

**BANKING**

**redefined** 



# About This Report

GRI 2-2, 2-3, 2-5, 2-14

**Maybank Group (“the Group” or “Maybank”) is proud to present its first standalone Environmental Report, which discloses the Group’s climate action and environmental performance. In the context of Maybank, “environment” includes climate-related issues. As such, the report is structured and referenced in accordance to this. Detailing the Group’s environmental related strategy, principles and initiatives, the report complements Maybank’s Sustainability Report 2023. Stakeholders should read this together with Maybank’s Sustainability Report 2023 and Maybank’s Integrated Annual Report 2023 for a comprehensive understanding of the Group’s integration of sustainability in its strategy and business operations.**

The report strives to communicate the outcomes of Maybank’s environmental initiatives from all its key business units and regional operations. It shares the evolution of the Group’s decarbonisation journey against its M25+ strategy, detailing the identified climate-related opportunities and risks, which assist the Group in making informed decisions.

As this is our very first Environmental Report, it will serve as a tool for us to enhance the monitoring and tracking of our environmental performance. We aim to gradually improve on our disclosures as we continue taking strategic measures to step up our climate action and move towards a net zero emissions future.

For further updates on sustainability progress, please visit [www.maybank.com](http://www.maybank.com) and [www.maybank.com/en/sustainability.page](http://www.maybank.com/en/sustainability.page).

## EXTERNAL ASSURANCE

The contents of this report have been reviewed and assured by SIRIM QAS International Sdn Bhd, which has verified the accuracy and reliability of all statements. SIRIM’s assurance standard encompasses the assessment of Maybank’s sustainability reporting practices and performance. This includes a comprehensive examination of the underlying assumptions and processes supporting the Group’s Environmental Report. The assurance also ensures alignment with national and global reporting frameworks.

In addition, the Group’s Scope 1 and Scope 2 Greenhouse Gas Emissions for the period from 1 January 2019 to 31 December 2019 (2019 Baseline) had been subjected to an independent limited assurance by PricewaterhouseCoopers PLT, Malaysia (PwC).

SIRIM’s independent assurance statement provides a summary of the audit report findings, which can be found on page 76 of this report.

For more information on the subject matter and the scope of PwC’s assurance, please refer to the independent limited assurance report on pages 77 to 78 of this report.

## BOARD’S RESPONSIBILITY STATEMENT

To ensure credible, fair and balanced reporting, the Environmental Report has been reviewed by the EXCO Sustainability Committee and the Board Sustainability Committee (BSC) before being recommended to the Board of Directors for approval. Additionally, the BSC, as the Board-level committee on sustainability, has oversight of the Group’s sustainability reporting, which includes the external assurance process as part of its effort to continue upholding good corporate governance practices.

## SCOPE

The report covers Maybank Group, which includes its principal subsidiaries and all regional offices. It does not include outsourced activities or joint ventures, unless otherwise stated. We have attempted to report on all issues that are material to Maybank. Unless otherwise specified, the report contains qualitative and quantitative results for all indicators presented.

## OUR REPORTING APPROACH

The Environmental Report is disclosed in accordance with the GRI Sustainability Reporting Standards and contributes to the United Nations Sustainable Development Goals (UN SDGs). It has been prepared with reference to the International Sustainability Standards Board’s (ISSB) S1 General Requirements for Disclosure of Sustainability-related Financial Information and S2 Climate-related Disclosures. We are currently adopting a phased approach to these standards as the baseline for this report. As an official supporter of the Task Force on Climate-related Financial Disclosures (TCFD), the content is aligned with Bank Negara Malaysia’s (BNM) Climate Risk Management and Stress Testing guidelines, which are based on the Financial Stability Board’s TCFD recommendations.

Our disclosure is reported in accordance with and further guided by the relevant regulatory guidelines in the markets we operate and the following statutory provisions, best practices, policies and guidelines:

- Sustainability Accounting Standards Board (SASB) Sector Specific Disclosures
- Greenhouse Gas (GHG) Protocol: A Corporate Accounting and Reporting Standard by the World Business Council for Sustainable Development (WBCSD) and World Resources Institute (WRI)
- The Global GHG Accounting and Reporting Standard for the Financial Industry by the Partnership for Carbon Accounting Financials (PCAF)
- Bursa Malaysia Main Market Listing Requirements
- Malaysian Code on Corporate Governance by the Securities Commission Malaysia
- Bursa Malaysia Sustainability Reporting Guide

The GRI Content Index is available from pages 115 to 121 of the Sustainability Report 2023.

## REPORTING PERIOD

The report covers the period of 1 January 2023 to 31 December 2023 (FY2023) unless otherwise stated. Significant restatements compared to prior years are explained in the relevant section where they appear.



A digital copy is available for download at [www.maybank.com/en/sustainability](http://www.maybank.com/en/sustainability) or [www.maybank.com/ar](http://www.maybank.com/ar) or scan the QR code on the left.

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### ICONS USED IN THIS REPORT

#### Our identified material matters:

-  Governance
-  Environment
-  Employees
-  Society
-  Products and Services

#### Our identified stakeholders:

-  Customers
-  Investors
-  Employees
-  Communities
-  Regulators and Governments




#### Our Strategic Programmes (SPs):

- SP1** Reshape Wholesale Target Operating Model
- SP2** Build a Regional Transaction Banking Proposition
- SP3** Reimagine the Consumer Banking Customer Journey
- SP9** Be the Sustainability Leader in Southeast Asia
- SP10** Elevate Maybankers
- SP12** Build Next-Gen Technology Capabilities

### RELATED UN SDGS



### CROSS REFERENCES

-  Tells you where you can find more information within the reports
-  Links you to related online content
-  Tells you where you can find more information online at [www.maybank.com](http://www.maybank.com)

To improve on our sustainability practices, we welcome comments, suggestions and remarks from all parties. Please submit your feedback to:

#### Group Sustainability

Malayan Banking Berhad  
 14<sup>th</sup> Floor, Menara Maybank  
 100, Jalan Tun Perak  
 50050, Kuala Lumpur, Malaysia  
 Tel : +603 2070 8833  
 Email : [sustainability@maybank.com](mailto:sustainability@maybank.com)





# Milestones & Industry Firsts in 2023


The first in ASEAN region to build an in-house **Emissions Calculator**, to increase **carbon footprint awareness** and **collaborate with clients** in accelerating their journey towards net zero emissions

Related Stakeholder(s):  

Related Material Matter(s): 

SDGs:



 For more details, please refer to pages 32 and 64 of this report.


The first of its kind in ASEAN and the first by a Malaysian bank to launch the Maybank Group **Transition Finance Framework**, outlining the approach in classifying and recognising financing solutions offered as **credible transition finance**

Related Stakeholder(s):  

Related Material Matter(s):  

SDGs:



 For more details, please refer to pages 45 to 46 of this report.

Hosted the **inaugural Transition Finance Workshop** in Malaysia, with the **Institute of International Finance (IIF)**, empowering over 120 corporate clients towards sustainable economic transformation

Related Stakeholder(s):  

Related Material Matter(s):  

SDGs:



 For more details, please refer to page 52 of this report.

Led roundtable discussions among financial sector peers for the **GFANZ Asia Pacific** on transition planning and appointed as member of the **advisory panel on climate change**

Related Stakeholder(s): 

Related Material Matter(s):  

SDGs:



 For more details, please refer to page 56 of this report.

**Significant reduction of 49% in Scope 1 and Scope 2 GHG emissions**, with a total absolute amount of **62,761 tco<sub>2</sub>e** for FY2023.

Related Stakeholder(s): 

Related Material Matter(s): 

SDGs:



 For more details, please refer to pages 67 to 68 of this report.

Developed the **Client Engagement Guidebook** for our client-facing employees to have more **meaningful dialogues with clients**

Related Stakeholder(s):  

Related Material Matter(s):  

SDGs:



 For more details, please refer to pages 46 to 47 of this report.

# Charting Sustainability Leadership

GRI 2-12, 2-13

As the largest financial institution in Malaysia with an extensive footprint in the region, it is our aim to be a Sustainability Leader in Southeast Asia. This entails showcasing exemplary banking, insurance and asset management practices in the area of sustainability, touching the lives of the communities we serve by generating long-lasting social impacts and decarbonising our value chain.

We want to drive the mobilisation of capital in an effective manner – promoting sustainable finance, becoming an agent of the transition to a low-carbon economy, enhancing community well-being through financial inclusion and community empowerment initiatives and ensuring good governance as part of this process. This forms the core of our three sustainability pillars:



Guided by our mission of Humanising Financial Services, we are committed to serving the community as a Force for Good. Our focus remains on strategic, result-oriented initiatives that will create a meaningful impact on the:



## LEADING IN SUSTAINABILITY

Since 1960, we have been serving the community by providing financial services with the purpose of uplifting livelihoods and preserving the environment.

We continue to enhance our strategy, products and services to champion sustainability in all the regions we operate in. We maintain our community-centric focus by fostering a just transition through stakeholder engagement, collaboration and sustainable financing solutions.

As a leading ASEAN financial institution, our goal is to drive sustainable finance and contribute to a net zero future. We are committed to catalysing change in capital markets for a low-carbon economy.

Our three key levers are Business Leadership, Thought Leadership and Capacity and Capability Building Leadership:

**Sustainability Leadership**

**Business Leadership**

- Strengthening capacity building efforts.
- Providing financing solutions to top-emitting clients as they transition.

**Thought Leadership**

- Benchmarking of disclosures and practices against global standards and industry best practices.
- Developing and reviewing policies that enable business participation, including human rights, while maintaining our authenticity.

**Capacity and Capability Building**

- Creating awareness on and encouraging employee participation in key sustainability issues, in particular those related to Maybank's sustainability goals.
- Enhancing our overall communication strategy with our stakeholders.
- Cultivating internal stakeholders' understanding of Environmental, Social and Governance (ESG) ratings.

To strengthen sustainability leadership, our M25+ strategy acts as our guide as we strive to mobilise sustainable finance in the transition to a greener economy, while being proactive in reducing our carbon footprint and minimising consumption of natural resources.



# Charting Sustainability Leadership

GRI 2-12, 2-13

**In our mission of Humanising Financial Services, we strive to go beyond providing basic financing services for our customers by offering support for sustainable practices.**

We are steadfast in our efforts to ensure the sustainability of our business activities as well as our operations, and that of the communities we serve. We are committed to keeping our communities safe by minimising the environmental impacts of our operations, products and services. This includes conserving natural resources and the environment, adapting to and mitigating the impacts of climate change and stepping up climate action.

**We recognise that climate change is a global phenomenon and its effects are systemic, increasingly impacting businesses and everyday lives, including in the regions we operate.**

Climate events such as floods, severe storms and rising sea levels have the potential to directly and indirectly affect our businesses, operations, supply chains and the communities we serve, including an outsized effect on the vulnerable and the underprivileged. We are aware that these impacts are also a factor in the decision-making of our shareholders and investors.

To address this, we have been focusing on operational emissions and the emissions of our value chain. To demonstrate our accountability to stakeholders, we continue to monitor and disclose both our direct and indirect environmental impacts. Maybank is committed to aligning our disclosures with the recommendations of the TCFD, which guides our approach towards managing the impacts of climate change across our organisation and underscores our commitment to building climate resilience. Notably, we have incorporated climate and environmental aspects in our governance processes, frameworks and risk management practices. Our Board of Directors maintains oversight of sustainability-related matters, including environmental and climate-related issues. Additionally, we have emplaced the Maybank Group ESG Risk Management Framework and the Maybank Group Climate Risk Policy, and integrated climate opportunities and environmental risk assessment into our business activities, operations, products and investible assets.

This addresses four of our material issues:



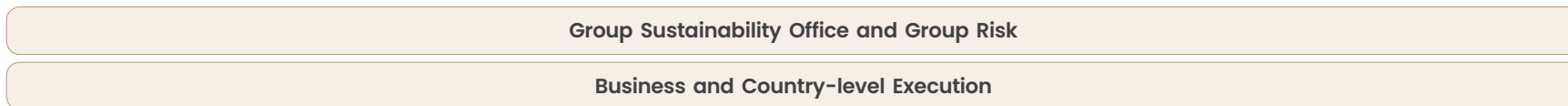
## Maybank's Approach to the Environmental Report in Alignment with TCFD Recommendations



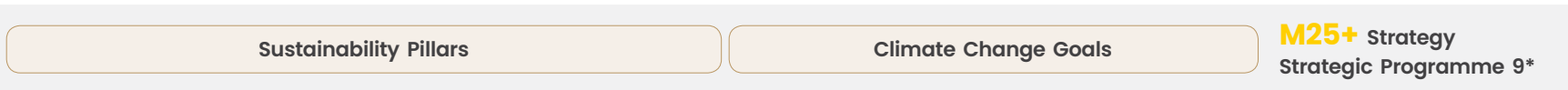
### GOVERNANCE



### EXECUTION



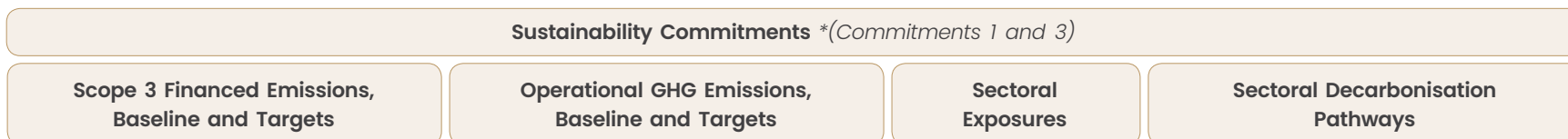
### STRATEGY



### ESG RISK MANAGEMENT



### METRICS AND TARGETS



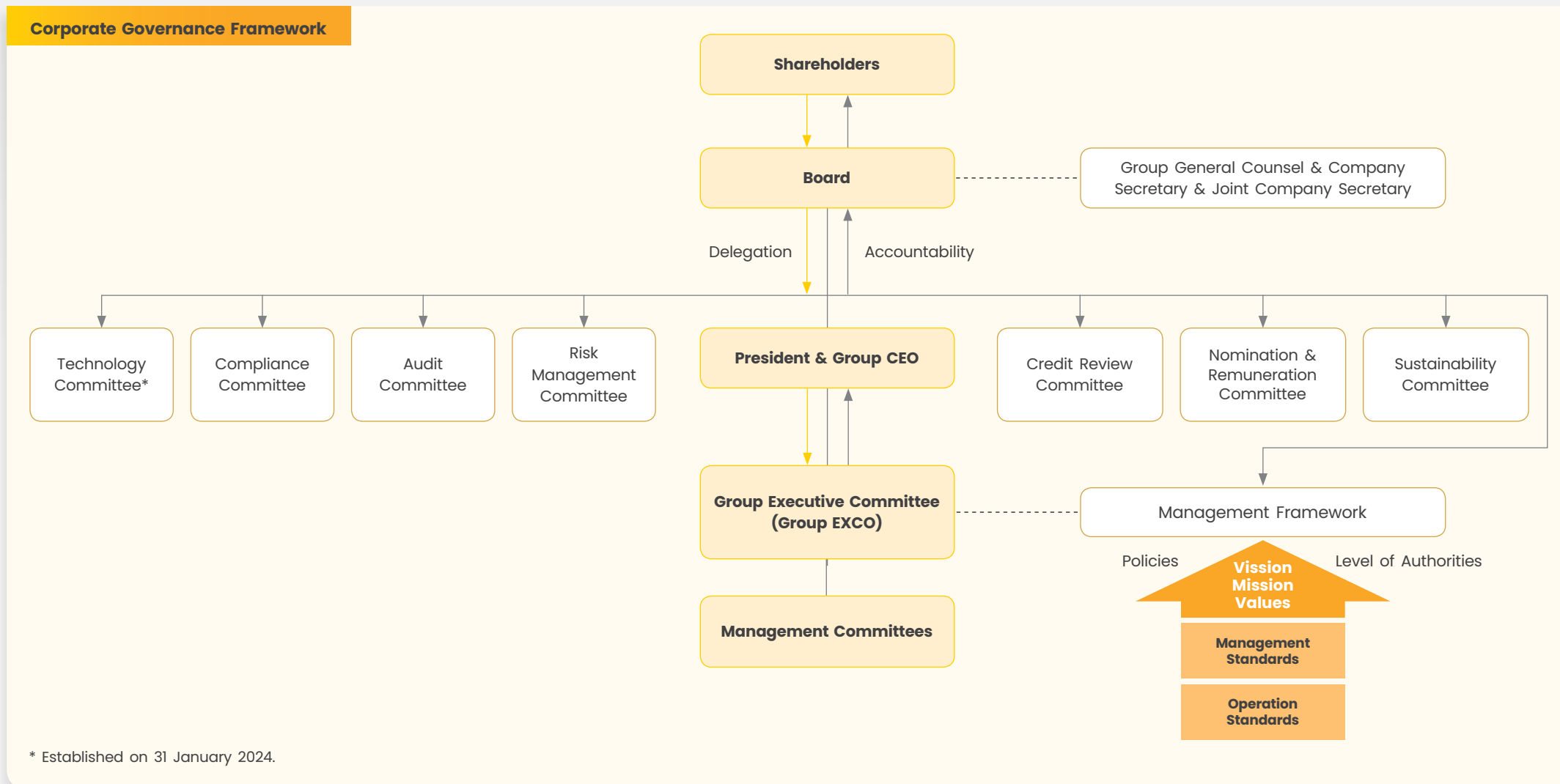
\* Environmental/climate-related.

# Charting Sustainability Leadership

GRI 2-12, 2-13

## UPHOLDING CORPORATE GOVERNANCE

We are aware of the importance of demonstrating good business practices for the long-term growth of the organisation. In ensuring sustainable business growth, we strive to inculcate ethical business conduct and good governance across our operations and business activities. We remain guided by the Maybank Group Sustainability Framework as we continue raising our business practices and standards of conduct, as well as our governance structures, to deliver on our commitments. To this end, we have a robust corporate governance framework to realise our goals and ensure sound governance and leadership in our organisation.



For an excerpt of the Maybank Group Sustainability Framework, please refer to <https://www.maybank.com/en/sustainability.page>



# Charting Sustainability Leadership

GRI 2-12, 2-13, 2-18

## INCULCATING STRONG GOVERNANCE

We adopt a top-down approach to ensure that sustainability is effectively cascaded from the highest governing body, which is the Board, to the working level. To effectively drive the sustainability agenda, the Board is supported by the Board Sustainability Committee (BSC), the EXCO Sustainability Committee (ESC) and our Group Chief Sustainability Officer.



For more details on the composition of the committees and their responsibilities, please refer to the Corporate Governance Report.

The BSC and ESC’s roles and responsibilities complement our risk management and internal control systems. Other existing Board-level committees such as the Compliance Committee, Audit Committee, Risk Management Committee and Credit Review Committee have the responsibility to oversee specific areas related to sustainability, including environmental and climate-related matters.

The roles and responsibilities of each Board Committee in sustainability governance are further illustrated in the next table.

On the Board level, a Board Effectiveness Evaluation (BEE) exercise was conducted in 2023 by appointed external consultants to provide a balanced assessment on the effectiveness of the Board’s oversight and dynamics, and business sustainability as well as to uncover unbiased insights that are usually not addressed effectively if done internally.

The exercise included key sustainability elements that assess the effectiveness of the Board in providing oversight on ESG and BSC in performing its expected roles and responsibilities.

Sustainability has also been included in the areas for assessment under the BEE for FY2023. Areas assessed included the effectiveness of the Board in the following:

- Leading M25+, including Strategic Programme 9 (SP9) - to be the Sustainability Leader in Southeast Asia.
- Supporting, leading and guiding Management in the execution of M25+ and other key strategies (in respect to appropriate skills, experience, time and focus and critically challenging Management by providing checks and balance), including those related to sustainability.
- Providing oversight on ESG.

For more information on SP9, please refer to pages 18 to 19 of this report.














