore emphasizes resilience, preparedness, and the ability to respond effectively to low-probability but high-impact events.

Climate-related Risk has been formally incorporated into our Risk Appetite Statement. Within our Risk Management Framework, it is recognized as a sub-risk under Environmental and Social Risk, within Business and Strategic Risk. Climate-related Risk is defined as the potential for financial or operational loss arising from inadequate preparedness for the direct and indirect impacts of environmental and social factors, including environmental degradation and climate-related physical and transition risks.

Metrics & Targets

Approach to Climate-related Metrics

In 2024, the Company commenced the measurement and disclosure of greenhouse gas (GHG) emissions across its operations and investment portfolio. This enables the assessment of climate-related impacts and supports the identification of emissions reduction opportunities.

In line with the TCFD Recommendations, the Company discloses climate-related metrics across the following key categories:

Operational GHG Emissions

The Company measures and reports operational emissions across Scope 1, Scope 2, and selected categories of Scope 3 emissions:

- **Scope 1** (Direct emissions): Emissions arising from company-owned or controlled sources, including fuel consumption from company vehicles, diesel usage for backup generators, and refrigerant emissions from chiller refills.

- **Scope 2** (Indirect energy emissions): Emissions associated with purchased electricity consumed in operations.

- **Scope 3** (Other indirect emissions): Selected upstream emissions, including:
  Category 1 – Purchased goods and services: Emissions from goods and services procured across the upstream value chain.

  Category 6 – Business travel: Emissions from employee land, air, and sea travel, as well as hotel and accommodation stay.

  Category 7 – Employee commuting: Emissions from employee commuting patterns, including modes of transport, travel distances, and home-working arrangements.

Investment Portfolio Emissions

The Company also discloses financed emissions under Scope 3, Category 15, covering key asset classes within its investment portfolio, including corporate bonds and sukuk, listed equities, and sovereign debt.

These disclosures enhance transparency on the Company's climate-related exposure and provide a foundation for integrating climate considerations into risk management, investment decision-making, and long-term strategy.

Climate-related Targets

Sun Life Malaysia supports the NETR and aligns with the Sun Life Group's goal* to achieve net zero GHG emissions by 2050 across operations and investments.

In alignment with Sun Life Asia's sustainable investing ambition, the Company has set a target to allocate RM800 million in sustainable investments over a five-year horizon, to be achieved by end-2027.

Our Operational Emissions

Scopes	2023 Absolute GHG Emission (tCO2e)	2024 Absolute GHG Emission (tCO2e)	2025 Absolute GHG Emission (tCO2e)
Scope 1	27.89	11.69	6.32
Scope 2	999.17	1093.03	980.14
Scope 3			
• Category 1: Purchased Goods and Services	4,614.23	4,508.18	4780.17
• Category 6: Business travel	1254.07	1358.9	1012.99
• Category 7: Employee Commute and Homeworking	666.04	646.2	669.39

*Progress towards this ambition is subject to transition-related risks and external factors beyond the Company's direct control, including regulatory developments, market conditions, stakeholder expectations, technological change and supply chain evolution. For investments, Sun Life focuses on its role as an asset owner, with progress towards net zero tracked within the general account in line with the Group's investment decarbonization strategy.

Our Financed Emissions

Financed emissions constitute the majority of the Company's total GHG emissions and represent the most material source of our climate-related impact. Accordingly, we have prioritised the measurement and assessment of Scope 3 financed emissions as a foundational step in integrating climate considerations into investment decision-making and portfolio management.

Our approach to managing financed emissions is guided by established regulatory frameworks, market standards, and climate data providers, including:

1. Bank Negara Malaysia's Climate Change and Principle-based Taxonomy (CCPT), to assess and classify economic activities in line with sustainable investment objectives.

2. Securities Commission Malaysia's SRI Sukuk Framework and the ASEAN Green, Social and Sustainability Bond Standards, to support the identification and execution of sustainable investment opportunities within the fixed income portfolio.

3. Bursa Malaysia and FTSE Russell's FTSE4Good Bursa Malaysia (F4GBM) Index, to facilitate the integration of sustainability considerations into listed equity investments.

4. External climate data providers and analytical tools, such as Bloomberg, to enhance the assessment of climate-related risks, opportunities, and emissions exposure across the investment portfolio.