# Charting Sustainability Leadership

GRI 2-12, 2-13

 Members

 Chaired by

 Meeting frequency

Governance Body	Roles and Responsibilities	Key Actions in 2023
<p><b>Board</b></p>	<ul style="list-style-type: none"> <li>The highest governing body responsible for directing and overseeing the business and affairs of the Group. This involves periodically reviewing and approving its overall strategies and significant policies.</li> <li>Ensuring the Group’s strategic initiatives support long-term value creation, taking into consideration ESG concerns and corresponding risks and rewards.</li> <li>Overseeing existing Board-level committees that have oversight of specific sustainability-related areas.</li> </ul> <p> For more information on the Board’s roles and responsibilities, please refer to the Board Charter on Maybank Group’s corporate website.</p>	<ul style="list-style-type: none"> <li> Members of the Board</li> <li> Non-Independent Non-Executive Director</li> <li> Monthly</li> </ul> <ul style="list-style-type: none"> <li>Annual review of the Sustainability Strategy Updates. These updates are presented to the Group EXCO for feedback prior to dissemination to the Board.</li> <li>Discussed quarterly updates on the progress of sustainability targets and Group scorecard.</li> <li>Reviewed, as part of the monthly President &amp; Group CEO report, key Group sustainability achievements, including that of the respective countries and businesses, industry and regulatory developments as well as climate risks and opportunities.</li> </ul>
<p><b>BSC</b></p>	<ul style="list-style-type: none"> <li>Overseeing sustainability-related matters, including overall sustainability strategy and monitoring the execution of the strategy.</li> <li>Reviewing and monitoring the sustainability governance structure, principles, priorities and targets, as well as the integration of sustainability considerations across the Group.</li> <li>Ensuring environmental-related considerations have been duly considered, including climate-related risks and opportunities.</li> </ul>	<ul style="list-style-type: none"> <li> Selected members of the Board, including President &amp; Group CEO</li> <li> Independent Non-Executive Director</li> <li> Quarterly</li> </ul> <ul style="list-style-type: none"> <li>Reviewed and discussed all sustainability issues including climate change and business strategies as well as operational and financed emissions.</li> <li>Reviewed progress updates on sustainability, covering sustainability commitments, strategy implementation, action plans, decarbonisation strategy and stakeholder engagements.</li> </ul>
<p><b>ESC</b></p>	<ul style="list-style-type: none"> <li>Steering, coordinating and ensuring the effective implementation of the Group’s sustainability agenda.</li> <li>Developing and executing the sustainability strategy, framework, policies and procedures for embedding sustainable practices throughout the Group.</li> <li>Reviewing and endorsing sustainability-related plans and guidelines, monitoring and advising on the implementation of sustainability initiatives and directly executing transformation programmes.</li> </ul>	<ul style="list-style-type: none"> <li> Selected Group EXCO members and Senior Management</li> <li> President &amp; Group CEO</li> <li> Bi-monthly</li> </ul> <ul style="list-style-type: none"> <li>Reviewed progress updates related to SP9 initiatives, climate transition strategy, initiatives under the sustainability pillars and developments on Capability Leadership, Thought Leadership and Business Leadership.</li> <li>Oversee ESG performance and plans by respective countries and businesses, updates on regulatory compliance, sustainability disclosures and communications plan.</li> <li>Approved and endorsed policy on human rights and climate risk, Transition Finance and Sustainable Product Frameworks, Client Engagement Guidebook, sector positions and sector decarbonisation pathways.</li> <li>Assessed involvement in industry-led initiatives such as the Journey to Zero Conference, partnerships and industry collaborations with Bursa, KPMG and UN Global Compact, as well as memberships, capacity and culture building programmes for the Group and international operations.</li> </ul>

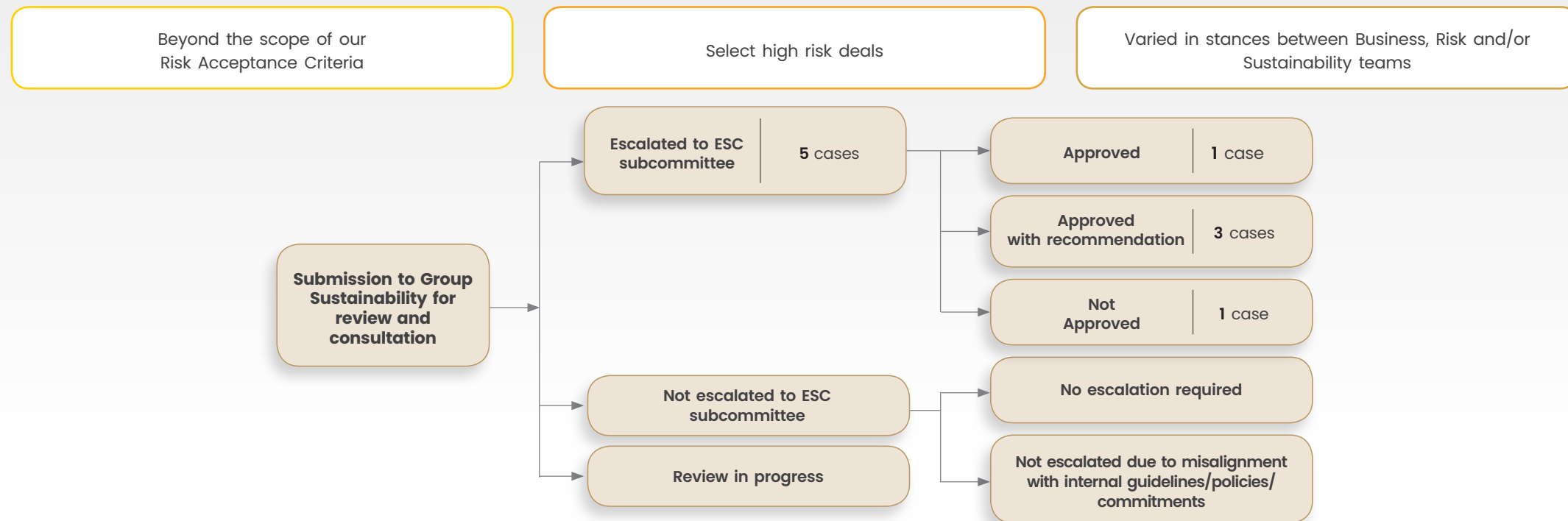


# Charting Sustainability Leadership

GRI 2-12, 2-13, 2-16

## Managing ESG-Related Deals

In addition to our Group committees, we have an ESC subcommittee that serves as a review and approval committee for contentious deals involving ESG-related matters. These include, among others, transactions that are:



Since its establishment in August 2021, the ESC subcommittee has periodically convened to review and decide on select deals with high ESG risk. Heightened innovation of solutions and products may involve higher ESG risk as we pursue the proliferation of credible sustainable finance and climate supporting deals. Whilst the Group’s existing risk ecosystem provides sufficient ESG risk evaluation on most deals, some deals require additional steer from our leadership team to ensure alignment to our overarching sustainability aspirations and commitments. The ESC subcommittee deliberates on the viability of pursuing such deals taking into account all ESG considerations.

The assessment of these deals centres on the client’s nature of business and/or the underlying asset, which is the subject of the transaction, as well as the strength of the client’s sustainability aspirations, achievements and practices. The deal team will be expected to put forward their compelling proposition and Group Sustainability will act as the check and balance to review the deal as well as act as the secretariat for the process.

In reviewing any given deal, Group Sustainability will undertake the following:

- holistic research on the asset, client, sector and deal
- analyse the rigour of the deal, objectives and/or proposition
- review and analyse external publications (including but not limited to ESG ratings reports)
- review ESG issues, allegations and controversies on the asset, deal and/or client, and if required, engage the client to better understand their perspective and progress of remediation
- highlight the findings and provide a recommendation to support or reject/defer the deal in question

which will be detailed in Group Sustainability’s Sustainability Review Paper to be submitted to the ESC subcommittee.

The ESC subcommittee will then decide on the permissibility of undertaking the deal as well as recognition as a sustainable finance deal, where relevant.

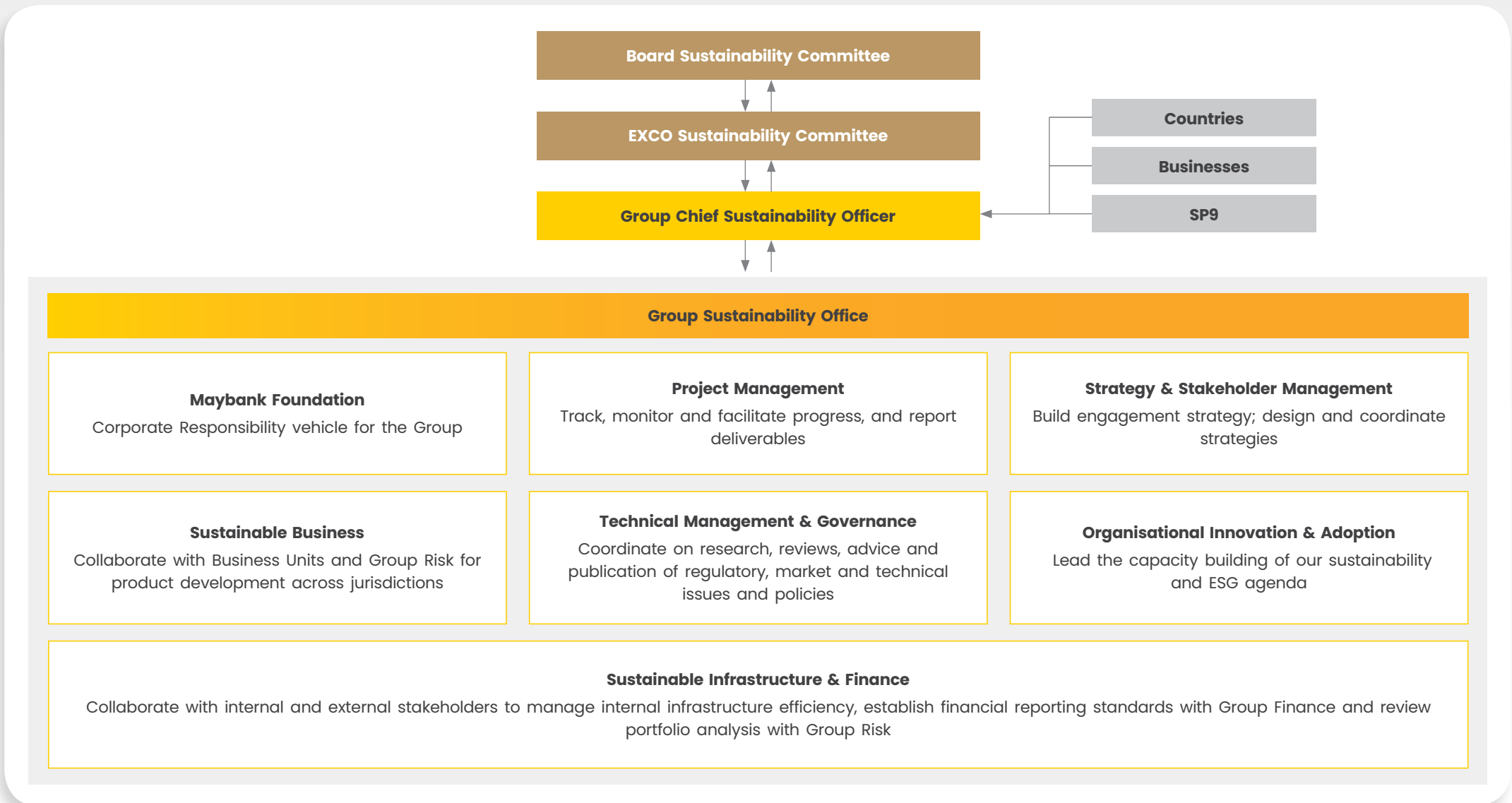
**Note:** The assurance provider does not express an opinion on, nor guarantees the integrity and/or accuracy of the information on page 8 of this report in view that the inclusion was conducted post validation.

# Charting Sustainability Leadership

GRI 2-12, 2-13

## Group Sustainability Office

The Group Chief Sustainability Officer heads the Group Sustainability Office, which comprises seven key units responsible for embedding sustainability across the Group:



## Sustainability Circle

Since 2022, we have put in place a Sustainability Circle to facilitate the exchanging of views and the promotion of sustainability practices across our business divisions. Chaired by the Group Chief Sustainability Officer (GCSO), the Sustainability Circle consists of sustainability representatives within the Group from different sectors and countries, namely home markets and Maybank Philippines.

It encourages representatives to advocate sustainability practices, promote transparent communication, drive sustainability plans and targets within the respective sectors and regions as well as inspire and uncover new opportunities in sustainability. The Sustainability Circle meeting is held quarterly, with four sessions held in 2022 and 2023 respectively. This enabled members to receive updates on the latest developments in sustainability within the respective sectors and countries, providing an overview of the Group's progress in sustainability.



# Charting Sustainability Leadership

GRI 2-12, 2-13

## Sustainability Representation in Countries and Businesses

We have integrated sustainability across subsidiaries, departments and functions within the Group. Our offices in home markets and the Philippines have dedicated personnel responsible for sustainability, who report directly to the GCSO and the respective country's CEO. Our offices within Group Insurance, Group Islamic and Group Global Banking (Group GB) such as Maybank Investment Bank also have a dedicated person responsible for sustainability.

Our business groups and regional offices are given the responsibility, through their own sustainability governance structures, of ensuring effective implementation of the sustainability strategy. This structure is aligned to regulatory requirements and addresses the local operating environment within their respective jurisdictions.

The respective countries and businesses with specific governing structures responsible for sustainability are reflected below, while Group Islamic operates on a leveraged model:



**Singapore**

- The Singapore Sustainability Council, which convenes on a quarterly basis, is chaired by the Country CEO and CEO of Maybank Singapore, with attendees from Group Sustainability and the respective Sustainability Workgroups which include representation from strategy, finance, risk, business, human capital and operations.
- The objectives of the council are to:
  - Oversee all sustainability-related initiatives in Singapore, including implementation and ensuring progress against the sustainability commitments
  - Determine and advise the Board on key material sustainability issues
  - Review, deliberate and approve all sustainability-related matters and initiatives



**Indonesia**

- The Sustainability Unit within Maybank Indonesia mirrors that of the Group, consisting of specific functions such as sustainable business, sustainability strategy and stakeholder management, sustainability infrastructure and research and corporate social responsibility.
- Monthly progress updates on sustainability achievements are reported to the Board of Commissioners and Directors.



**Cambodia**

- The Senior Management Sustainability Council is responsible for addressing the following matters on a bi-monthly basis:
  - Tracking Maybank Cambodia's Sustainability Progress against its targets.
  - Discussing and validating each initiative and addressing arising issues.
  - Identifying and discussing key business opportunities relating to sustainable finance.
  - Sharing key updates from the Group with regards to sustainability.



**Philippines**

- The Management-level Sustainability Committee convenes bi-monthly to discuss its progress in meeting the sustainability commitments and governing policies, with particular attention on strategies and products that can be implemented to achieve targets.
- Significant updates related to the establishment of policies and frameworks, as well as compliance with Bangko Sentral ng Pilipinas (BSP) regulatory guidelines, are also tabled to the Board for approval.
- The Sustainability Management Office resides under the Risk Management department.
- An ESG Working Group, comprising various units, convenes on a monthly basis, reporting on the progress of its sustainability commitments.



**Maybank Asset Management Group (MAMG) and Maybank Investment Banking Group (MIBG)**

- The Head of Sustainability Management at MAMG is responsible for managing the sustainability journey and strengthening its processes and deliverables. Currently it is also jointly undertaken by the offices of Regional Head of Research and Chief Risk Officer.
- Sustainability updates comprising progress of MAMG's sustainability commitments, including key achievements are reported to the MAMG Board on a quarterly basis.
- MIBG's ESG progress, including achievements, are deliberated and discussed at the executive-level committee and Board of Directors meetings.
- MIBG also has representation at the ESC to align with Maybank Group's steer, coordination and effective implementation of Maybank Group's Sustainability Agenda.
- For Maybank Investment Bank Berhad, Sustainability Management resides under the CEO's Office to oversee sustainability strategies, culture and communications.



**Group Insurance and Takaful**

- Sustainability efforts for our offices within Group Insurance are jointly managed by Etiqa's Chief Risk Officer and Chief Strategy Officer.
- The Value-Based Intermediation and Sustainability Steering Committee (VBIS SC), which is co-chaired by CEOs of the Malaysian entities, is responsible for overseeing Etiqa's sustainability journey and the sustainability efforts of Maybank Ageas Holdings Berhad (MAHB) Group, which cover Malaysia and Singapore operations.
- The committee consists of CEOs of the Malaysian entities, Group CEO Insurance and Takaful and the executive management in Finance, Strategy and Risk, and the CEO of Etiqa Insurance Pte. Ltd. (EIPL) and Ageas' Country Manager.
- VBIS SC meets monthly to monitor progress and plan next steps, providing regular updates to the Board for guidance.
- VBIS SC sets and continuously reviews the Group Sustainability Agenda in the context of Group Insurance, defines boundaries and approves sustainability-related proposals.

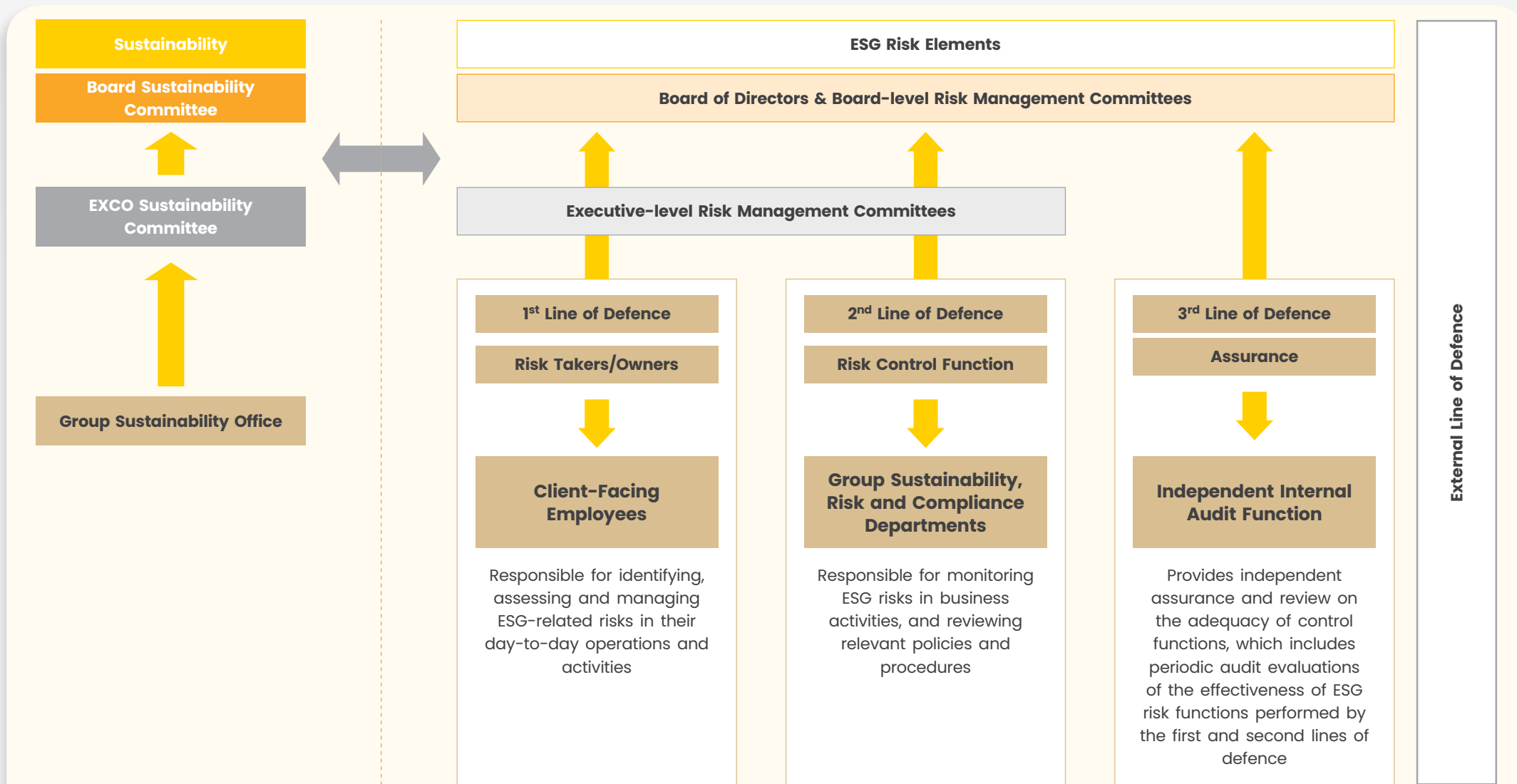
# Charting Sustainability Leadership

GRI 2-12, 2-13

## ESG RISK GOVERNANCE

Effective ESG risk management is vital in our journey towards contributing to a sustainable future. Mitigating ESG risks is not only crucial for us to manage climate change impacts but it enables us to transition to more sustainable practices. On the whole, it allows us to avoid financing activities that have adverse effects on the environment and surrounding communities, covering key ESG issues such as biodiversity, deforestation, forced labour and child labour, among other ESG areas. To ensure robust risk management, we have in place the Maybank Group ESG Risk Management Framework that guides us in upholding accountability besides providing an appropriate level of independence and delegation of tasks between parties. Additionally, our ESG risk management governance structure enables all parties to be part of the ESG risk management process, allowing a holistic approach in the Group's ESG risk management.

For more information on our ESG Risk Management approach, please refer to pages 8 and 30 to 47 of this report.



For information on the role of the Board Sustainability Committee and EXCO Sustainability Committee, please refer to page 7 of this report.



# Charting Sustainability Leadership

GRI 2-12, 2-13







The roles and responsibilities associated with ESG risk management within the Group are elaborated below:

Board and Board-level Committees		
The Board	Risk Management Committee (RMC)	
<ul style="list-style-type: none"> <li>• Ultimate governing body with overall ESG risk oversight.</li> <li>• Ensure corporate objectives are supported by a sound ESG risk strategy and effective ESG risk management.</li> <li>• Set the ESG risk appetite.</li> <li>• Approve plans and performance targets that are consistent with the ESG risk appetite and risk taking activities.</li> </ul>	<ul style="list-style-type: none"> <li>• Review and approve ESG risk management strategies, as well as Group ESG risk framework and policies.</li> <li>• Review and assess adequacy of ESG risk management policies and framework in identifying, measuring, monitoring and controlling ESG risks.</li> </ul>	
Executive-level Committees		
Group Executive Risk Committee (GERC)	Group Management Credit Committee (GMCC)	Group Non-Financial Risk Committee (GNFRC)
<ul style="list-style-type: none"> <li>• Review and recommend ESG risk management strategies for RMC's approval.</li> <li>• Review and assess adequacy of ESG risk management framework and policies and the extent to which they operate effectively.</li> </ul>	<ul style="list-style-type: none"> <li>• Independent review on ESG risks associated with lending and financing activities.</li> </ul>	<ul style="list-style-type: none"> <li>• Review and monitor the effectiveness of non-financial ESG risk management strategies, framework, policies, risk tolerance and risk appetite limits.</li> </ul>
Senior Management and Working-level Committees		
<ul style="list-style-type: none"> <li>• Ensure the management of ESG risk is in line with the approved ESG risk appetite, risk strategy, risk framework, policies, procedures and risk management practices and processes established.</li> </ul>		
Working-level		
Group Risk		
<ul style="list-style-type: none"> <li>• Provides oversight of risk management on an enterprise-wide level by incorporating ESG risk elements into the Group's risk strategies, frameworks and policies, with independent assessment and monitoring.</li> <li>• Supports the Group in meeting its strategic and business objectives.</li> </ul>		

# Charting Sustainability Leadership

GRI 2-12, 2-13

A similar set up is established within the respective countries and businesses:

 <h3>Singapore</h3> <ul style="list-style-type: none"> <li>The Maybank Singapore Limited (MSL) Board oversees environmental risk with the assistance of the Risk Management and Compliance Committee and Executive Risk Committee (ERC), while the ERC provides oversight of environmental risk management for the Singapore Branch.</li> <li>MSL has also established a Sustainability Council overseen by local management to review and monitor MSL's sustainability-related initiatives. The Sustainability Council provides periodic updates to the MSL Board on the progress against its sustainability commitments and targets.</li> </ul>	 <h3>Indonesia</h3> <ul style="list-style-type: none"> <li>The Enterprise Risk Management working unit from Maybank Indonesia assists the Sustainability unit to develop the Climate Risk Stress Testing assessment. The results of the assessment are submitted to Indonesia's Financial Services Authority (OJK).</li> <li>The Risk Management Committee (RMC) and Risk Oversight Committee are in place to review and recommend ESG risk strategies, frameworks and policies.</li> </ul>	 <h3>Cambodia</h3> <ul style="list-style-type: none"> <li>In addition to the responsibility of Maybank Cambodia's Board in overseeing ESG risk, the Risk Management Committee is responsible for reviewing, approving and ensuring the adequacy of ESG risk strategies, frameworks and policies.</li> <li>Executive-level committees such as the Senior Management Committee and the Credit Committee are in place to review and recommend ESG risk strategies, frameworks and policies to the Board-level committee and independently review the ESG risks associated with lending and financing activities respectively.</li> </ul>
 <h3>Philippines</h3> <ul style="list-style-type: none"> <li>The Risk Management Committee has oversight of risk management including but not limited to approving risk management strategies, frameworks and policies for the material risks faced by the Bank.</li> <li>The committee ensures the infrastructure, resources and systems are in place for the implementation of risk management systems.</li> <li>The committee also reviews the management's periodic reports on risk exposure, risk portfolio composition and risk management activities.</li> </ul>	 <h3>MAMG</h3> <ul style="list-style-type: none"> <li>MAMG Board has the overall responsibility for ESG which includes facilitating the integration of ESG-related matters into the Board's business as usual.</li> <li>MAMG, with its unique requirements and processes as an asset/investment manager has developed and adopted the Maybank Group ESG Risk Management Framework which is incorporated in the Regional Investment Policy.</li> <li>The ESG risk elements will be overseen by the MAMG Board at group level with the assistance of Board committees - Investment Committee and Risk Management Committee.</li> <li>At management level, the oversight of ESG risk related matters is supported by the Executive Risk Committee and Portfolio Management Committee.</li> </ul>	 <h3>MIBG</h3> <ul style="list-style-type: none"> <li>MIBG Board has overall responsibility for ESG. The ESG risk elements are overseen by the Board with the assistance of the RMC, Credit &amp; Underwriting Review Committee (CURC), Management Risk Committee (MRC) and Credit &amp; Underwriting Committee (CUC).</li> <li>The RMC reviews and approves ESG risk management strategies, risk tolerance and risk limits, new and material ESG risk frameworks and policies; whereas the CURC provides oversight and advisory on credit and capital market transactions while taking ESG risk elements into consideration.</li> <li>The MRC ensures adequate resources are available for the management of ESG risk, reviews the periodic risk reports on ESG risk exposure, and monitors the effectiveness of ESG risk management strategies, tolerance and risk appetite limits; whereas CUC recommends credits that requires Board decision and independently review on ESG risks associated with credit and capital market transactions activities.</li> </ul>

## eTiQa

### Group Insurance and Takaful

- The Risk Management Committee at the insurance group level has similar functions as the Group in that it is also responsible for reviewing ESG risk management strategies, limits, exposures, frameworks and policies.
- The Investment Committee that is responsible for overseeing ESG issues relating to investment activities.
- The delegated Executive-level risk committees such as the Management Risk Committee and the Senior Management Committee are also responsible for specific aspects of ESG risk management.



# Charting Sustainability Leadership

GRI 2-17

## BOARD TRAINING

The table below reflects the training attended by the Board of the Group, its subsidiaries in Malaysia and its home markets.

### Legend:

- Group
- Group Islamic
- Maybank Investment Bank & Maybank Asset Management
- Etiqa
- Maybank Singapore
- Maybank Indonesia
- Maybank Cambodia

ESG/Sustainability	Description	Participation
<b>External Trainings</b>		
Leadership for Enterprise Sustainability Asia (LESA 2023) – Asian #Sustain-Ablers in Action*  * Includes relevant EXCOs	A conference that promoted an understanding of the complexities and challenges of building a sustainable business by addressing the interrelation between digital transformation, sustainability leadership, inclusive human capital and skills of the future, and how these key aspects will enable a sustainable way forward for Asia.	<span style="color: yellow;">●</span> <span style="color: blue;">●</span> <span style="color: orange;">●</span> <span style="color: lightgrey;">●</span> <span style="color: darkgrey;">●</span>
Financial Reporting on Impact of Climate Change Effects	Organised by Malaysian Institute of Accountants to discuss financial reporting on climate change impacts.	<span style="color: yellow;">●</span> <span style="color: blue;">●</span> <span style="color: orange;">●</span> <span style="color: lightgrey;">●</span> <span style="color: darkgrey;">●</span>
Breakfast Talk – Stepping Up to the Role: Objective Assurance & Advisory on ESG	This breakfast talk provided insights and practical knowledge in making informed decisions on ESG implementation.	<span style="color: yellow;">●</span> <span style="color: gold;">●</span>
PNB Knowledge Forum 2023 – Harnessing Innovation and Technology for Sustainable Business	A forum that provided insights into innovative solutions, disruptive technologies and the commitment of featured Permodalan Nasional Berhad (PNB) companies to continuously ensure product and process improvements. Maybank, one of the four PNB investee companies featured at the forum, showcased its innovation in financial solutions that are simple, intuitive and centred around the human experience, staying true to its “Humanising Financial Services” ethos.	<span style="color: yellow;">●</span> <span style="color: orange;">●</span>
Directors’ Training Programme Module 2 – ESG Topic: Sustainability Transition – Innovation as Change Drivers	A training programme by the Institute of Corporate Directors Malaysia which helped participants to understand the role of innovation in sustainability transition and adopt best practices to accelerate sustainability transition in one’s company.	<span style="color: blue;">●</span> <span style="color: yellow;">●</span> <span style="color: gold;">●</span> <span style="color: darkgrey;">●</span>
PNB: A Conversation with YB Tuan Nik Nazmi Nik Ahmad, Minister of Natural Resources, Environment and Climate Change (MNRECC)	A session organised by PNB for senior leaders to engage with the Minister of NRECC on sustainability in Malaysia.	<span style="color: orange;">●</span>
Understanding Sustainable and Responsible Investment (SRI)	Organised by Securities Commission (SC) of Malaysia to provide an introduction to SRI.	<span style="color: orange;">●</span>
Senior Leaders Forum: My Experience at the COP 27 Climate Change Conference	A forum organised by PNB for senior leaders to share perspectives from attending the United Nations Framework of Convention on Climate Change’s 27th Conference of Parties (COP 27).	<span style="color: orange;">●</span>
Sharing Session on Cultural Changes in Organisation (ESG Transformation)	A sharing session organised by McKinsey & Company, Inc. (Malaysia) on ESG transformation in organisations.	<span style="color: orange;">●</span>
Budget Seminar: Building a Sustainable and Resilient Future	A seminar organised by PwC to discuss Budget 2023 proposals anchored on strengthening the country’s economic resilience.	<span style="color: orange;">●</span>
Invest Malaysia 2023 Special Series – Launch of the National Energy Transition Roadmap Part 1: Flagship Catalyst Projects and Initiatives – Energising the Nation, Powering Our Future	Jointly organised by Maybank, this special series of Invest Malaysia 2023 was the platform for the launch of Part 1 of Malaysia’s National Energy Transition Roadmap.	<span style="color: yellow;">●</span> <span style="color: orange;">●</span> <span style="color: blue;">●</span> <span style="color: lightgrey;">●</span> <span style="color: darkgrey;">●</span>
Shariah Training: ESG Through the Lens of Maqasid Al-Shariah	A special Board training programme organised to discuss the inter-relation between ESG and Shariah principles.	<span style="color: yellow;">●</span> <span style="color: orange;">●</span>



# Charting Sustainability Leadership

GRI 2-17

**Legend:**

- Group
- Group Islamic
- Maybank Investment Bank & Maybank Asset Management
- Etiqa
- Maybank Singapore
- Maybank Indonesia
- Maybank Cambodia

ESG/Sustainability	Description	Participation
<b>External Trainings</b>		
Ignite Your Sustainability Journey with the New ISSB Standards	A session organised by EY on the latest ISSB standards and ways organisations can effectively handle the updated reporting guidelines that connect sustainability with finance.	<span style="color: yellow;">●</span> <span style="color: orange;">●</span>
The SC's Audit Oversight Board Conversation with Audit Committees	The SC organised this engagement session with Audit Committees on ESG matters.	<span style="color: orange;">●</span>
JC3 Journey to Zero Conference 2023	The conference focused on practical and actionable solutions, emphasising the critical role of the financial industry in driving sustainable transformation.	<span style="color: yellow;">●</span> <span style="color: darkgrey;">●</span>
Mandatory Accreditation Programme Part II – Leading for Impact (LIP) – Building High Impact Boards for Sustainable Growth	Under the SC's Corporate Governance Strategic Priorities 2021-2023, this initiative aimed at providing the foundation for directors to effectively address sustainability risks and opportunities and have better oversight over their companies' material sustainability matters.	<span style="color: yellow;">●</span> <span style="color: blue;">●</span> <span style="color: orange;">●</span> <span style="color: gold;">●</span> <span style="color: grey;">●</span> <span style="color: darkgrey;">●</span>
<b>Internal Trainings</b>		
Maybank Group Sustainability Week: (i) Building a Diverse, Equitable and Inclusive Workforce (ii) Walk the Talk on Sustainability	Maybank launched its inaugural Group Sustainability Week, which saw a week-long host of events that aimed to intensify the impact of Maybank's sustainability initiatives and celebrate Maybank's sustainability achievements, seeking to inspire more Maybankers to live sustainably at work and at home.	<span style="color: yellow;">●</span> <span style="color: darkgrey;">●</span> <span style="color: grey;">●</span>
Maybank Sustainability Series and Abridged Board of Directors Technical Workshop	Aimed to provide insights into the new policies and tools developed within the Group such as the Client Engagement Guidebook and the Maybank Group Sustainable Product Framework.	<span style="color: yellow;">●</span> <span style="color: lightgrey;">●</span>
ESG Approaches in Reinsurance Market	Discussed the impact of climate change and biodiversity loss, sustainability strategy and ESG risk framework, climate review and natural disasters in 2022, events and loss trends, challenges and opportunities and view of risk and climate conditioned catastrophe models.	<span style="color: gold;">●</span>
ESG as a Value Driver for Financial Institutions: Understanding Impact of Climate Change	Discussed Board's ESG fiduciary duties, regulatory frameworks and oversight on climate risk management.	<span style="color: gold;">●</span>
Sustainability Day Seminar* <small>* Includes relevant EXCOs</small>	Covered solid waste management and saving the reefs.	<span style="color: yellow;">●</span> <span style="color: gold;">●</span>



# Charting Sustainability Leadership

GRI 2-17

## Annual Board Risk Workshop

In July 2023, the Board and Group EXCO participated in the Annual Board Risk Workshop 2023, which included topics relating to climate change:

### ESG/Sustainability



#### Climate's Macroeconomic Effect

An overview of the macroeconomic implications of climate factors, emphasising the significance of monitoring El Nino, while indicating that the shift from La Nina could result in profound global impacts. This overview highlighted the disruption to global weather patterns and how it impacts rainfall, temperature and atmospheric circulation worldwide. The session underscored the importance of considering climatic influences when assessing the overall economic outlook and further delved into the climate system conditions specific to East Asia and ASEAN. Additionally, it provided an overview of the environmental factors influencing economic conditions.

#### Climate Impacts Everyone, Everywhere, Now Onwards

The session provided an overview of how climate change impacts societies and countries as a result of increased climate related disasters, by comparing the periods of 1980 to 1999 and 2000 to 2019. It also provided an overview of global losses due to weather-related disasters.

#### New Reporting Standards from the IFRS ISSB

Highlighted the International Financial Reporting Standards (IFRS) S1 and S2 requirements in sustainability and climate-related financial disclosures.

#### Reporting Net Zero Progress - New Integrity Council for the Voluntary Carbon Market Regulations

Overview of the Voluntary Carbon Markets Integrity Initiative (VCMI), a global rulebook for carbon offset buyers.

#### Climate Change - All Human Activities, but Mostly Energy

Overview of atmospheric CO<sub>2</sub> and fossil fuel consumption before, during and after the Industrial Revolution, the annual rate of increase in atmospheric carbon dioxide and the growth in fossil fuel consumption during this period.

#### The Circular Economy as a Driver of Sustainable Development

Emphasised the benefits of a systems approach in embracing a circular economy, its principles and the emission reduction potential.

# Charting Sustainability Leadership

GRI 2-17

● Group ● Maybank Investment Bank & Maybank Asset Management

## Other EXCO trainings

ESG/Sustainability	Description	Participation
Ethical Finance ASEAN 2023: Financing Transition	Essentials of sustainable and responsible finance in the ASEAN region and beyond, exploring how financial institutions in the region can support Southeast Asian economies in their transition towards net zero.	●
Regulatory Guidelines	Briefing on the latest SC Guidelines with regards to the Asset Management industries.	●

## SUSTAINABILITY-LINKED REMUNERATION

At Maybank, employees' compensation, especially the variable components, are linked to their performance based on a Balanced Scorecard approach. To drive sustainability from the top, we have incorporated sustainability key performance indicators (KPIs) in the remunerations of senior management since 2022. Two of the KPIs, which have yearly targets set for five years, relate to our climate change commitments, ensuring that the remuneration for senior management is incorporated with climate change performance.

In addition, given the long-term nature of sustainability KPIs, in early 2023, the Board approved for KPIs to be incorporated in the Long-Term Incentive Plan for eligible senior management and above. Furthermore, the Group Balanced Scorecard carries weightage for our M25+ ambitions which include that of sustainability. Across the Group, Maybankers who deliver directly towards Maybank's sustainability efforts will have the relevant weightage reflected in their respective Balanced Scorecards.



For more information on our commitments, please refer to pages 58 to 62 and 67 to 68 of this report and page 38 of the Sustainability Report 2023.

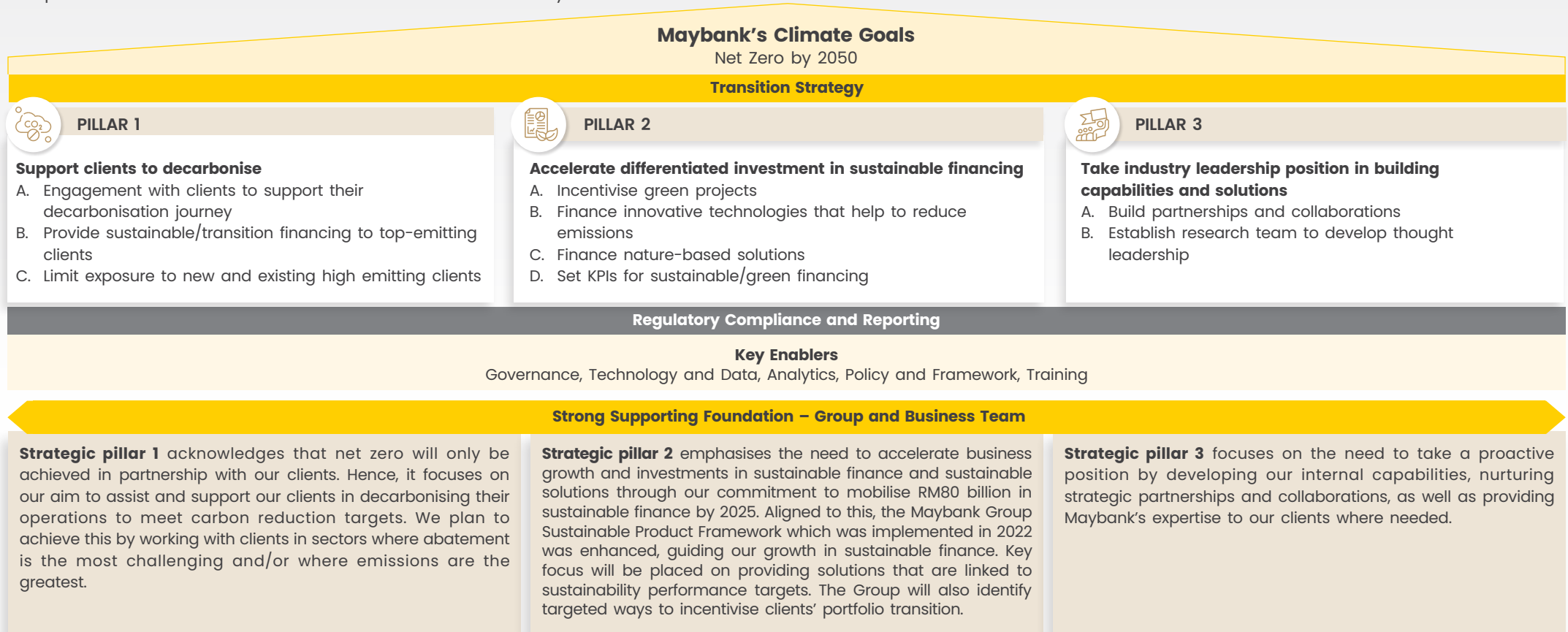


# Creating Environmentally Sustainable Impacts

GRI 3-3

## OUR CLIMATE GOALS

Our sustainability approach is built on three fundamental pillars and supported by our four sustainability commitments. An important component to this is climate change. Recognising this, the Group focused on establishing a climate transition strategy. This is anchored on three key strategic pillars, identifying critical foundations required to drive the Group towards decarbonisation. Leveraging key enablers, we will be able to identify climate-related opportunities and mitigate risks and impacts of climate change as we go beyond regulatory compliance to accelerate the transition to a low-carbon economy.