In line with CCPT, we assessed the climate-related risk profile of our investment portfolio, with a focus on identifying exposures to assets and business activities vulnerable to transition risks. The assessment highlighted potential risk concentrations in carbon-intensive sectors, including energy, agriculture, construction, transportation, mining and quarrying, waste management, and forest- and food-related industries.

As at the reporting date, 14% of our portfolio is invested in activities aligned with climate change mitigation and adaptation (CCPT Categories C1 and C2). 77% of investments are allocated to entities that are transitioning towards climate-aligned business models or that do not pose significant harm to climate objectives (CCPT Categories C3 and C5b). We acknowledged that exposures classified as C5B represent activities that do not demonstrate alignment with climate change mitigation or adaptation objectives and lack credible transition or remedial measures. As such, these exposures are inherently vulnerable to climate-related transition risks. As for C3, the exposures relate to activities that do not yet meet climate-supporting criteria but are supported by credible, time-bound transition or remedial plans to reduce environmental impact.

Our Financed Emissions

(Continued) The following tables present a breakdown of the Company's financed emissions by asset class and industry sector, providing transparency on emissions concentration and supporting ongoing monitoring, engagement, and portfolio transition efforts.

(a). Corporate Bonds and Sukuk

Industry	2023		2024		2025	
	Total Investment (RM' mil)	GHG Emission (tCO2e)	Total Investment (RM' mil)	GHG Emission (tCO2e)	Total Investment (RM' mil)	GHG Emission (tCO2e)
Construction	44.90	91.59	19.96	112.89	91.87	187.48
Consumer Products and Services	40.24	307.48	65.18	1,191.16	70.12	876.33
Energy	-	-	5.03	4,261.10	5.03	9,437.87
Financial Services	1,715.51	367.54	426.48	426.06	371.21	222.08
Health Care	5.0	79.47	5.0	9.42	20.0	67.43
Industrial Products and Services	-	-	75.32	-	137.53	5.52
Plantation	45.01	1,550.66	45.0	2,808.64	40.0	1,558.26
Property	20.0	44.19	20.0	73.87	200.59	1,031.04
Real Estate Investment Trust	-	-	30.14	60.32	49.99	118.83
Technology	-	-		-		-
Telecommunications and Media	60.92	1,425.52	50.75	189.63	20.03	80.41
Transportation and Logistics	483.28	737.01	418.97	4,327.33	388.01	7,420.23
Utilities	551.89	107,040.98	495.49	325,840.60	569.12	430,413.52
Total	**2,966.74**	**111,644.43**	**1,657.32**	**339,301.01**	**1,963.51**	**451,419.01**

- We refined sector classifications to improve the accuracy and reliability of financed emissions measurement.
- We improved our Weighted Average Data Quality (WADQ)* from 4 to 3.45.

*Financed emissions data quality is assessed in line with the PCAF Standard, with asset-class-specific scores assigned on a scale of 1 (highest) to 5 (lowest). An average data quality score is calculated to indicate the overall reliability of the reported metrics.

Our Financed Emissions

(Continued)

(b). Listed Equities

Industry	2023		2024		2025	
	Total Investment (RM' mil)	GHG Emission (tCO2e)	Total Investment (RM' mil)	GHG Emission (tCO2e)	Total Investment (RM' mil)	GHG Emission (tCO2e)
Construction	6.49	12.99	13.04	68.29	18.0	106.91
Consumer Products and Services	14.93	369.88	19.53	172.02	40.29	673.67
Energy	8.43	71.06	13.90	274.73	12.73	158.93
Financial Services	21.59	11.84	14.87	6.97	26.80	13.42
Health Care	21.18	767.51	12.56	530.50	13.06	269.11
Industrial Products and Services	26.85	1,181.57	37.99	2,041.09	35.30	2,011.54
Plantation	13.60	1,276.99	7.81	162.34	14.91	1,141.64
Property	8.34	18.40	10.88	148.22	12.80	146.65
Real Estate Investment Trust	11.72	16.72	9.54	18.44	14.90	32.05
Technology	26.70	123.71	23.09	89.29	18.24	56.48
Telecommunications and Media	18.69	162.47	20.75	258.52	30.58	327.26
Transportation and Logistics	4.74	116.02	0.06	0.37	7.66	1,868.36
Utilities	17.08	4,219.89	3.63	797.88	24.24	4,713.77
Total	**200.34**	**8,349.07**	**187.66**	**4,568.66**	**269.51**	**11,519.78**

- We improved our Weighted Average Data Quality (WADQ)* from 1.92 in 2024 to 1.17.