## OUR M25+ STRATEGY

Maybank is driven by its M25+ strategy which will steer the Group towards a deeper purpose of becoming a “values-driven platform, powered by a bionic workforce that Humanises Financial Services”. This involves upskilling and equipping our employees with the right capabilities, innovating digital ecosystems and integrating customer offerings across the region and finally, providing customers with hyper-personalised solutions. In addition, it includes infusing the principles of value based financial services as a differentiator to drive economic value. In pursuit of this, we introduced the myimpact brand to distinguish our ethical approach towards strengthening our Humanising Financial Services mission.

Through the M25+ strategy, we are reinforcing the drive for more meaningful differentiation across five key strategic thrusts, driven by 12 strategic programmes (SPs), to create firmer foundational capabilities for long-term sustainable growth. This ensures the Group remains agile as we respond to various macro trends and disruptions within the financial industry, which includes meeting the growing needs of investors and customers for sustainable products and business practices as industries strive towards a low-carbon economy.

## Accelerating our Sustainability Strategy

To further accelerate our climate goals, SP9 under M25+ aims to elevate Maybank's net zero commitment by 2050 with an end-state vision of being 'The Leading Enabler in Sustainability, Accelerating Our Clients Transition Towards Net Zero'. As such, we strive to:

-  **Enhance baseline, measurement and target-setting capabilities**
-  **Build segment-specific business strategies**
-  **Develop a sustainability integrated target operating model covering governance and organisation, business/individual KPIs and credit approval processes**

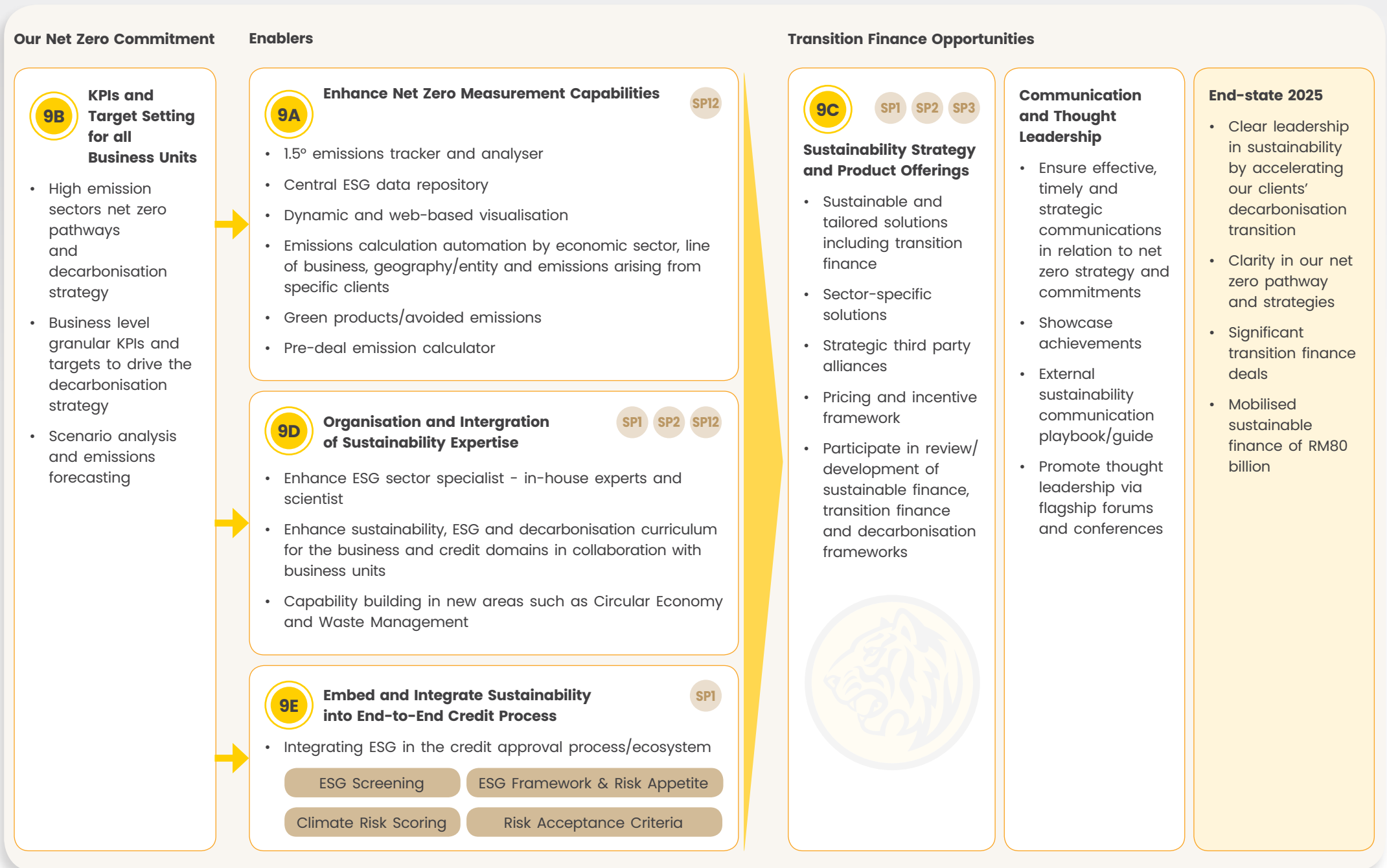
The five key initiatives, as illustrated in the next page, will enable us to further embed sustainability across all our operations.

# Creating Environmentally Sustainable Impacts

GRI 3-3

## Executing Environmental-Related Strategy

SP9 is centred on the “Environmental” element of “ESG”, covering the following five initiatives:





# Creating Environmentally Sustainable Impacts

GRI 201-2

## IDENTIFICATION AND IMPACT OF CLIMATE-RELATED RISKS

Identifying the transition and physical risks of climate change on our business is crucial in enabling us to ensure environmental and climate resilience as well as to facilitate a just transition to a low-carbon economy. Over the years, we have identified climate-related risks and opportunities, underlining our commitment to transparently manage our climate-related impacts and ensure alignment with industry best practices and globally recognised standards. Our approach remains guided by TCFD and we are committed to transparently reporting our progress in implementing the recommendations of TCFD through various engagement channels.

The Group recognises climate risk as a potential threat stemming from climate change, which can impact the sustainability of its overall business and operations. This risk may manifest through:



The impacts of these risks, whether altogether or on a standalone basis, may affect the Group's business activities, operations and reputation, as well as the value of its assets and investments. If not properly managed, these risks could lead to the Group's assets being stranded.

To mitigate climate risk, short-, medium- or long-term plans have been established and gradually rolled out as detailed below.

### Transition Risks

We define transition risk as a risk that may cause financial or reputational losses resulting from a shift towards a low-carbon economy, along with increased compliance costs. We have identified four transition risk factors which may impact the Group's operations and business activities. They are:



Time horizon: 0-2 years 2-5 years >5 years

## 1 CURRENT AND EMERGING FISCAL POLICIES, FINANCIAL REGULATIONS AND NON-REGULATORY REPORTING

### Transition Risks

- New government policies (e.g. net zero targets and the National Energy Transition Roadmap in Malaysia)
- Regulatory reforms from insurance/takaful, banking and capital market regulators (e.g. Climate Risk Management and Scenario Analysis by BNM, Bursa listing requirements, Monetary Authority of Singapore's (MAS) Environmental Risk Management Guideline, Singapore-Asia Taxonomy, Issuance and Requirements of Green Bonds and Sustainability-Based Debt Securities and Sukuk, the Green Taxonomy by OJK)
- Evolving complex reporting standards including disclosures (e.g. new global reporting standards which require greater due diligence)

### Impact on Business Strategy



- Impact on Maybank's Banking, Investment, Asset Management and Insurance businesses:
  - (a) Increased compliance cost for climate and environmental regulation.
  - (b) Collateral and asset value affected as stricter regulation will increase the risk of stranded assets.
  - (c) More regulatory driven data requirements needed from clients, impacting client's onboarding process.
  - (d) Loss of business opportunity due to long processing lead time (higher turnaround time, impacting customer experience).
  - (e) Withdrawal of funds or shift in investor preference result in reduced valuations and volatile investments.

# Creating Environmentally Sustainable Impacts


GRI 201-2

## 1 CURRENT AND EMERGING FISCAL POLICIES, FINANCIAL REGULATIONS AND NON-REGULATORY REPORTING (CONTINUED)

### Our Response

#### Risk management

- Integrated ESG risk management strategies into the Group's enterprise risk management practices to strengthen ESG and its surrounding risks through five key stages of the risk management process.

 For further details, refer to pages 30 to 47 of this report and 138 to 144 of the Integrated Annual Report.

- Developed the Maybank Group Climate Risk Policy, covering climate risk assessment and management. The policy has been adopted by businesses and countries.
- Integrated Risk Acceptance Criteria in financing, investment and underwriting decisions, complemented with Maybank Group Credit Risk Policy.
- Conducted ESG exposure measurement, aggregation and reporting.
- Performed stress testing and scenario analysis.
- Established ESG risk screening and assessment.
- Evaluated investable assets based on integrated qualitative and quantitative analysis, thus enabling Etiqa to provide comprehensive ESG analysis when evaluating its investment activities.
- Established a quantitative risk appetite statement focusing on transactions that support climate adaptation and transition as well as sustainable finance.
- Aligning with the transition towards the Group's emissions target over multiple fixed time horizons.
- Implementing ESG risk assessment at three levels as outlined in the Maybank Group ESG Risk Management Framework:

Industry

Client

Transactional

- Enhancing disclosure practices to ensure alignment with regulatory requirements and international standards.

#### Building an ESG culture

- Building a culture of sustainability and creating value for the community and the environment by intensifying sustainability awareness within the organisation and among its stakeholders, including advocating sustainable practices to suppliers who have yet to adopt the concept of sustainability.

#### Engagements and participation

- Actively engaging clients in different industries in understanding their plans and needs to facilitate their transition towards a low-carbon economy.
- Working with regulators through participation in industry-led initiatives and committees.

#### Other focus areas to be implemented

- Fully integrating climate risk elements into risk management strategies of the Group.
- Employing a forward looking climate scenario analysis based on industry value chain and outlook.
- Building climate resilience by focusing on an orderly transition pathway, operational efficiency and flexibility, sustainability of business activities and pursuing climate social justice.
- Progressively identifying ESG risks including climate prior to the development of a new product, investment, business relationship or strategy to enable the assessment, evaluation and measurement of the associated risks.
- Developing a robust methodology that analyses clients' portfolios for ESG/climate risk and impacts. This includes enhancing its underwriting risk assessment tool, model and data.
- Identifying opportunities in developing new ESG and sustainable products to expand existing green clientele and increase innovative green products and services.



# Creating Environmentally Sustainable Impacts

GRI 201-2

Time horizon: 0-2 years 2-5 years >5 years

## 2 TECHNOLOGICAL ADVANCEMENT

### Transition Risks

- Technological advancements bringing about greater efficiency and lower cost of production for the Group's operations and portfolio (e.g. CAPEX replacement for more efficient machinery and equipment, automation and mechanisation and digital disruption of normal counter services)
- Rise in stranded assets risk for old technology that has become obsolete and inefficient. This includes items which are no longer energy efficient and require more energy per unit of output or more emissions, ranging from manufacturing equipment, vehicles and machinery
- Technological advancements may impact the Group Insurance and Takaful's clients in the electric vehicle (EV) and energy industry (e.g. fire risk, accidental and hospitalisation, and surgical rate)

### Impact on Business Strategy



- Provides the Group with new opportunities and avenues to expand its clientele, especially within the new, up-and-coming technologically advanced solution players.
- Impact to Maybank's Banking, Investment and Insurance businesses:
  - (a) Increased competition for the incumbents, due to the emergence of new technology, which will be more efficient and cost less.
  - (b) Short-term clients' margins and repayment capacity affected due to increase in new technology replacement and deployment.
  - (c) Rise in stranded assets risk for old technology that has become obsolete and inefficient.
  - (d) Insurance/takaful renewal rates affected in the short term due to client's reprioritisation of operating costs (i.e. insurance cost) to adapt to the emergence of new technology.
- Higher claim risk due to instability of new technology; lack of credible data may lead to mis-pricing risk and resulting in higher claim risk.
- Challenges to accurately price the insurance services for new low-carbon technologies.

### Our Response

- Committed to supporting businesses that adopt digital technologies to help sustain their businesses over the long term. Technology is seen as an enabler, a value proposition tool that helps to address customers' needs.
- Continuously explore ways to leverage technology to innovate and utilise ESG tools to support our assessments and add value to existing practices.



# Creating Environmentally Sustainable Impacts

GRI 201-2

Time horizon:  0-2 years  2-5 years  >5 years

## 3 CHANGES IN MARKET DEMAND AND SENTIMENT

### Transition Risks

- Changing client demand towards climate conscious products and services  
(e.g. processes that require less emissions, banking products and merchandise made of recyclable materials, greater demand for green home, EV and green consumer product financing)
- Expanded stakeholder mandates in addressing climate change  
(e.g. restrictions of certain business activities such as our blacklist activities and our No Deforestation, No Peat and No Exploitation stance and shareholder activism)

### Impact on Business Strategy



- Impact on Maybank:
  - (a) Repayment capacity for clients in the short term impacted, due to climate change mitigation and adaptation to investment activities.
  - (b) Customers' change in preferences lead to increased stranded assets (especially for hard-to-abate sectors).
  - (c) Clients' income and margin affected by slow acceptance of higher priced climate-positive products and services.
  - (d) Insurance/takaful renewal rates affected in the short term due to client's reprioritisation of operating costs (i.e. insurance cost) to investing in mitigating and adapting to climate change.

### Our Response

- We offer decarbonisation and carbon credit solutions for corporate clients.
- We continue to provide EV, hybrid and solar financing facilities to retail customers as well as supporting SME customers to transition to low-carbon solutions.
- We have launched ESG themed products such as Solar Energy Shortfall Insurance (SESI), Life/Family and General Products for the B40 and the underserved segment as well as EV coverage.

## 4 CARBON TAX

### Transition Risks

- New government policies in setting a carbon emission limit in line with the Nationally Determined Contributions  
(e.g. the imposition of carbon tax and carbon credit in Singapore and Bursa Malaysia Voluntary Carbon Market participation)

### Impact on Business Strategy



- Impact on Maybank:
  - (a) Financial obligations which penalise high carbon emitters could lead to faster adoption of climate change management practices. This would increase the cost of doing business in general, by way of higher taxes or greater investments in new technology to reduce emissions.
  - (b) Carbon tax may impact repayment ability of clients from high emitting sectors, imports and exports, and hard-to-abate sectors with limited or no carbon transition pathways.

### Our Response

- Being proactive in local industry collaborations on climate change development.
- Developed Emission Tracker and Dashboard to facilitate monitoring and management of financed emissions.
- Committed to not financing new greenfield coal or oil fired power plants and power value chain business activities classified as unacceptable under Maybank's ESG Risk Classification.
- Supporting clients who are committed to stop building new coal fired power plants, where more sustainable alternatives are available, reduce reliance on coal power, transition towards sustainable energy mix, practices or economic activities and aim for carbon neutrality by 2050.
- Facilitating clients in adopting sustainable practices and decarbonising their operations to meet carbon reduction targets.



# Creating Environmentally Sustainable Impacts

GRI 201-2

## Physical Risk

At Maybank, physical risk is defined as the risk directly or indirectly impacting the Group’s assets, financials, productivity and business operations due to extreme weather events and climatic changes. We have classified physical risk into the following two categories:

### Acute Physical Risk

- Event driven
- Includes increased severity of extreme weather events, such as cyclones, hurricanes and floods

### Chronic Physical Risk

- Longer-term shifts in climate patterns such as sustained higher temperatures that may cause sea level rise or chronic heat waves

We recognise that Maybank faces various forms of physical risk given the different locations and countries in which we operate. This could impact business strategy and operations in the following ways:

Physical Risks	Impact on Business Strategy	Impact on Operations	Action Plans
<p><b>1</b> Acute - increase in the severity/frequency of extreme weather events such as:</p> <ul style="list-style-type: none"> <li>• storms</li> <li>• floods</li> <li>• fires</li> <li>• heatwaves</li> </ul>	<ul style="list-style-type: none"> <li>• Impaired lending and investment asset values, leading to increased underwriting risks for the Group’s insurance arm and possibly lower insurance coverage for Group’s assets.</li> <li>• Impact to Maybank’s balance sheet, profit and loss, and insurance risk.</li> <li>• Potential damage to customers’ business activities and critical assets, resulting in a disruption to operations and impacting profitability.</li> <li>• Disruption of the supply chain due to inability to obtain materials and products, impacting distribution channels.</li> <li>• Credit and liquidity risk impact – lending/ investment/underwriting portfolios:               <ul style="list-style-type: none"> <li>(a) Clients’ property damages and business interruptions leading to a potential surge in defaults due to impaired debt servicing capacity.</li> <li>(b) Abrupt climate events leading to sudden large amounts of deposit withdrawals and insurance payouts.</li> <li>(c) The extent of customer liability might impact repayment or threaten solvency of the company.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Flash floods and landslides could disrupt branch operations, data centres and strategic buildings, among others, causing damage to the Group’s properties.</li> <li>• Closure of branches near the coastal areas due to rising sea levels.</li> <li>• Wildfires or open burning resulting in heavily polluted air, toxic fumes and haze leading to disruption of the Group’s operations.</li> <li>• Major climate events disrupting electricity and water supply and internet connection.</li> <li>• Business interruption that may lead to financial, regulatory, reputation and service delivery impacts (e.g. wildfire/open burning, flood, landslide).</li> <li>• Potential failure of third party services that are essential.</li> <li>• Damage to Maybank-owned physical assets.</li> <li>• Total loss of assets from severe damage.</li> <li>• Premature write-down of assets’ value.</li> <li>• Surge in building repair and maintenance cost.</li> <li>• Surge in insurance premiums.</li> <li>• Reduction in income earned from leased buildings.</li> </ul>	<ul style="list-style-type: none"> <li>• ESG risk management:               <ul style="list-style-type: none"> <li>(a) Developed the Maybank Group Climate Risk Policy, covering climate risk assessment and management. The policy has been adopted by the businesses and countries.</li> <li>(b) Developed an assessment template that incorporates guiding principles and classification requirements as part of BNM’s Climate Change and Principle-based Taxonomy (CCPT) for our financial investment activities.</li> <li>(c) Integrated climate risk elements into Maybank’s risk management strategies.</li> </ul> </li> <li>• Engagements:               <ul style="list-style-type: none"> <li>(a) Engaging with clients to facilitate and support their transition towards sustainable and climate-resilient practices particularly for highly vulnerable sectors such as palm oil, oil and gas, forestry and power.</li> </ul> </li> </ul>

# Creating Environmentally Sustainable Impacts

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Physical Risks (continued)	Impact on Business Strategy (continued)	Impact on Operations (continued)	Action Plans (continued)
<p><b>2</b> Chronic – arising from longer-term shifts in climate patterns, such as:</p> <ul style="list-style-type: none"> <li>• rising temperatures</li> <li>• rising sea levels</li> <li>• reduced water availability</li> <li>• loss of biodiversity</li> <li>• changes in land and soil productivity</li> </ul>	<ul style="list-style-type: none"> <li>• Insurance Portfolio:                             <ul style="list-style-type: none"> <li>(a) Higher general insurance/takaful claims on for coverages that are affected by physical climate events. (e.g. claims for damaged cars, damaged machineries, damaged properties, and business interruptions)</li> <li>(b) Sudden increase in claims may cause delays in processing them, which may lead to an increase in customer complaints.</li> <li>(c) Increase in medical and insurance claims over the medium to long term due to illness or diseases arising from the higher average temperatures and abnormal weather (e.g. waterborne diseases and respiratory illnesses) and injuries during climate events.</li> <li>(d) Increase in death claims due to climate events such as floods.</li> </ul> </li> <li>• Investment Portfolio:                             <ul style="list-style-type: none"> <li>(a) Impaired value of invested assets due to expanding loss incurred by investees upon increased damage from natural disasters that could lead to loss of investment income and writing off of equities (if significantly affected by the event).</li> </ul> </li> </ul>		<ul style="list-style-type: none"> <li>• Other focus areas to be implemented:                             <ul style="list-style-type: none"> <li>(a) Employing a forward looking climate scenario analysis.</li> <li>(b) Developing physical risk adaptation plan following a complete risk assessment exercise.</li> <li>(c) Setting climate risk metrics, parameters and key risk indicators.</li> <li>(d) Assessing the Group’s flood exposures via rating using Annual Average Losses and exposures monitoring.</li> <li>(e) Enhancing ESG model scoring for investment activities.</li> </ul> </li> </ul>



# Creating Environmentally Sustainable Impacts

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## Liability Risk

We define liability risk as risks developing from potential claims by individuals or businesses due to the inaction and/or action by the Group in response to physical and/or transition risks, as well as regulatory enforcement. As such, our insurance and takaful business arm potentially has higher exposure to liability risk, which could materialise from climate-related protection underwritten by the business.

The lack of action in responding adequately to climate-related risk may cause potential future losses for the Group through lack of preparation or missed business opportunities.

Liability Risks*	Impact on Business Strategy	Action Plans
<ul style="list-style-type: none"> <li>• Potential claims related to MAHB’s response to physical, transitional and regulatory enforcement.</li> <li>• Climate-related protection underwriting can further elevate liability risk.</li> <li>• Inadequate response to climate risks, coupled with issues on ethical conduct, greenwashing or immaterial climate goals.</li> </ul>	<ul style="list-style-type: none"> <li>• Regulatory repercussions, increase in litigation costs, and loss of reputation due to inaction/ action by Etiqa in response to physical and/or transition risks as well as regulatory enforcement.</li> <li>• Increase on liability insurance payment.</li> <li>• Decrease in revenue due to deteriorating corporate reputation caused by poor preparation or missed business opportunities.</li> </ul>	<ul style="list-style-type: none"> <li>• Implementing MAHB Group Climate Risk Policy requirements – climate risk assessment and management:               <ul style="list-style-type: none"> <li>(a) Integrating climate risk elements into MAHB risk management strategies.</li> <li>(b) Employing a forward looking climate scenario analysis.</li> </ul> </li> <li>• Holding periodic dialogue sessions with brokers and reinsurers to understand their expectations and requirements on ESG. This includes discussions on ESG targets and goals.</li> <li>• Building a culture of sustainability and creating value for the community and the environment by intensifying sustainability awareness within the organisation and among its stakeholders, including advocating sustainable practices to suppliers who have yet to adopt the concept of sustainability.</li> <li>• Evaluating investable assets in an integrated qualitative and quantitative analysis that is tried and tested, thus enabling Etiqa to provide a comprehensive ESG analysis when evaluating its investment activities.</li> <li>• Developing a robust methodology that analyses clients’ portfolios for ESG/climate risk and impacts. This includes enhancing its underwriting risk assessment tools, models and data.</li> <li>• Identifying opportunities in developing new ESG and sustainable products to expand existing green clientele and increase innovative green products and services.</li> </ul>

\* Covers MAHB Group only.

# Creating Environmentally Sustainable Impacts

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## CLIMATE-RELATED OPPORTUNITIES

We recognise the pivotal role of financial institutions in mobilising capital for the transition to net zero. One of our core sustainability pillars, Responsible Transition, aims to facilitate the shift to a low-carbon economy by synchronising environmental and social considerations with stakeholder expectations, particularly in challenging sectors. The Group has prioritised five key areas:



### TRANSITION FINANCE

We are cognisant that many of our clients in carbon intensive industries are in the midst of transitioning towards greener and/or more socially acceptable business practices. Their conscious efforts to transition should be recognised.



### RENEWABLE ENERGY

Renewables (solar and wind energy) are among the top carbon abatement levers for ASEAN and will represent a substantial opportunity.



### CARBON CREDIT PRODUCING PROJECTS

Investment in nature-based solution projects and carbon credit trading are important levers to reach net zero.



### FOOD SECURITY AND SUSTAINABLE FARMING

Precision agriculture and farmer service platforms are attractive due to regulatory support, market adoption readiness and big addressable markets.



### ELECTRIC VEHICLES

Opportunity for investors in the near term, with focus on two-wheelers, partnering with original equipment manufacturers for local manufacturing, and developing charging infrastructure.

## NATIONAL ENERGY TRANSITION ROADMAP (NETR)

In 2023, the Malaysian government rolled out the NETR, which aims to facilitate the nation's transition to a clean energy and low-carbon economy. It has a crucial role in enabling the country to shift from a traditional fossil fuel-based to a high-value green economy, as it sets out the initiatives towards materialising a sustainable and inclusive energy system. The NETR has identified ten flagship catalyst projects based on six energy transition levers, namely:

Energy Efficiency

Bioenergy

Renewable Energy

Green Mobility

Hydrogen

Carbon Capture, Utilisation and Storage

About RM1.85 trillion is estimated to be required for the nation's energy transition initiatives by 2050.

We view the NETR as a step in the right direction and expect sizeable opportunities available through the ten catalyst projects, which we are keen to support through our financing and advisory expertise. Based on Group GB analysis of the opportunities, we have identified pockets of addressable markets in the NETR's six energy transition levers and are working towards being part of the conversation to participate in all the catalyst projects, as we position ourselves as the Transition Partner of Choice. We also see the need to work towards replicating these projects across multiple sectors, in order to scale up the desired impact. To this end, Group GB will continue to mobilise sustainable financing that supports environmentally friendly projects and contributes towards a transition to cleaner energy sources. In addition, we will engage our clients towards adopting sustainable practices. This includes the following and other decarbonisation efforts to reduce their carbon footprint:

- Adopting energy-efficient technologies
- Applying circular economy
- Reviewing their supply chain sustainability



# Creating Environmentally Sustainable Impacts

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## Group GB



- Proactively identifying and ideating for clients with potential to raise transition finance under the Maybank Group Transition Finance Framework.



- Proactive engagement with clients to provide renewable energy financing solutions to accelerate their decarbonisation efforts.
- Robust ideation and engagements to support available opportunities within the announced policies.
- Continuous engagements with regulators and government agencies to ensure robust environment for growth of renewable energy opportunities in the region.



- MoU with Iskandar Investment Berhad for the development of a net zero Central Business District in Medini, Iskandar, and the potential collaboration to develop a nature-based solution carbon credit project was successfully signed in November 2023.
- Maybank is continuously identifying clients with assets and capabilities to produce high quality carbon credit projects and ensure its commercial viability.
- Established a holistic carbon ecosystem that provides end-to-end solutions towards conducive monetisation, including carbon trading desk with relationships with Verra, Bursa Carbon Exchange and Xpansiv CBL.



- Identifying clients who have the potential to raise sustainable finance under food security and sustainable farming initiatives.
- Robust engagements with clients in this sector to enable their progress in this space.



- Proactive engagement with clients to share EV financing solutions provided by Maybank.
- Continuous engagements with regulators and government agencies to ensure a robust environment for growth of EV opportunities in Malaysia.

In addition to the five areas prioritised, Group GB has identified and seized diverse opportunities, aligning our business with market demands to ensure climate readiness and future resilience.



### Sustainable Finance Solutions

- First bank in Malaysia to set up a dedicated Sustainable Finance team within Debt Markets since October 2021, to provide sustainable finance solutions to the market by a fully International Capital Market Association (ICMA) certified team.



### Decarbonising Solutions

- Established the ESG Strategy & Solutions team within Group GB dedicated to partnering clients and developing solutions that enable their decarbonisation and transition efforts. This initiative aligns with the Group's goal to reduce its Scope 3 emissions and achieve net zero carbon by 2050.
- Group GB partnered clients through the mobilisation of 67 sustainable finance deals amounting to over RM17.65 billion. The total consists of green/climate-related deals, comprising of eligible green, green sustainability and sustainability-linked loans and bonds for various industries. They included segments such as utilities, renewable energy providers, financial institutions, property developers and healthcare providers, covering Malaysia, Singapore, Indonesia, Philippines and Greater China.



### Carbon Solutions Partner of Choice

- Our comprehensive carbon ecosystem strategy envisions us playing an end-to-end role in the entire value chain, offering advisory, fundraising, carbon trading and thought leadership. Our first step involves empowering our clients with robust carbon credit solutions by establishing a Carbon Trading desk and being onboarded on Bursa Carbon Exchange, Xpansiv CBL and Verra.



### Facilitating Early Retirement of Coal

- Enhanced our coal position to support the ASEAN taxonomy in the early retirement of coal power plants in ASEAN, as part of the region's efforts to reduce dependency on coal.



### Elevated ESG Research Capabilities

- Publication of ESG tear sheets for stocks under coverage in six ASEAN countries, incorporating ESG-integrated risk analysis to enable better investment decision-making.
- Established proprietary ESG scoring methodology.
- Publication of new ESG Research products, namely ESG Compendium Report, ESG Quarterly Report as well as ESG Thematic Reports on transition to renewables, voluntary carbon market and EV mobility in ASEAN.

# Creating Environmentally Sustainable Impacts

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## Group Community Financial Services (Group CFS)



- Encourage and facilitate the transition of SME customers to low-carbon operations through BNM's Low Carbon Transition Facility, which is meant to finance capital expenditure or working capital to initiate or facilitate the transition to low carbon and sustainable operations. In 2023, there were 21 applicants and we have disbursed RM12.71 million.



- Recognising the importance of renewable energy, as of December 2023, we have facilitated RM18.12 million in solar financing for Malaysian homeowners to install solar panel systems on their residential properties.



- Helping accelerate the adoption of EV and hybrid vehicles, having disbursed a total financing of RM1.39 billion in Malaysia, Singapore, Indonesia and the Philippines in 2023.
- In Malaysia, we provide holistic and integrated financing solutions for EV and hybrid cars, in addition to being a key EV financier for Tesla.
- The first in the country to provide financing for EV charging infrastructure in line with targets under the National Energy Policy 2022-2040 to grow the EV market share to 38% by 2040.

## Group Islamic Banking



- Maybank Islamic InCharge is an EV charging membership programme that provides customers with rebates when charging at EV chargers on the ParkEasy app.
- Actively involved in the current phase of the Green Technology Financial Scheme-i 4.0 (GTFS 4.0), where participants are eligible for a 1.5% profit rebate during the initial five to seven years, coupled with a government guarantee ranging from 60% to 80% on the financing. To support the adoption of EV and increase availability of EV charging infrastructure, we continued collaborating with ParkEasy in 2023 to install EV chargers at various locations that can be reserved and activated via the ParkEasy app.
- Malaysia's first financial provider to support the growth of EV charging infrastructure by installing EV charging stations at selected locations nationwide. For FY2023, we installed four EV charging stations in Kuantan, Pahang, and the Klang Valley, with plans to install more within the Klang Valley and other states in Peninsular Malaysia in 2024. This is in line with the national roadmap that targets to have 10,000 chargers by 2025.

## Group Insurance and Takaful



- To support Etiqa's sustainability efforts and aligned with the national aspiration to support green energy coverage, Solar Energy Shortfall Insurance (SESI) was launched in May 2023. Etiqa targets to approach existing clients, brokers and Maybank clients.
- The first of its kind insurance in Malaysia, it compensates solar farm operators for financial losses arising from shortfall in solar energy production due to a reduction in solar irradiation or reception of light energy from the sun. This product will aid energy producers, owners and operators by ensuring a more consistent revenue stream and stable cashflow.
- Our risk advisory team (eRAP) will work with identified green energy associations such as the Sustainability Energy Development Authority (SEDA) and Malaysian Green Technology Climate (MGTC), and will be participating in exhibitions and seminars.
- The Solar Energy Shortage Takaful (SEST) is expected to be launched in 2024.



- Providing special rates of 10% to 15% for commercial EV for corporate clients, insuring in total 82 EV buses.
- Launching Tesla Ensure, a unique and comprehensive insurance and takaful motor coverage plan developed for private individual Tesla customers. The policy includes additional perks, such as coverage for EV home chargers up to RM12,000 for replacement or repair.
- Offering protection for home wall chargers as an add-on to the Motor Takaful/Insurance with a premium/contribution. As at December 2023, a total of 1,333 policies/certificates were registered during this campaign. With the launch of this campaign, Etiqa managed to establish long-lasting relationships with new and existing EV manufacturers and dealers such as GWM, Audi and BYD. This led to new revenue streams in green vehicles.



# Creating Environmentally Sustainable Impacts

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## MANAGING ENVIRONMENTAL RISK

### Enterprise Risk Management

ESG risk is identified as one of the Group’s material risks. We acknowledge that ESG risk management is crucial for the sustainability of our business and upholding stakeholder trust. As such, various measures have been put in place, including developing relevant policies, enhancing systems and ensuring resource allocation to ESG risk management.

We remain guided by our overarching Maybank Group Enterprise Risk Management Framework, which seeks to establish a culture of vigilance and heightened awareness of the Group’s most significant risks. We recognise that both climate-related physical and transition risks carry potential financial and non-financial implications for our business and customers.

The framework is complemented by the Maybank Group ESG Risk Management Framework (ESGRMF), which is further supported by the newly developed Maybank Group Climate Risk Policy. The ESGRMF outlines the Group’s approach to managing ESG and climate risks across the business and operations, towards ESG financial service leadership. It serves to complement the Maybank Group Sustainability Framework, covering all entities and business activities throughout the Group. We aim to develop expectations and guiding principles through the ESGRMF to enable us to achieve the following objectives:

- 1 Integrate ESG risk considerations into the Group’s internal operations, day-to-day activities and across all products and services.
- 2 Embed ESG risk considerations into corporate strategy and decision-making.
- 3 Identify and understand material ESG risks within our business activities and operations, and take appropriate action.
- 4 Encourage our clients and business partners to embrace practices that manage their ESG risks, in line with local and international standards and best practices.
- 5 Build the capacity of employees to understand and assess ESG risks and opportunities.
- 6 Cultivate an ESG Risk Intelligent Culture among Maybankers.

### ESG Risks in Financing




Financing activities form a large part of our ESG risks, and as such, our credit and risk evaluation processes incorporate a wide range of ESG considerations, including:



These risk considerations are integrated throughout our risk management approach, which includes:



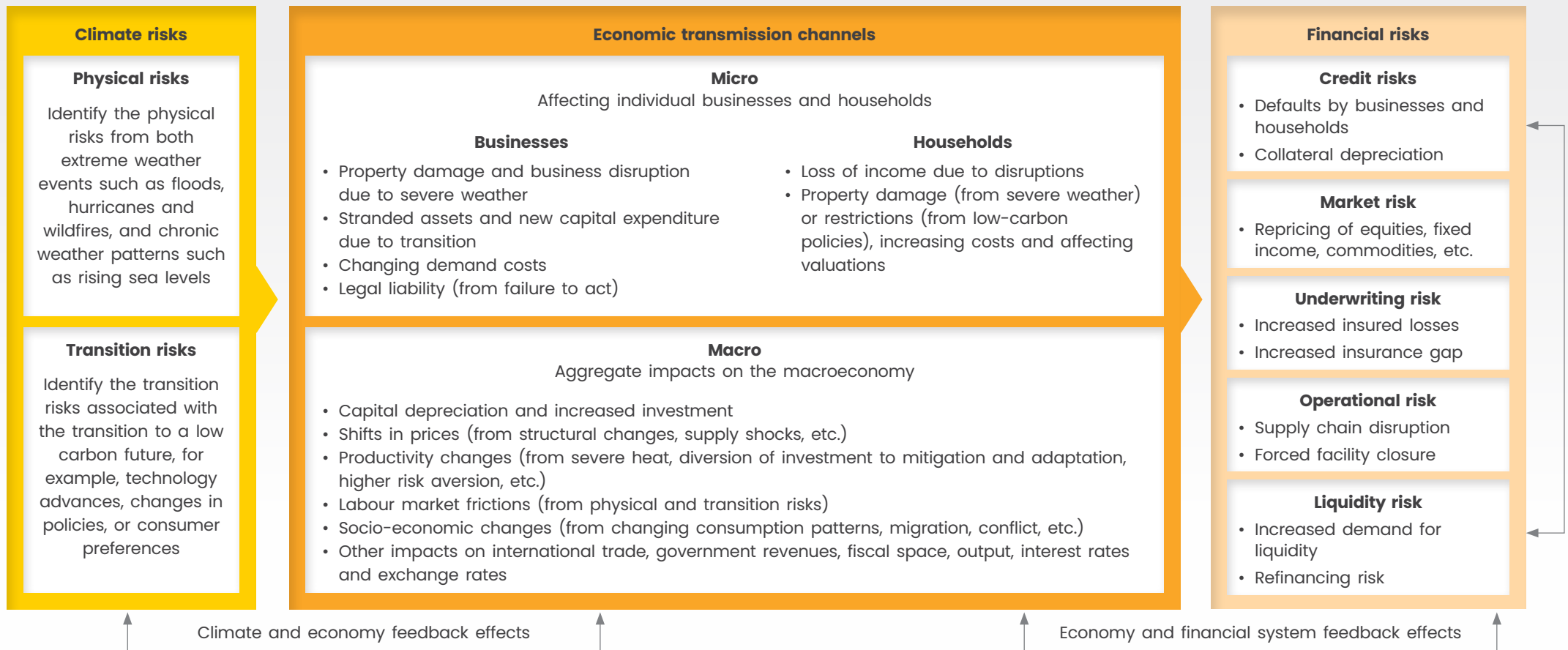
This underscores our commitment to avoid any financing activities that may adversely affect the environment and local communities. To manage ESG risks across our wide network of businesses, the ESGRMF has set out specific guidelines, enabling us to apply the following approach in the three ESG pillars:

 <p style="text-align: center;"><b>ENVIRONMENT</b></p> <p>We will not finance activities or businesses that adversely contribute to climate change or damage natural capital as a result of one or more of the following:</p> <ul style="list-style-type: none"> <li>• Significant or irreversible environmental degradation</li> <li>• No efforts to mitigate negative environmental impact</li> <li>• No efforts made towards increasing resilience to withstand negative environmental impact</li> </ul>	 <p style="text-align: center;"><b>SOCIAL</b></p> <p>We will not finance activities or businesses that could, directly or indirectly, have a detrimental impact to the health, safety and well-being of society</p>	 <p style="text-align: center;"><b>GOVERNANCE</b></p> <p>We will not finance activities or businesses that:</p> <ul style="list-style-type: none"> <li>• Violate laws or regulations which are fundamental to safeguarding the rights and liberties of people and the planet</li> <li>• Exhibit unethical business conduct and compliance practices</li> <li>• Lack internal systems of control to comply with the law and meet the needs of stakeholders</li> </ul>
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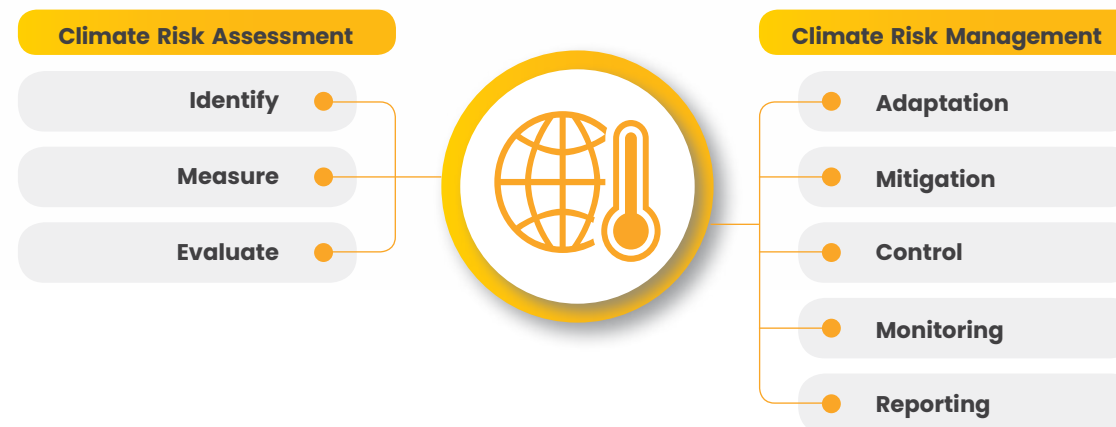
# Creating Environmentally Sustainable Impacts

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## Process of Identifying and Assessing Environmental Risk