(c). Sovereign Debts

2023		2024		2025	
Total Investment (RM' mil)	GHG Emission (tCO2e)	Total Investment (RM' mil)	GHG Emission (tCO2e)	Total Investment (RM' mil)	GHG Emission (tCO2e)
1,102.5	**21,670**	**1,577.3**	**33,389.7**	**1,527.4**	**31,723.8**

GHG Emissions Data Calculation Methodology & Emission Factors (EF)

Reporting Boundaries: Operational Emissions

GHG emissions from our operational activities span across Scope 1, Scope 2 and Scope 3 Category 1, 6, 7.

Scope 1 emissions encompass direct emissions resulting from the on-site combustion of fuels, such as natural gas, propane, diesel, fuel oils, and other hydrocarbon-based sources. For SLMA and SLMT, the current calculation is limited to emissions arising from petrol consumption by company-owned vehicles. Emissions from diesel used in generator sets and refrigerants from air conditioners will be adequately tracked starting in 2025.

Scope 2 emissions refer to indirect emissions resulting from purchased energy such as electricity, steam, or chilled water that is consumed on-site but produced externally. Our reporting includes emissions from electricity usage in our owned buildings and branches.

Scope 3 emissions refer to indirect emissions resulting from a company's activities, originating from sources outside its ownership or direct control. Our reporting includes emissions associated with purchased goods and services, business travel, and employee travel.

Reporting Boundaries: Financed Emissions

Financed emissions refer to the GHG emissions associated with the investment and lending activities of financial institutions. At SLMA and SLMT, our financed emissions stem exclusively from our investment activities, covering corporate bonds, listed equities, and sovereign debt. We align our reporting with the Partnership for Carbon Accounting Financials (PCAF) Standard, covering Scope 1 and 2 emissions of all investees and, Scope 3 emissions, where applicable for sectors phased into the PCAF Standard for reports published in 2023 and beyond.

The measurement and reporting of financed emissions remain an emerging and evolving practice within the financial sector. This process faces several challenges, including data accuracy and availability, inconsistencies in emissions disclosures, the time lag between financial and GHG data, and the development of standardized methodologies. The financial industry acknowledges this challenge and has developed methodologies to calculate financed emissions using different approaches. These approaches vary in data quality, influenced by the degree of estimation involved. Accordingly, we calculated our financed emissions using the most recent data available, adhering to the PCAF Standard calculation methodology. Recognizing these limitations, we are committed to refining our methodology as data quality, industry standards, and market practices improve.

Reporting Period & Base Year

The reporting period spans from January 1, 2023, to December 31, 2023, and January 1, 2025, to December 31, 2025, unless specified otherwise.

Our baseline year is Financial Year 2023, encompassing emissions from Scope 1, Scope 2, and Scope 3 (Categories 1, 6, 7, and 15). With the establishment of Sun Life Malaysia's Sustainability Governance Structure in 2023, this year was chosen as the base year for GHG emissions to signify the start of our sustainability journey.

GHG Emissions Data Calculation Methodology & Emission Factors (EF)

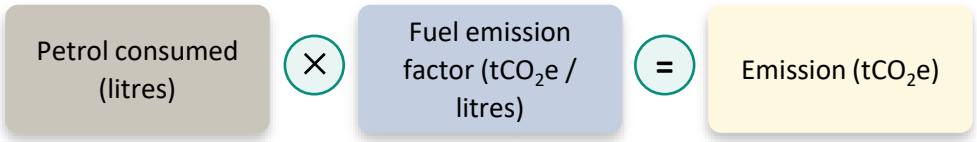
Data Preparation and Calculation Methodology

The Company's Scope 1, 2 and 3 GHG inventory is prepared in accordance with the following standards:

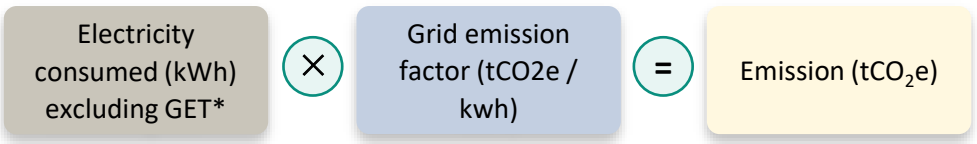
1. The Greenhouse Gas Protocol: A Corporate Accounting Reporting Standard
2. Corporate Value Chain (Scope 3) Standard

Leveraging the expertise of an external partner (KPMG Management and Risk Consulting Sdn, Bhd.) Data Collection Templates (DCT) were developed to systematically capture activity data and measure GHG emissions from the Company's operations, establishing the basis for SLM's GHG inventory.