Identifying and assessing environmental risk, particularly climate is a pertinent process in our decarbonisation journey, as it allows us to mitigate and minimise risks that are related to climate change. Our approach is guided by the Group’s policies as well as BNM’s CCPT. In 2023, we rolled out the Maybank Group Climate Risk Policy, which sets out the approach in enabling us to identify and assess climate-related risks, as guided by TCFD and key regulatory requirements in all the markets of our operations. The policy sets out the risk management process for climate-related risks (Physical, Transition and Liability risks) as follows:





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The combination of timely climate risk assessment and effective climate risk management would enable the Group to be climate risk resilient. We will be guided by the five following principles, which are currently being developed:



At Maybank, the following risk assessment tools are in place:

Assessment tools	Assessment levels	Risk categories	Actions	Material Matters
ESG Sector Position Papers and Risk Acceptance Criteria (RAC) for high ESG risk sectors	<ul style="list-style-type: none"> <li>• Sector</li> <li>• Client</li> <li>• Transactional</li> </ul>	<ul style="list-style-type: none"> <li>• Environment</li> <li>• Climate</li> <li>• Social</li> <li>• Governance</li> </ul>	<ul style="list-style-type: none"> <li>• Six RACs and ESG Sector Position Papers for high ESG risk sectors in place, with enhancements made in 2023.</li> <li>• Embedded ESG considerations into the newly established telecommunications RAC.</li> </ul> <p> For details, refer to pages 33 to 39 of this report.</p>	
ESG Screening document	<ul style="list-style-type: none"> <li>• Client</li> <li>• Transactional</li> </ul>	<ul style="list-style-type: none"> <li>• Environment</li> <li>• Climate</li> <li>• Social</li> <li>• Governance</li> </ul>	<ul style="list-style-type: none"> <li>• ESG Screening document in place for all corporate clients.</li> </ul> <p> For details, refer to page 39 of this report.</p>	
Stress testing and scenario analysis	<ul style="list-style-type: none"> <li>• Sector</li> <li>• Client</li> </ul>	<ul style="list-style-type: none"> <li>• Climate</li> </ul>	<ul style="list-style-type: none"> <li>• Conducted scenario analysis and stress testing to provide Management with a forward-looking view of our exposure to physical and transition risks under different scenarios while enabling management of these risks more effectively to support the development of customer and portfolio transition strategies.</li> </ul> <p> For details, refer to page 40 of this report.</p>	
Decarbonisation pathway	<ul style="list-style-type: none"> <li>• Sector</li> <li>• Client</li> <li>• Transactional</li> </ul>	<ul style="list-style-type: none"> <li>• Climate</li> </ul>	<ul style="list-style-type: none"> <li>• Embarked on our net zero pathway development, focusing on Palm Oil and Power. We are also working on Oil and Gas and will be including two additional sectors as we move into FY2024.</li> </ul> <p> For details, refer to pages 40 to 42 of this report.</p>	
Maybank Group Sustainable Product Framework	<ul style="list-style-type: none"> <li>• Transactional</li> </ul>	<ul style="list-style-type: none"> <li>• Environment</li> <li>• Social</li> <li>• Governance</li> </ul>	<ul style="list-style-type: none"> <li>• Updated to align with latest market principles and standards, carved out the transition finance section and expanded methodology for Asset Management and Wealth Management.</li> </ul> <p> For details, refer to pages 42 to 43 of this report.</p>	
Maybank Group Sustainability-linked Product Guidelines	<ul style="list-style-type: none"> <li>• Sector</li> <li>• Client</li> <li>• Transactional</li> </ul>	<ul style="list-style-type: none"> <li>• Governance</li> </ul>	<ul style="list-style-type: none"> <li>• Updated to reflect latest market guidelines and introduced a new assessment template for relationship managers.</li> </ul> <p> For details, refer to pages 43 to 44 of this report.</p>	
Maybank Group Transition Finance Framework	<ul style="list-style-type: none"> <li>• Sector</li> <li>• Client</li> <li>• Transactional</li> </ul>	<ul style="list-style-type: none"> <li>• Environment</li> <li>• Climate</li> <li>• Social</li> <li>• Governance</li> </ul>	<ul style="list-style-type: none"> <li>• Newly developed and launched at the United Nations Framework of Convention on Climate Change's 28th Conference of Parties (COP28).</li> </ul> <p> For details, refer to pages 45 to 46 of this report.</p>	
Geospatial platform	<ul style="list-style-type: none"> <li>• Client</li> <li>• Transactional</li> </ul>	<ul style="list-style-type: none"> <li>• Environment</li> <li>• Climate</li> <li>• Social</li> </ul>	<ul style="list-style-type: none"> <li>• Used to factor in ESG considerations into credit evaluation of clients or transactions in Agriculture and Real Estate sectors.</li> </ul> <p> For details, refer to page 47 of this report.</p>	
Scope 3 emissions calculator and dashboard	<ul style="list-style-type: none"> <li>• Sector</li> <li>• Client</li> <li>• Transactional</li> </ul>	<ul style="list-style-type: none"> <li>• Climate</li> </ul>	<ul style="list-style-type: none"> <li>• Piloted with 100 relationship managers with full rollout targeted for quarter two 2024.</li> </ul> <p> For details, refer to page 64 of this report.</p>	
Sector exposure reporting*	<ul style="list-style-type: none"> <li>• Sector</li> </ul>	<ul style="list-style-type: none"> <li>• Environment</li> <li>• Climate</li> <li>• Social</li> <li>• Governance</li> </ul>	<ul style="list-style-type: none"> <li>• Regular exposure reports to monitor and manage portfolio exposure to high risk sectors.</li> </ul> <p> For details, refer to pages 36 to 39 of this report.</p>	

\* The overall exposures are reported for the respective sector.

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## Process of Managing ESG Risks

### Integrating the Process, Assessment and Management of Environmental-related Risks

We have identified three ESG risk levels, which are based on various factors including the type of transaction, industry, geography, global standards and best practices, among others. Every ESG risk level should have corresponding mitigating actions to minimise negative impacts and prevent unfavourable ESG consequences. The three levels of ESG risk assessments are:

#### Industry Level

Aims to develop a broad overview of the industry, focusing on environmental and social factors.

#### Client Level

Considers governance aspects including capacity, transparency and track record, to determine if the client is capable of managing ESG risks.

#### Transactional Level

ESG risk profile is determined based on the purpose of financing; this profiling is conducted on top of Know Your Customer (KYC) processes.

To truly integrate ESG considerations into our risk assessment, we conduct an Integrated Risk Assessment to evaluate clients on their sustainability commitments, such as sustainability targets and sustainability performance. The approach also considers clients' capability in ESG risk management and the relevance of their action plans towards achieving their sustainability targets. By profiling clients according to ESG risks, we can assess the clients' ESG risk mitigation plans. The outcomes of each assessment would assist in our decision-making and enable us to conclude whether a business transaction is aligned with the Group's approved ESG risk appetite. Categorising clients into appropriate risk categories based on the outcomes helps to determine their eligibility in acquiring Maybank's products and services.

Further to that, we conduct periodic reviews on clients as a follow-up measure on whether their mitigation plans are developing as promised and if corrective measures are still required. This is to ensure that their ESG risk profiles remain aligned with the Group's ESG risk appetite. Should there be any specific events or triggers, we will conduct client re-profiling, screening and risk assessment. In addition, our financing documentation contains ESG-related clauses to ensure that relevant requirements are adhered to by our clients.

### Managing Sector-specific Risks

The ESGRMF stipulates that businesses within sectors identified as having high ESG risk may be required to undergo an enhanced ESG risk assessment based on the sector's appropriate ESG RACs. The RACs are sector-specific financing requirements that integrate ESG factors into the evaluation, decision-making, and the monitoring and review processes for credit risk assessment. It not only serves as a set of requirements for businesses but also provides an opportunity to educate and provide value-based solutions to promote sustainable practices. Complementing the RACs for our six high ESG risk sectors are internally developed ESG Sector Position Papers. Together, both documents aim to:



Identify risks associated with specific industries



Establish guidance to mitigate ESG risks



Educate clients on sustainable practices



Explore potential business opportunities within these sectors

Under the RACs, clients are required to have clear, time-bound action plans to improve their ESG practices and adopt the best industry practices. Furthermore, we require clients within high ESG risk sectors to apply for external ESG-related certifications or verifications where applicable, such as the following certifications within a specific timeframe:

**The Roundtable on Sustainable Palm Oil (RSPO)**

**The Malaysian Sustainable Palm Oil (MSPO)**

**The Forest Stewardship Council (FSC)**



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The Group will take the necessary actions should clients fail to fulfil the RACs. To maintain our ongoing dedication to the sustainability agenda, we evaluate our clients' adherence to the RACs annually or in the event of changes in credit risk or terms and conditions.

## NO DEFORESTATION, NO PEAT AND NO EXPLOITATION (NDPE)

NDPE requirements are fundamental components of sustainable practices, given the serious adverse effects that such activities have on our customers, communities and the environment. All the sectoral RACs have been infused with our NDPE stance where non-compliance with the Group's NDPE stance will be categorised as a 'Knock-Out'/'Do not Proceed'. This stance is applicable to all sectors within the Group.

### Improving Existing ESG Practices

In 2023, we enhanced and further streamlined the RACs for all six high ESG risk sectors to ensure consistency in applicability and foster stronger responsible lending practices. The six sector-specific RACs that guide our financing activities are:



**Palm Oil**



**Mining and Quarrying**



**Oil and Gas**



**Power**



**Forestry and Logging**



**Real Estate**

Beyond these six sectors, we have also embedded ESG considerations into other sector RACs such as Telecommunications.

#### Telecommunications RAC

Covers telco networks or service providers, telco infrastructure including construction and maintenance, and telco equipment.

Applicable to all business segments within the Group that extend any form of financing related to the telco sector.

The development and/ or review of our ESG Sector Positions and the accompanying RAC for these high ESG risk sectors involve extensive research, review, analysis as well as consultation and engagements. We have been carefully curating and intensifying the rigor of our ESG assessment and evaluation in order to demonstrate authenticity of our sustainability commitments as well as manage, primarily, ESG and reputational risk.

Additionally, clients in high ESG risk sectors are now required to have processes or practices in place to adopt sustainable business practices. They are also required to demonstrate their efforts in working towards ESG commitments, including plans to improve their existing ESG practices. They are expected to implement initiatives to address the following key ESG concerns:



**Water management**



**Waste management**



**Site decommissioning and remediation**



**Emissions**



**Habitat and biodiversity**



**Worker health and safety**

# Creating Environmentally Sustainable Impacts

GRI 201-2

The following chart provides a snapshot of the process on the development and review of our ESG Sector Position Papers and RACs:

## Global and Regional Benchmarking

- A benchmarking of exclusions of activities/ transactions by global and regional industry players is conducted.
- These activities/transactions are then evaluated in terms of their relevance to the ASEAN context as a developing region with a nuanced socio-economic setting.

## ESG Materiality Analysis

- Key ESG issues plaguing each sector are identified based on international frameworks, sector outlook reports and other credible publications. Each issue is then deliberated in terms of its applicability and severity of impact to the ASEAN region. Examples of frameworks and reports include:
  - Bank Negara Malaysia’s Value-based Intermediation Financing and Investment Impact Assessment Framework
  - International Energy Agency – World Energy Outlook
  - UNEP Global Status Report for Buildings and Construction
  - KPMG Global Mining Outlook
  - S&P Global ESG Industry Report Card

## Sector Landscape Review

- A review of global and regional outlook and ESG trends of each sector and sub-sector is undertaken to obtain a forward-looking analysis.
- Global and regional sustainability standards, certifications, pledges and commitments are reviewed to explore the spectrum of criteria that can be infused into the sector’s RAC. Examples include:
  - Roundtable for Sustainable Palm Oil
  - Five Freedoms of Animal Welfare
  - Zero Routine Flaring Initiative
- Research and case studies of transition and sustainable solutions within the sector are also highlighted to serve as potential opportunities for clients.

## Internal and External Syndication

- Syndication with internal sector experts and business units are also hosted frequently to socialise newly proposed criteria to be added into the RAC.
- All newly proposed criteria will also be tested against selected clients within the sector to gauge the strength and feasibility of such criteria.

## Consultation with External Experts

- Discussions with various consultants, non-governmental organisations (NGOs), industry network leaders, government agencies and clients are also arranged to obtain on-ground knowledge on the sustainability maturity of each sector and the practical challenges faced by business owners in pursuit of better ESG practices.
- These factors are then considered during the development stages of the RACs.

## Regional Rollout and Localisation

- Once the ESG Sector Position Paper and the corresponding RACs are finalised, it will then be tabled to the ESC for approval and endorsement respectively. The RACs also require GMCC’s approval.
- Post approval, RACs are then rolled out group-wide.



# Creating Environmentally Sustainable Impacts

GRI 201-2



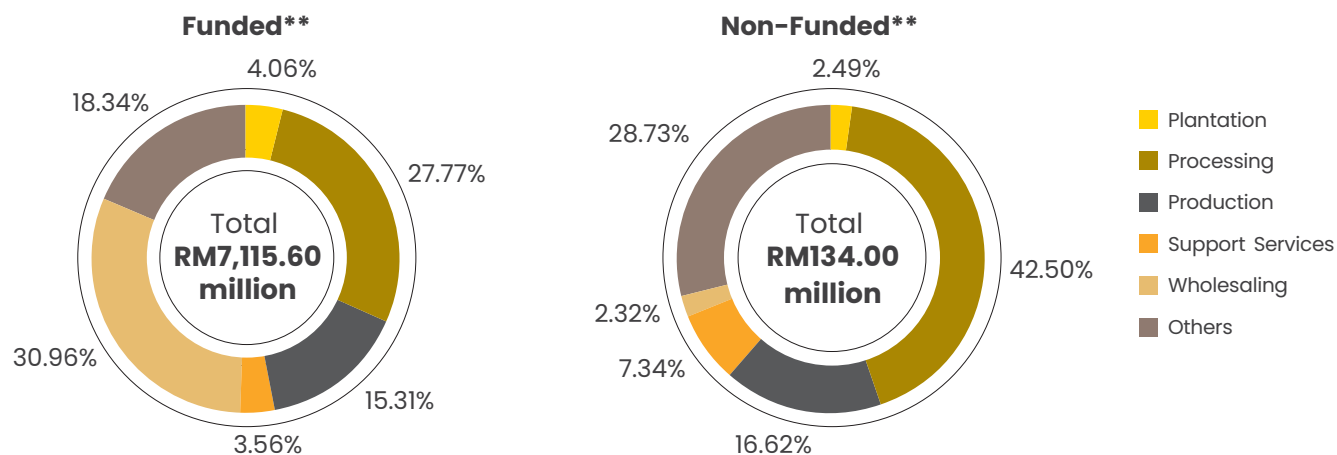
## Agriculture\*

### Applicability

- All business segments within the Group that extend any form of financing to the agriculture supply chain.

### Highlights

- Covers perennial and non-perennial crops along with animal husbandry and fishery sectors.
- Strong considerations to be given to food security.



\* While the ESG sector position has been developed, the RAC is currently being developed.

\*\* The figures exclude fixed income securities of RM1,422.00 million



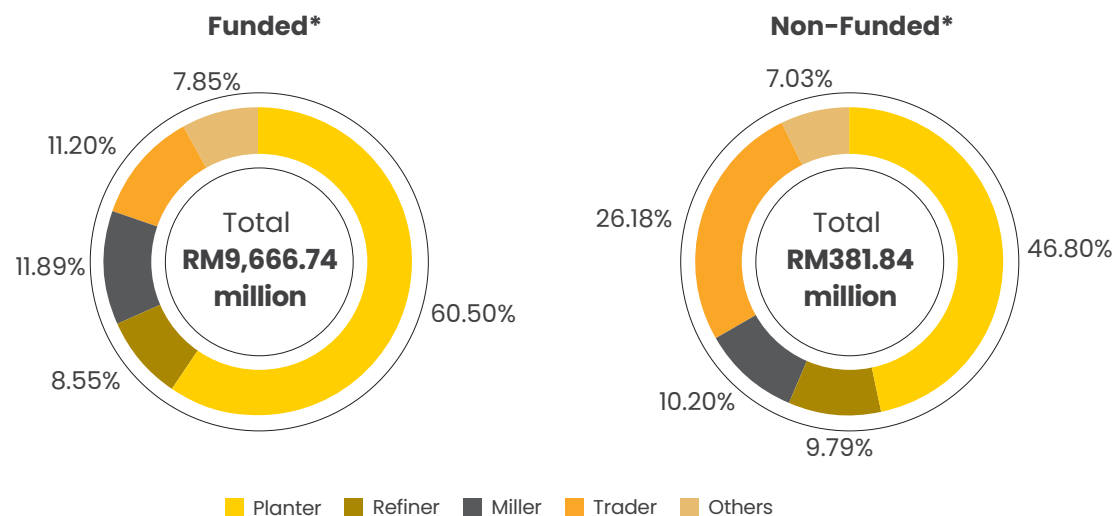
## Palm Oil

### Applicability

- All business segments within the Group that extend any form of financing to the palm oil supply chain.

### Highlights

- Time-bound commitment to meet requirements such as the following, among others:
  - Local or international sustainable palm oil certification
  - Zero burning practices
  - Best practices on existing peat
  - Climate change
  - Biodiversity
  - Free Prior Informed Consent (FPIC)



\* The figures exclude fixed income securities of RM1,853.00 million

NUMBER OF RISK ASSESSMENTS CARRIED OUT ▶ **64**

NUMBER OF DEALS APPROVED\* ▶ **64**

NUMBER OF DEALS DECLINED ▶ **Nil**

\* The number of deals approved are for FY2023, whereas the exposures are based on the outstanding balance for the portfolio, regardless of the approval period.

Note: Funded refers to on-balance sheet loans or financing, whereas non-funded refers to off-balance sheet loans or financing.

# Creating Environmentally Sustainable Impacts

GRI 201-2



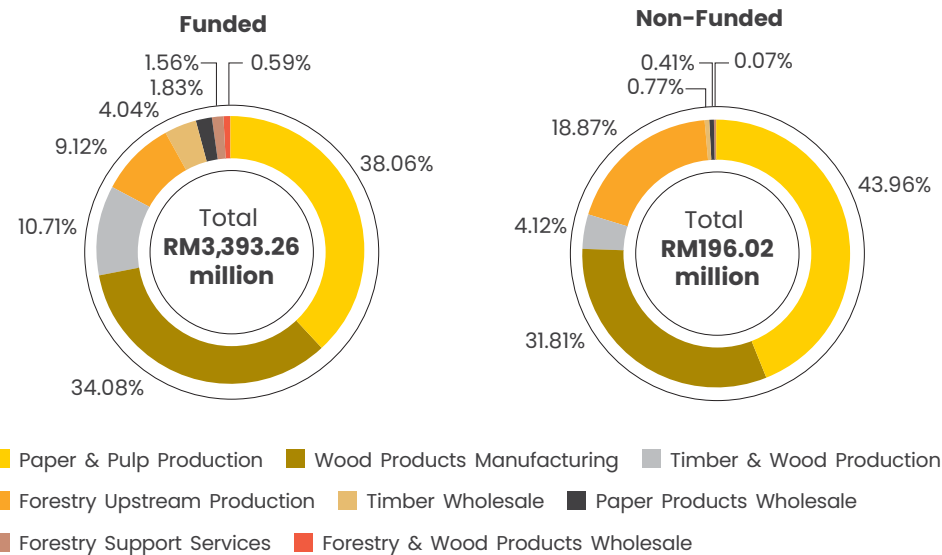
## Forestry and Logging

### Applicability

- Encompasses the entire forestry and logging value chain, from logging to wholesaling and trading, to forestry and timber products.

### Highlights

- No financing of activities that could lead to significant adverse effects on the environment or communities.
- Zero tolerance towards illegal logging and trading of illegal timber.
- Guided by national and regional principles through certification and licensing requirements.
- Time-bound commitment to meet requirements such as:
  - Biodiversity protection
  - FPIC of indigenous people and local communities



NUMBER OF RISK ASSESSMENTS CARRIED OUT ▶ 50

NUMBER OF DEALS APPROVED\* ▶ 47

NUMBER OF DEALS DECLINED ▶ 3

\* The number of deals approved are for FY2023, whereas the exposures are based on the outstanding balance for the portfolio, regardless of the approval period.



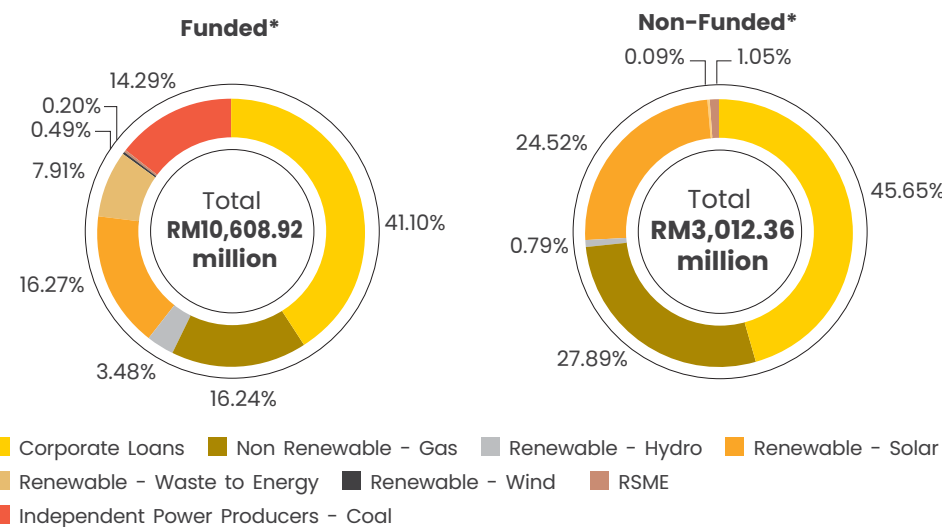
## Power

### Applicability

- Applicable to corporate lending, project financing and advisory services such as arranging, syndicating, fundraising and underwriting.

### Highlights

- No financing of new greenfield coal or oil fired power plants and power value chain business activities classified as unacceptable under Maybank's ESG Risk Classification.
- Support clients who are committed to:
  - Stop building new coal fired power plants where more sustainable alternatives are available
  - Reduce reliance on coal power
  - Transition towards sustainable energy mix, practices or economic activities
  - Aim for carbon neutrality by 2050



NUMBER OF RISK ASSESSMENTS CARRIED OUT ▶ 12

NUMBER OF DEALS APPROVED\* ▶ 12

NUMBER OF DEALS DECLINED ▶ Nil

\* The number of deals approved are for FY2023, whereas the exposures are based on the outstanding balance for the portfolio, regardless of the approval period.

\* The figures exclude fixed income securities of RM1,275.68 million



# Creating Environmentally Sustainable Impacts

GRI 201-2



## Oil and Gas (O&G)

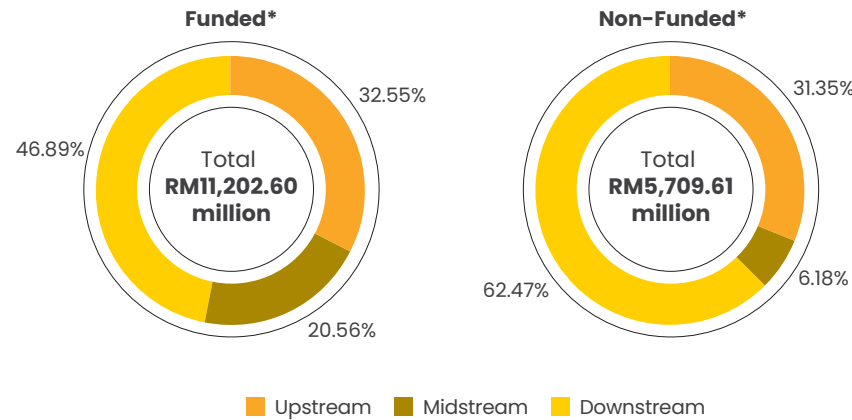
### Applicability

- Applies to the entire industry's value chain.

### Highlights

- No new financing of any project or transaction:
  - Located in the Arctic Circle/Region
  - Related to oil sand activities located in the regions lacking compliance with regulatory environmental requirements for freshwater resources and toxic waste management
  - Related to shale O&G activities located in regions exposed to high physical water scarcity and lacking in regulatory environments
- Requirement that clients have sustainable business processes or practices in place and are working towards ESG commitments, including plans to improve their existing ESG practices, particularly on specific areas such as:
  - Emissions
  - Water management
  - Biodiversity protection

- Support our existing clients to discuss a transition plan for their journey towards sustainable business practices, helping them to progress towards achieving meaningful decarbonisation. Clients are strongly encouraged to showcase basic ESG disclosures by 2025.



\* The figures exclude fixed income securities of RM5,609.32 million

NUMBER OF RISK ASSESSMENTS CARRIED OUT ▶ 73

NUMBER OF DEALS APPROVED\* ▶ 72

NUMBER OF DEALS DECLINED ▶ 1

\* The number of deals approved are for FY2023, whereas the exposures are based on the outstanding balance for the portfolio, regardless of the approval period.



## Mining and Quarrying

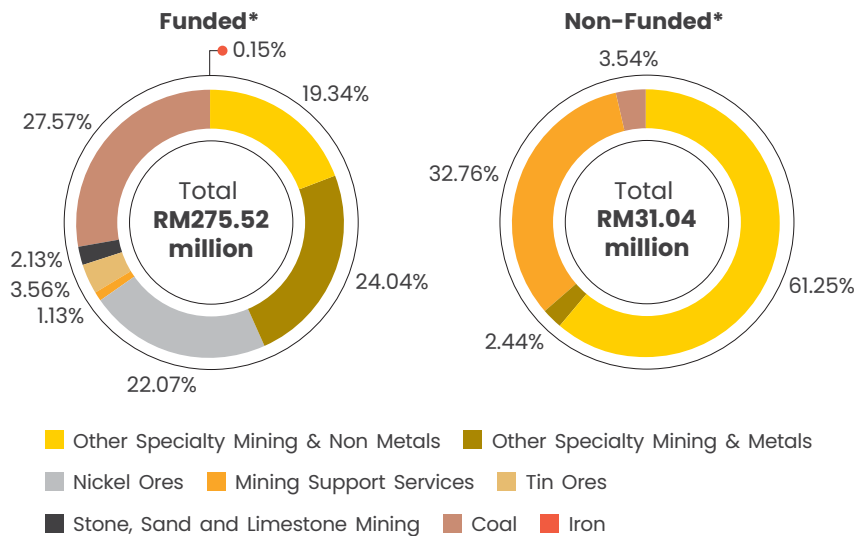
### Applicability

- Applicable to:
  - Counterparties, assets or projects that are involved in the mining of raw metal ores or raw metals or precious materials;
  - Activities which are broadly classified as mining, processing, and distribution and trading;
  - Activities which are economically dependent on the mining sector with more than 50% revenue from mining activities

### Highlights

- We will not finance:
  - Deep sea mining
  - Riverine and shallow marine sites that are not suitable for tailings disposal
  - Use of chemicals and other techniques that are not consistent with principles and standards of international codes
- We will avoid financing new borrowers who are engaged in thermal coal and thermal coal-related activities; derive more than 25% of their annual revenue from thermal coal; do not have any existing relationship with Maybank Group.

- For existing clients, we will not provide new financing for thermal coal mining and its related activities. This includes new general purpose financing which can be fungible.



\* The figures exclude fixed income securities of RM229.50 million

NUMBER OF RISK ASSESSMENTS CARRIED OUT ▶ 5

NUMBER OF DEALS APPROVED\* ▶ 5

NUMBER OF DEALS DECLINED ▶ Nil

\* The number of deals approved are for FY2023, whereas the exposures are based on the outstanding balance for the portfolio, regardless of the approval period.



# Creating Environmentally Sustainable Impacts

GRI 201-2



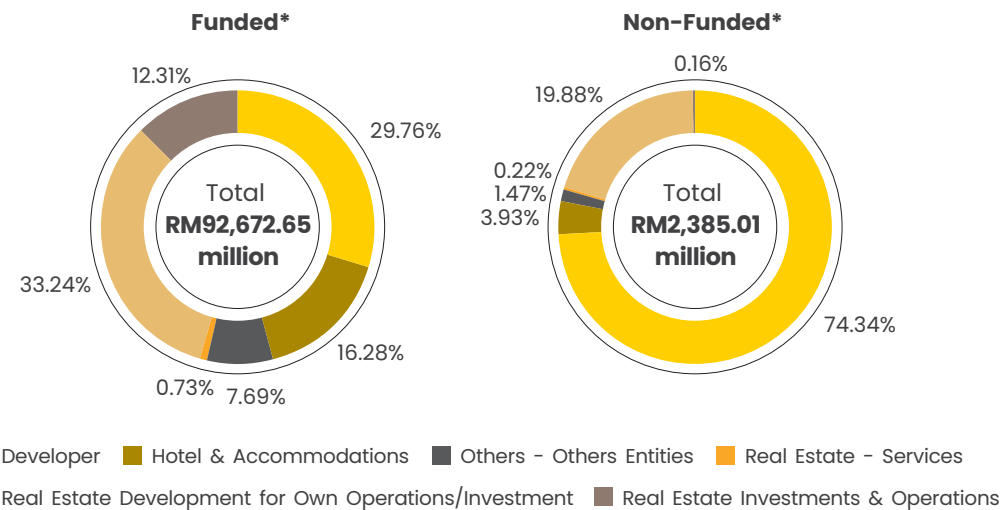
## Real Estate

### Applicability

- All business segments within the Group that extend any form of financing to the sector.

### Highlights

- We will actively engage with our clients to drive the adoption of sustainability practices with regards to protecting the environment and strong community relations in all project developments that we are in or plan to be involved with.
- We intend to avoid potential high ESG risks from transactions or projects associated with poor ESG practices.



\* The figures exclude fixed income securities of RM4,973.25 million

**NUMBER OF RISK ASSESSMENTS CARRIED OUT** ▶ **439**

**NUMBER OF DEALS APPROVED\*** ▶ **413**

**NUMBER OF DEALS DECLINED** ▶ **26**

\* The number of deals approved are for FY2023, whereas the exposures are based on the outstanding balance for the portfolio, regardless of the approval period.

### Reasons for deals declined for these high risk sectors:

- The client was unable to address ESG concerns, shortage of raw materials which is a risk for the sustainability of the business, poor financial performance, over gearing due to undercapitalisation, compounded by ongoing financial losses over the past three years, character issue on high borrowing, weak core profit and other operational issues.
- Substandard credit
- Not within Real Estate Credit appetite

## ESG Screening Document

Apart from RACs, we utilise various other risk assessment tools, including the Group's ESG Screening document. Back in 2021, internal research highlighted a proliferation of ESG rating agencies globally and regionally, each employing its own methodology and leveraging different data sources in deriving their ESG ratings. Coverage of companies also varied across different agencies, with most covering European and American public-listed companies. Given our large client base that mainly spans across ASEAN, the Group decided to develop its own internal ESG Screening document.

Developed with the primary intention of enabling relationship managers to better understand the sustainability practices and state of sustainability maturity of their clients, this screening document is in essence a client-level assessment document linked to a transaction-level assessment, and is currently required for all corporate clients, including Business Banking and RSME.

The document is a reflection of Maybank's efforts to embed ESG considerations into our client and transaction assessments, and identify opportunities for sustainability improvement among clients. By understanding the current sustainability practices of their clients, relationship managers are then empowered to facilitate meaningful conversations and curate bespoke sustainable finance solutions to assist the client's transition and decarbonisation efforts.

The ESG Screening document was also adapted to meet regulatory requirements such as BNM's CCPT as well as the Association of Banks in Singapore's Environmental Risk Questionnaire.

The BNM CCPT enables us to bolster our climate resilience by classifying our risk exposures into five categories prescribed to facilitate financial flows to activities that will support transition to low carbon and climate resilience economy. It is used to support the risk assessment process especially for categories with activities that are under a watchlist and can significantly harm the environment, where heightened risk management measures need to be undertaken.



# Creating Environmentally Sustainable Impacts

GRI 201-2

## Scenario Analysis and Stress Testing

The Group is working to integrate the impacts of climate change into scenario analysis and stress testing exercises in order to assess how our financial performance and business strategy, particularly with regards to our sustainability commitments, will be affected.

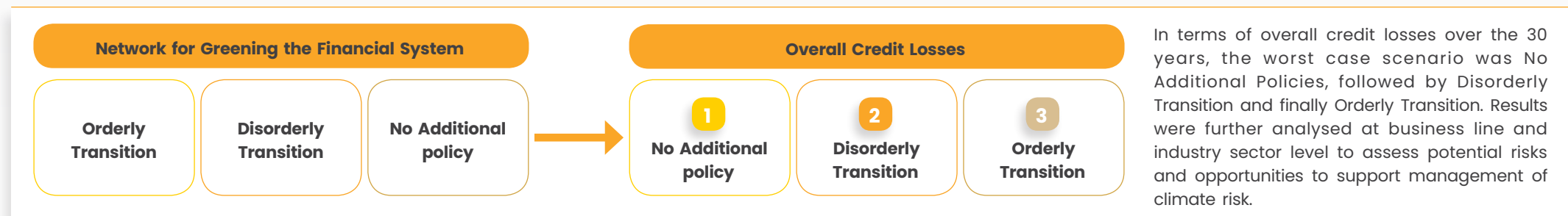
The findings of scenario analysis and stress testing results will provide us with a forward-looking view of our exposure to physical and transition risks under different scenarios. This will help us to manage these risks more effectively and support the development of customer and portfolio transition strategies to meet our goal to achieve a net zero carbon position by 2050.

In Singapore, we completed our first climate risk stress test in 2022, as part of the MAS 2022 Industry-Wide Stress Test exercise. Following the stress test, there has been ongoing dialogue with MAS to interpret the results as the exercise aimed to raise awareness of the potential financial implications of climate risks and also to facilitate learning as we look to develop our capabilities in this area.

In Malaysia, the Group is also preparing for BNM's 2024 climate risk stress testing (CRST) exercise. In anticipation of the 2024 CRST, we conducted a dry-run climate risk stress test to:

- Support learning
- Enable a review of early climate stress test results
- Highlight areas of enhancement

The purpose of the stress tests was to project 30-year credit losses under three climate scenarios. Network for Greening the Financial System climate scenarios were used as the basis for the stress tests.



The key objective of the first generation stress tests is to assess the readiness of data and address any enhancements required due to limitation in existing stress testing tools and methodologies. A key area of enhancement identified relates to customer-level physical and transition risk information required to increase the robustness of the stress test results. The Group is working towards collecting information, such as granular location information and emissions data, which is required not only for climate stress testing but also overall climate risk management.

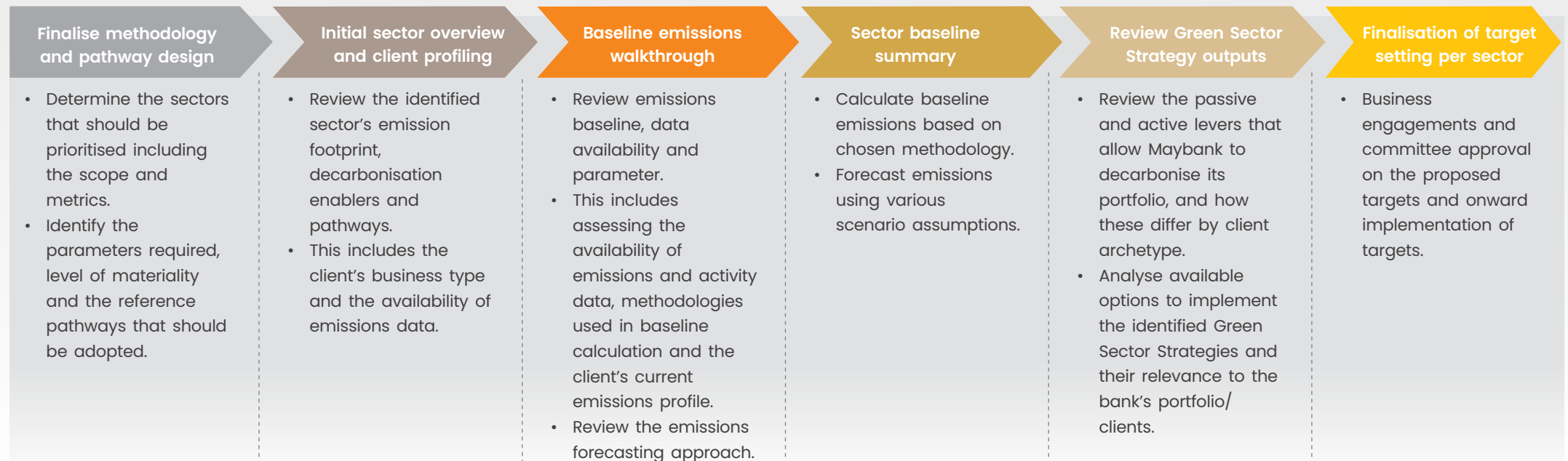
## Decarbonisation Pathway

Financial institutions play a critical role in addressing the escalating challenges posed by climate change. The immediacy arises from the interdependent nature of finance and the environment. Over the years, climate-related risk has become apparent with extreme weather events, bringing about potential impacts on investments, asset valuations and overall financial stability. As key drivers of the economic activities, we influence the direction of capital flow, which is critical to supporting the transition to a low-carbon economy by directing investments towards sustainable initiatives. The transition to a greener economy presents investment opportunities as the global economy divests from carbon-intensive industries and transitions towards renewable energy, sustainable technologies and green infrastructure. As such, Maybank, together with every other financial institution, must embrace the decarbonisation pathway as a global effort to combat climate change. To further solidify Maybank's commitment to its net zero journey, we have become a signatory member of the NZBA, with our first target to be announced in 2024.

# Creating Environmentally Sustainable Impacts

GRI 201-2

To facilitate the development of our net zero pathway, we first needed to establish an overall approach. This included a six-step process:



As Maybank embarks on its net zero pathway development, it focuses on sectors in its portfolio with the highest GHG emissions and critical for achieving climate goals, namely the following which represent a significant portion of Maybank's book and where we can have the greatest potential to affect change.

These sectors are those with the largest expected decline in the coming years. Further to these sectors, we are currently working on Oil and Gas and will be including two additional sectors as we move into FY2024.



## PALM OIL

A crucial sector to be addressed as it has been associated with deforestation, biodiversity loss and environmental degradation. However, alignment between countries' policies and banking institutions can drive the change towards sustainable farming practices to mitigate environmental impacts.



## POWER

While being a high emitter, this sector plays a fundamental role in sustaining economic growth. Coupled with the country's NETR, financial institutions can redirect investments towards cleaner alternatives.

Venturing into its net zero journey, Maybank's initial focus is on emissions baselining, which involves refining data sourcing to improve initial baseline with disclosed and production data. The measurement of portfolio emissions with relative accuracy is essential to ensure targets are set against an accurate baseline. Subsequently, we explore the value chain components of these sectors to identify high emitting activities. This will help us establish our baseline and determine which sub-sectors to be included in target setting. We will then set a portfolio decarbonisation strategy with the right reference pathway and evaluate its potential impact on our current and future portfolio. Outcomes from the decarbonisation strategy will help establish the right targets for us to work towards our 2030 and 2050 goals. In the process of transitioning, we would likely see an increase in financed emissions intensity, before peaking and reducing to achieve Net Zero by 2050.



# Creating Environmentally Sustainable Impacts

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Our methodologies and findings are illustrated in the table below:

Sector	Value chain scope included	Emission scopes	Reference Scenarios	Reference Scenario Emission Intensity	Maybank Scope 3 Financed Emissions intensity* (baseline 2022)
<b>Palm oil</b>	<ul style="list-style-type: none"> <li>Upstream               <ul style="list-style-type: none"> <li>Land clearing and preparation</li> <li>Palm oil cultivation</li> <li>Palm oil harvesting</li> <li>Palm oil milling</li> </ul> </li> <li>Integrated palm operations</li> </ul>	<ul style="list-style-type: none"> <li>Scope 1 and 2</li> <li>Scope 3 upstream emissions for companies that procure fresh fruit bunches from third party growers</li> </ul>	SBTi-FLAG augmented with NGFS-REMIND	2.04 tCO <sub>2</sub> e/tCPO (2022)	1.47 tCO <sub>2</sub> e/tCPO
<b>Power</b>	<ul style="list-style-type: none"> <li>Power generation</li> <li>Power generation equipment, construction and manufacturing</li> <li>Integrated power companies</li> </ul>	<ul style="list-style-type: none"> <li>Generation – Scope 1</li> <li>Construction and manufacturing – Scope 3</li> </ul>	Global IEA NZE 2050  Regionalised IEA NZE 2050	459 kgCO <sub>2</sub> /MWh (2021)  550 kgCO <sub>2</sub> /MWh (2021)	442 kgCO <sub>2</sub> /MWh

\* Estimates

## Maybank Group Sustainable Product Framework

In recognising the critical role of the financial sector in directing funds to support green and sustainable activities, and to transition to a low carbon economy, Maybank had set a commitment for the mobilisation of sustainable finance by 2025.