Scope 1 Emissions (vehicle fleet)
The following is the formula to calculate Scope 1 emissions – vehicle fleet:

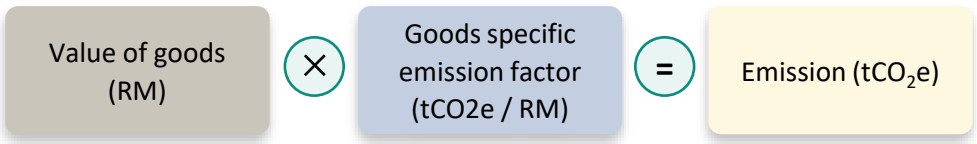


Scope 2 Emissions (Electricity)
The following is the formula to calculate Scope 2 emissions – electricity:



Scope 3 Emissions

Category 1 – Purchased Goods and Services
The following is the formula to calculate Category 1:



Calculation Methodology: Spend - Based Method

Purchased goods (tangible products) and services (intangible products) occur in the upstream supply chain as part of the procurement process.

*Green Electricity Tariff (GET) Programme is an initiative introduced by Tenaga Nasional Berhad (TNB) to reduce the GHG arising from the electricity consumption of TNB consumers. Through the implementation of this programme, consumers could purchase electricity supply generated from renewable energy resources. As a result, consumers could lower the emissions associated with their electricity consumption.

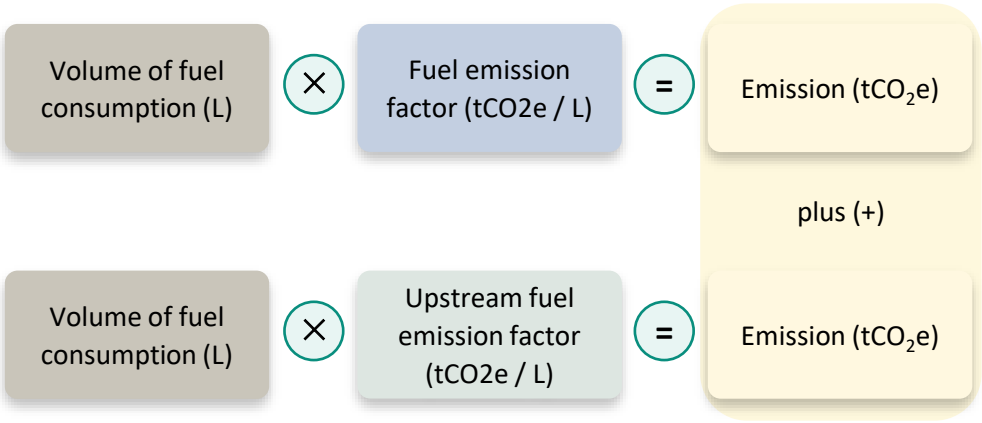
GHG Emissions Data Calculation Methodology & Emission Factors (EF)

(continued) **Scope 3 Emissions**

Category 6 – Business Travel

The following is the formula to calculate Category 6 based on each source of emission. Each emission source will be aggregated to calculate the total emissions for Category 6:

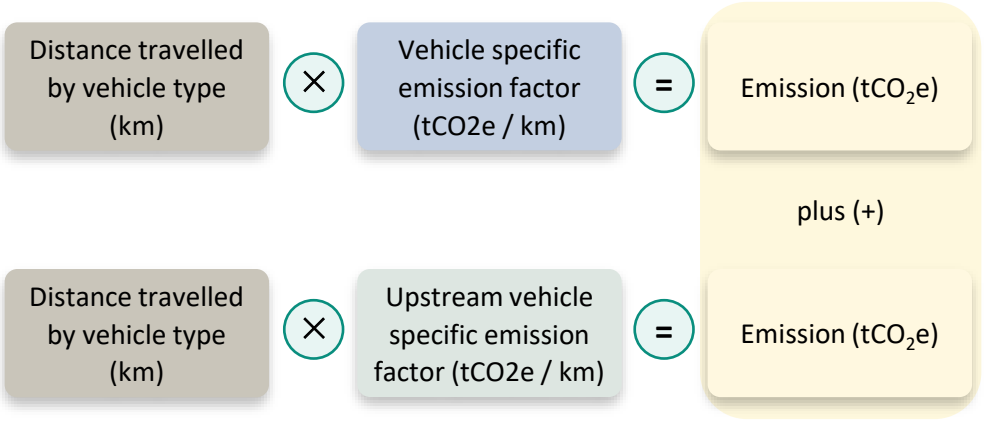
(a) Land Travel – Petrol Card



Calculation Methodology: Fuel-based

Note: Petrol consumed (litres) refers to the petrol consumed by the employee-owned vehicles. Emissions from business travel should include well-to-tank conversion factors to account for the upstream extraction, refining and transportation of the fuel before they are used to power the transport mode.

(b) Land Travel – Mileage Claim



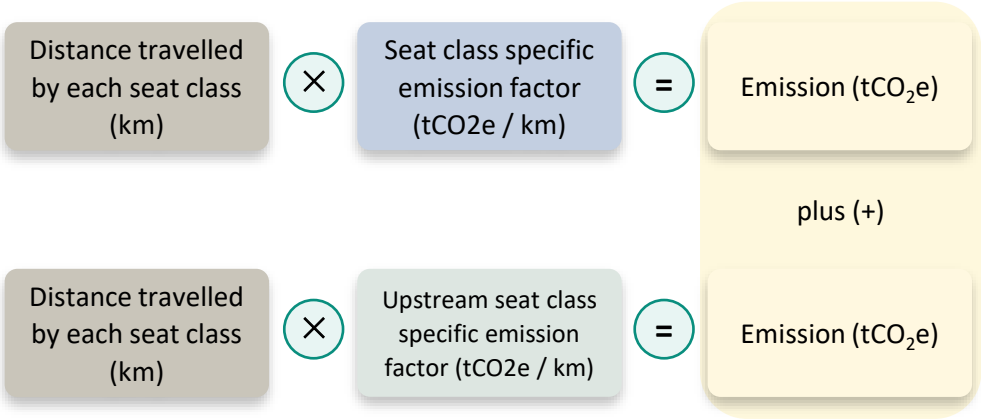
Calculation Methodology: Distance-based method

Note: Distance travelled (km) refers to the distance travelled by the employee from office to any business-related locations by employee-owned vehicles. Emissions from business travel should include well-to-tank conversion factors to account for the upstream extraction, refining and transportation of the fuel before they are used to power the transport mode.

GHG Emissions Data Calculation Methodology & Emission Factors (EF)

(continued) **Scope 3 Emissions**

(c) Air Travel



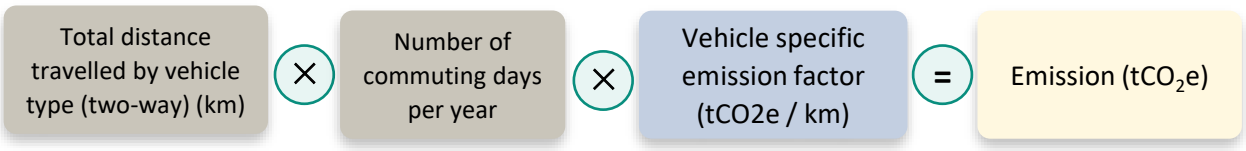
Calculation Methodology: Distance-based method

Note: Distance travelled (km) refers to the distance between arrival and departure airport location. Emissions from business travel should include well-to-tank conversion factors to account for the upstream extraction, refining and transportation of the fuel before they are used to power the transport mode.

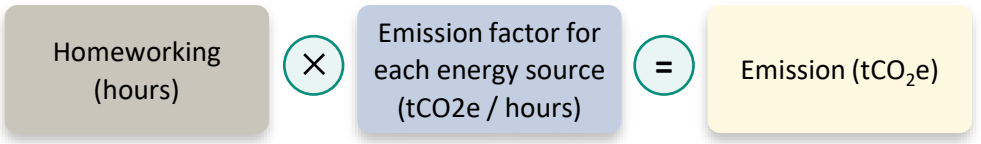
Category 7 – Employee Travel

The following is the formula to calculate Category 7 based on each source of emission:

(a) Employee Commuting



(b) Homeworking



Calculation Methodology: Average-data Method

Note: Employee commuting data are gathered through a survey, which captures details such as transportation modes, travel distances, and homeworking hours. Employees with petrol card are excluded. Petrol cards are provided for fuel expenses related to business travel, such as Client meetings or site visits.

GHG Emissions Data Calculation Methodology & Emission Factors (EF)

(continued) **Scope 3 Emissions**

Category 15 – Financed Emissions
This category includes emissions associated with the Company's investments in the reporting year, not already included in Scope 1 or Scope 2.

(a) Listed Equities
The following is the formula to calculate emissions if Scope 1 and 2 emissions of investees are available:

(Amount outstanding)/ (Enterprise value including cash) × Scope 1 and 2 of investee (tCO2e) = Financed Emission (tCO_2e)

The following is the formula to calculate emissions if Scope 1 and 2 emissions of investees are unavailable:

Revenue of investee (M.EUR) × PCAF revenue emission factor (tCO2e / M.EUR) = Financed Emission (tCO_2e)

(b) Corporate Bonds/Sukuk
If the Scope 1 and 2 emissions of investees are available, either of the following formulas can be used to calculate the associated emissions:

Formula 1: (Amount outstanding)/ (Enterprise value including cash) × Scope 1 and 2 of investee (tCO2e) = Financed Emission (tCO_2e)

Formula 2: (Amount outstanding)/ (Debt + Equity) × Scope 1 and 2 of investee (tCO2e) = Financed Emission (tCO_2e)

The following is the formula to calculate emissions if Scope 1 and 2 emissions of investees are unavailable:

Revenue of investee (M.EUR) × PCAF revenue emission factor (tCO2e / M.EUR) = Scope 1 and 2 of investee (tCO2e)

(Amount outstanding)/ (Debt + Equity) × Scope 1 and 2 of investee (tCO2e) = Financed Emission (tCO_2e)

GHG Emissions Data Calculation Methodology & Emission Factors (EF)

(continued) **Scope 3 Emissions**

Category 15 – Financed Emissions

(c) Sovereign Debt

The following is the formula to calculate emissions from sovereign debt:

*PPP – Purchasing Power Parity

Emission Factors (EF)

Scope	Source of EF
1	• Road transport (tGHG/MJ) from IPCC from Intergovernmental Panel on Climate Change (IPCC) • Net Calorific Value (MJ/kg) from IPCC • Fuel density (kg/litre or kg/m3) from Petronas and/or IPCC.
2	• Malaysian Green Technology and Climate Change Corporation (MGTC) CDM Electricity Baseline for Malaysia 2017, pg. 44, Table 14. • Energy Commission Malaysia (Suruhanjaya Tenaga) Grid Emission Factor (GEF) in Malaysia, 2017-2021
3	**Source of EF**
Category 1	• U.S. Environmental Protection Agency (US EPA) V1.3
Category 6	**Land and Air Travel / Fuel Upstream** • UK Government GHG Conversion Factors for Company Reporting, DEFRA (2023) **Hotel Accommodation** • Hotel Footprint Calculator (hotelfootprints.org)
Category 7	**Land and Air Travel / Fuel Upstream** • UK Government GHG Conversion Factors for Company Reporting, DEFRA (2023) **Homeworking** • Malaysian Green Technology and Climate Change Corporation (MGTC) CDM Electricity Baseline for Malaysia 2017, pg. 44, Table 14. • Energy Commission Malaysia (Suruhanjaya Tenaga) Grid Emission Factor (GEF) in Malaysia, 2017-2021 • Homeworking Emissions Whitepaper (ecoact)
Category 15	**Corporate Bonds / Listed Equities** • PCAF (based on the year of 2019) **Sovereign Debt** • Malaysia 4th Biennial Update Report Under the United Nations Framework Convention on Climate Change

Appendix

We engaged our Clients to assess the relative importance of key sustainability-related topics relevant to our business. The objective was to better understand stakeholder expectations and inform the prioritization of matters that may present current and emerging risks and opportunities to the Company.

The topics assessed were identified through an objective review of regulatory developments, industry standards and best practices, peer disclosures, and broader public sentiment. Insights from this engagement support the refinement of our sustainability strategy and ensure alignment with stakeholder priorities and evolving market expectations.

The table below presents the list of sustainability-related topics assessed by Clients through the materiality survey.

Attributes	Definitions
Client practices & transparency	The mechanisms to ensure clients are treated fairly and honestly during business transactions, and provided with transparent, accurate and complete information.
Client Satisfaction	The strategies and processes intended to meet or exceed Client expectations and the requirements to create a positive experience and build loyalty from the point of purchase onwards.
Life insurance/takaful access & affordability	A company's ability to ensure all individuals and population groups can access their products and services without discrimination. It includes the management of universal needs, affordability, and accessibility.
Climate change & greenhouse gas emissions	Managing climate-related risks and opportunities from actual or potential physical and transition impacts, including direct and indirect greenhouse gas emissions and emission reduction targets to limit individual company contributions to climate change.
Energy management	Management of the environmental and social consequences associated with energy use, including energy consumption, production, diversification, recovery, and reductions.
Biodiversity	The regular monitoring, assessing, and transparent disclosure of a company's risks, dependencies and impacts on marine, terrestrial, and freshwater ecosystems resulting from products, services, and the supply chain.
Community relations	Management of the relationship between businesses and the communities they operate in, or which they interact with. It considers engagement mechanisms, community contributions, and positive or negative impacts on local communities.
Client privacy & data security	The aspect of information technology that deals with the protection of private corporate information, critical information systems and networks from security breaches.
Employee diversity & inclusion	The processes and mechanisms a company has to grow and maintain diversity in the workforce and ensure equal opportunities and treatment for all employees.
Human rights	The fundamental rights and freedoms inherent to all human beings that ensure they can live with dignity, freedom, equality, justice, and peace.
Employee health & safety	A company's safety performance and the mechanisms that are in place to maintain a safe and healthy workplace environment.
Employee satisfaction	The mechanisms to grow employee contentment, accomplishment, satisfaction, and motivation regarding their jobs, and associated satisfaction measurements and metrics.

Appendix

(Continued)

The table below presents the list of sustainability-related topics assessed by Clients through the materiality survey.

Attributes	Definitions
Innovation & technology	The development and use of advanced technologies and digital innovations to generate new business processes and improve customers and other stakeholders' experiences.
Ethical behaviour	The moral code of conduct and guiding principles of the strategic and operational management of a business. It captures the management of risks and opportunities associated with ethical considerations, lawful behavior, and compliance practices.
Governance structures & mechanisms	The mechanisms, procedures, and rules concerning the company's internal control, supervision, reporting, and decision-making system.
Legal & regulatory management	The company's regulatory compliance strategy and how it engages and aligns itself with regulators to make public and corporate interests compatible, including corporate compliance management, lobbying & government relations, and responsible tax planning.
Business model resilience	Identifying and managing risks and opportunities connected to social, environmental, and economic challenges, and factoring those risks and opportunities into the business model.
Physical & sociopolitical risks	The challenges due to changes in society, politics, and people due to an event or general trend and natural & human-induced disasters.
Responsible procurement	The establishment of commitments and policies designed to trace, screen, monitor, and follow up with supply chain performance against one or more environmental, social and/or governance dimensions.
Responsible investing & financing	Investment strategies to generate positive, measurable social and environmental impact alongside a financial return.
Workforce management	The process of ensuring the workforce is functioning at its most productive levels and copes with organizational changes. It captures employee recruitment, retention and development practices and labour practices throughout the value chain.
Fair & equitable compensation	The principles, measures, and initiatives to offer fair and transparent compensation without favour or prejudice, and the financial and non-financial benefits provided to incentivize performance and retention.

Based on the *preference share assessment, Clients identified the accessibility and affordability of life insurance and takaful solutions **(28%)** as the primary drivers of trust in the Company as a financial security provider. This insight serves as a key reference point in shaping our sustainability priorities and guiding the strategic direction of our sustainability journey. As of financial year 2025, we provide protection to **96,650** unique Clients through our affordable and ^inclusive insurance solutions across all distribution channels. table below presents the list of sustainability-related topics assessed by Clients through the materiality survey.

*Preference Share is a measurement of the distribution of preference that respondents have for the tested attributes of the maxdiff. The preference shares sum to 100 and can be understood as the likelihood that the attribute truly is the most preferred item.

^Affordable and inclusive insurance/takaful products help people in the mass market (including lower-income segments) meet risk protection needs at an accessible price point. The criteria for a product to be considered affordable insurance/takaful is based on factors such as insurance premium amount relative to average income, coverage period, underwriting requirements and/or government regulation.