Developments in the sustainable finance space during that time was rampant but mainly concentrated in the green and social bonds and loan space. While this was a positive development, fragmentations on the definition and scope of what constituted as sustainable finance remained, with limited taxonomies and frameworks to guide the financial sector.

To lead the development of sustainable finance solutions that is both credible and contributory to a Paris-aligned future, Maybank has in place the Maybank Group Sustainable Product Framework (SPF) that was established in 2022 and enhanced in August 2023. The SPF is the first-of-its-kind framework by a Malaysian bank and the first to include insurance and asset management activities. Designed to help guide the development of the following:

- Green
- Social
- Sustainable
- Sustainability-linked
- Transition Financing (Carved out of SPF 2023. Refer to notable enhancements made below)

The SPF also goes a step further to detail qualifying sustainability elements across the various sectors, in line with Maybank’s internal RACs and global taxonomies.

Recognising the dynamic nature of sustainability, and taking into account the various new standards and taxonomies that will be issued from time to time, the SPF is maintained as a living document and will be updated on a yearly basis or as required.



## Creating Environmentally Sustainable Impacts

GRI 201-2

### Features of the SPF

- Outlines the following for products to be labelled as sustainable finance:
  - ▶ Classification logic
  - ▶ Eligibility criteria
  - ▶ Verification process
  - ▶ Exclusion criteria
- Includes insurance and asset management products in addition to corporate lending, trade financing, retail finance and debt and equity markets.
- Supplements the Maybank Group Transition Finance Framework and internally developed Maybank Group Sustainability-linked Product Guidelines.

### Notable enhancements to the SPF in 2023

- Updated to align with the latest principles and standards of the:
  - ▶ International Capital Markets Association's Green (2021), Social (2021), Sustainability (2021) & Sustainability-linked (2020) Bond Principles
  - ▶ ASEAN Green (2018), Social (2018), Sustainability (2018) Bonds, and Sustainability-linked (2023) Bond Standards
  - ▶ Loan Market Association's Green (2023), Social (2023), & Sustainability-linked Loan Principle
  - ▶ Climate Bonds Initiative's Climate Bonds Standard (2023)
- Updated eligible Green and Social activities within Appendix 1 of the SPF.
- Carved out the 'transition' portion from the SPF as a standalone Maybank Group Transition Finance Framework.
- Updated Asset and Wealth Management classification logic to include new qualifier on Low Risk Scoring methodology.
- Updated verification process with the inclusion of Group Internal Audit's additional role to evaluate the merit of nomination process and nominated deals, prior to External Assurance provider's verification process.

 For the updated SPF, please refer to <https://www.maybank.com/en/sustainability.page>

### Maybank Group Sustainability-linked Product Guidelines

Sustainability-linked Products (SLPs) facilitate the integration of sustainability factors into a broader set of products and offer an additional means of engaging clients on sustainability considerations. Such products incentivise the borrower's achievement of ambitious, predetermined Sustainable Performance Targets (SPTs) and offer more flexibility to borrowers in hard-to-abate sectors and others who have established their baseline data, but have yet to build up their strategy.

In 2022, we developed our internal Maybank Group SLP Guidelines, which is meant to be read alongside the SPF, to assist relationship managers in identifying material sustainable KPIs and SPTs for SLPs. This was designed to ensure that KPIs set are material to the issuer's core sustainability and business strategy and addresses relevant ESG challenges. SLPs developed will need to be aligned to the latest market guidelines, with our GCSO mandated to approve the materiality of SPTs for all SLPs established across the Group. This ensures uniformity of approach in determining material performance targets that bring about meaningful environmental and social benefits to our clients, the community and the planet as well as minimises any potential allegations of greenwashing.

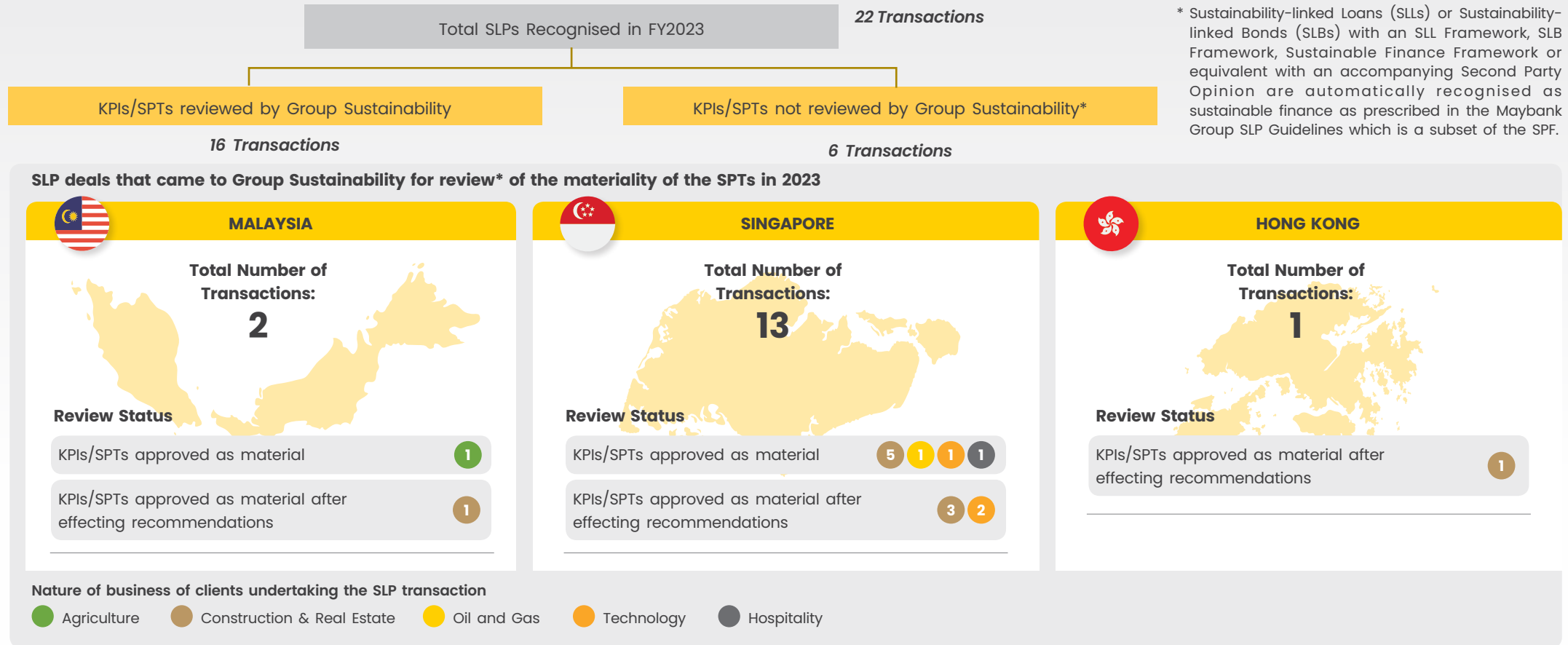
In 2023, the Maybank Group SLP Guidelines were also updated to reflect latest market guidelines. The revision also includes a new template that relationship managers will now need to update to justify the materiality of the SPTs of any SLP financing provided. This further upsills and empowers them as the first line of defense, ensuring that all SPTs are critically analysed and justified in terms of materiality. This helps ensure that at the point of transaction/client engagement, only material and ambitious SPTs are set, prior to submission to the GCSO for approval.



# Creating Environmentally Sustainable Impacts

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A summary of all SLP transactions reviewed by Group Sustainability and recognised as sustainable finance for FY2023 is shown below:



\* Sustainability-linked Loans (SLLs) or Sustainability-linked Bonds (SLBs) with an SLL Framework, SLB Framework, Sustainable Finance Framework or equivalent with an accompanying Second Party Opinion are automatically recognised as sustainable finance as prescribed in the Maybank Group SLP Guidelines which is a subset of the SPF.

Note: In FY2023, one SLL was found to have immaterial KPIs/SPTs. The transaction was subsequently restructured to be a normal loan.



## CASE STUDY

SLL is one of the SLPs we offer, which helps clients to adopt sustainable practices and transition to a low-carbon economy. SLPs aim to improve clients' sustainability profile by aligning financing terms to the borrowers' performance against the relevant predetermined SPTs. In most cases, achievement of SPTs or improvement in sustainability performance triggers a discount to the margin, while poor performance triggers a premium.

Below is an example of SPTs set for one of the SLLs:

KPI 1 : Scope 1 and Scope 2 GHG Emissions Intensity - measured in metric tons of CO <sub>2</sub> e equivalents per 1000 tons	KPI 2 : Lost Time Injury (LTI) and fatalities	KPI 3 : Tier 1 and Tier 2 reportable spills or loss of primary containment (LOPC)
SPT 1 : Achieve 25% reduction of Scope 1 and Scope 2 GHG Emissions Intensity by FY2026, and 30% reduction by FY2029.	SPT 2 : Achieve less than one (1) LTI and zero (0) workplace fatalities on a three year rolling average.	SPT 3 : Achieve less than one (1) Tier 1 and Tier 2 reportable spills or LOPC on a three year rolling average

The application of a discount or penalty of up to five basis points on the margin depends on whether all, a combination of any of the three SPTs, or none at all, are met.

### Maybank Group Transition Finance Framework



With the world being at a precipice of moving past the tipping point into an irreversible future of climate emergency, transition finance has been deemed as a key component to facilitate the transitioning of brown assets in the hard-to-abate sectors. With Asia being the largest GHG emitter today, it has become clear that the world will not be able to achieve net zero without Asia. Getting Asia to net zero will require, among many other things, transition finance solutions.

Recognising the significance of capital in realising a net zero future and the fact that a “one-size-fits-all” approach is inappropriate, given the rapidly evolving nature of transition finance in supporting global transition towards an economy that is aligned with the Paris Agreement, Maybank became the first Malaysian bank to launch the Maybank Group Transition Finance Framework (TFF) – a first of its kind framework in ASEAN, at COP 28, in Dubai in December 2023. The framework outlines the Group’s principled-pragmatic approach of classifying and recognising financing solutions offered as credible transition finance.

The development of the TFF involved carving out the eligible transition business activities from the SPF and stretching the definition of transition financing beyond the original eight hard-to-abate sectors in SPF 2022 to account for the development of innovative decarbonising client solutions. Aligned to more than 12 international principles, standards and guidelines, the document details three approaches to mobilising a transition finance solution:



## Creating Environmentally Sustainable Impacts

GRI 201-2

The TFF also contains key guardrails in dealing with the managed phase-out of assets, to ensure a just transition and to prevent asset stranding. Guardrails include:

- A clear timeline for phase-out
- Support for affected workers and communities
- Strong quantifiable metrics of success
- A commitment to transparency

### Objective

- **Primary:** To outline Maybank’s approach of classification and recognition of financing solutions offered as transition finance. Aimed at providing transparency in Maybank’s approach to transition finance, the framework clearly specifies the following to classify and report financial products and services offered as transition finance:

Governance Structure

Due diligence processes

Methodology and associated procedures

- **Secondary:** To guide the development of credible transition finance solutions within the bank based on internationally accepted guidelines and principles

### Approach to Transition Finance

#### Principles-based Approach

- Use of proceeds is guided by a clear bond/loan framework that is aligned to international transition finance principles; **AND**
- Has obtained a Second Party Opinion or been reviewed and assessed by a reputable external review provider on the issuer’s progress along its transition pathway; **OR**
- The bond/loan has been certified by the Climate Bond Standard under the Climate Bond Initiative

#### Eligible Activities Approach

- Use of proceeds is channelled towards specific activities in hard-to-abate sectors that support the transition to a low carbon economy
- The activities listed may vary in level of specificity, depending on factors such as technical pathways and emission reduction targets

#### Net Zero Strategies and Essential Criteria

• Financing that do not meet the first two criteria will need to meet:

##### AT LEAST one of the Net Zero Strategies

- Alignment with 1.5/2.0°C pathway (Activity level); **OR**
- Managed Phase-out; **OR**
- Alignment to Transition Strategy

##### BOTH Essential Criteria

- Do No Significant Harm
- Social Impact Assessment



# Creating Environmentally Sustainable Impacts

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The TFF complements the newly updated SPF and the internally developed Maybank Group Sustainability-linked Product Guidelines, and as such allows for transactions that are labelled as transition finance to contribute to the Group’s overall sustainable finance achievements.

Collectively, these initiatives will continually showcase Maybank's broader commitment to:

- Support net zero transition in ASEAN through principled and practical approaches
- Encourage the industry’s movement towards sustainable practices and a low-carbon economy

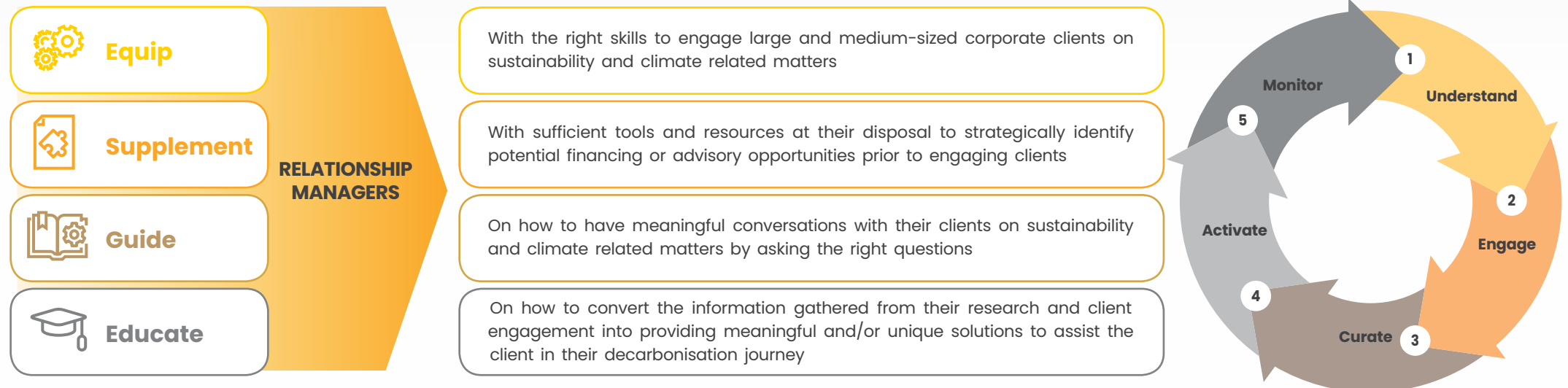
Similar to the SPF, the TFF is available on the Maybank sustainability webpage and will be updated on an annual basis. We hope that by making the document accessible to the general public, it will spur broader conversations and guide the development of credible transition finance solutions among financial institutions in the region.

For details on the TFF, please refer to <https://www.maybank.com/en/sustainability.page>

## Client Engagement Guidebook

We are cognisant that achieving net zero is a global collective effort and that our approach to facilitate meaningful decarbonisation is highly correlated to the decarbonisation initiatives taken by our clients. As such, Maybank has developed an internal, sector agnostic Client Engagement Guidebook to support client-facing employees to have more meaningful dialogues with large and medium corporate clients about their decarbonisation strategies and associated support required from the Group.

With modularity at its core, the guidebook with its five-step process, aims to:





## Creating Environmentally Sustainable Impacts

GRI 201-2

Recognising the scale and speed required to address sustainability and climate considerations, the guidebook brings together the most important topics, questions, resources and areas of collaboration to help employees frame and structure net zero discussions and solutions. It demonstrates Maybank's aim to shift our climate conversation with clients, where all relationship managers are empowered to actively engage clients with a view of solutionising the clients' decarbonisation activities.

To guide relationship managers on effective usage of the guidebook and various other internally developed sustainability tools, Group Sustainability conducted many technical workshops across ASEAN. These workshops included live case studies and role playing, where relationship managers were guided on the use of the various tools available at their disposal and how to leverage them to extract key information and convert findings into meaningful sustainable financing opportunities. The workshops are aimed to bolster the relationship managers' efforts and confidence in engaging clients on sustainability and climate change, as well as in structuring bespoke sustainable solutions for their clients. In the long run, the guidebook is expected to strengthen client relations and foster strategic partnerships while simultaneously advancing Maybank's portfolio decarbonisation efforts, displaying leadership in the climate and sustainability space. This is in line with our aspiration of becoming a Sustainability Leader in Southeast Asia.



To further accelerate the integration of sustainability expertise into business units, the Group piloted the **Sectoral Sustainability Course**, providing the **knowledge and tools** for relationship managers to have **deep conversations with their clients** and **convert probabilities to sustainable deals**. This is a key milestone in Maybank's journey to be a proactive partner that assists our customers' move towards stronger ESG practices and decarbonisation efforts, aligned with our sectoral pathways and net zero commitment. For the pilot, **78 participants** consisting of relationship and account managers, risk professionals, and sustainability thought leaders have been **upskilled** for identified sectors and this will soon be rolled out across the Group in 2024.

### Digital Geospatial Platform

Additionally, we have a digital geospatial platform, which assists the Group in upholding its NDPE commitment. The platform enables us to make informed and responsible data-driven decisions through conducting accurate credit and environmental impact assessments. These impact assessments include multilayer and base map capabilities covering areas such as:

Peat

Protected areas

Forest reserves

Flood prone locations

Elevation

Slope

This will lower the Group's exposure to ESG risks while facilitating businesses in addressing their ESG gaps. The geospatial platform now covers the Agriculture and Real Estate sectors.



## Creating Environmentally Sustainable Impacts

GRI 3-3, 404-2

### ENHANCING ESG CAPABILITY

#### ESG Culture

In our aspiration to be the Sustainability Leader in Southeast Asia, we strive to inculcate a strong ESG culture across all parts of our organisation, business divisions and operations. This enables us to effectively identify, assess and manage our exposure to ESG risks, apart from raising awareness on ESG developments among employees.

ESG training plays a crucial role in strengthening our initiatives. In 2023, Maybank's Risk Academy and Group Sustainability actively organised various Environmental-related programmes to build ESG capacity and resilience:

Themes	Environmental-related Training	Number of Training Sessions	Number of Participants	Coverage of Participants	Overview of the Training
<b>ESG Risk</b>	ESG Risk: Embedding ESG considerations across risk management	4	497	<ul style="list-style-type: none"> <li>Group Risk</li> <li>Business Risk</li> <li>Country Risk</li> <li>Other sectors across Maybank</li> </ul>	Enabled employees to understand how ESG risk factors impact lending, trading, operating and underwriting activities. Also helped employees to communicate how ESG factors can boost clients' businesses, in addition to applying their knowledge on ESG risk and regulatory requirements.
<b>Climate Risk</b>	ESG Risk: Climate Resilience – Climate Risk Ready (Apprentice Level)	4	363	<ul style="list-style-type: none"> <li>Group Risk</li> <li>Business Risk</li> <li>Country Risk</li> <li>Other sectors across Maybank</li> </ul>	Educate employees about climate risk management within Maybank's context and financial institutions' approach in managing climate risk. This would enable employees to identify, assess/analyse climate risk, monitor and disclose climate risk as well as communicate climate risk management where required.
<b>RACs</b>	Power and Oil and Gas	1	106	<ul style="list-style-type: none"> <li>Group Risk</li> <li>Business Risk</li> <li>Country Risk</li> <li>Business sectors (Group CFS &amp; Group GB)</li> </ul>	Helped employees to understand the Power and Oil and Gas industries, the risk appetite statement and the roles and responsibilities in managing the RACs. It included a question and answer session to enable better understanding of these industries.
	Mining and Quarrying	1	109	<ul style="list-style-type: none"> <li>Group Risk</li> <li>Business Risk</li> <li>Country Risk</li> <li>Business sectors (Group CFS &amp; Group GB)</li> </ul>	Provided an overview of the industry, the risk appetite statement, the type of RAC, criteria, process flow and opportunities for an open discussion to enable a better understanding of this industry.
	Telecommunications	1	273	<ul style="list-style-type: none"> <li>Group Risk</li> <li>Business Risk</li> <li>Country Risk</li> <li>Business sectors (Group CFS &amp; Group GB)</li> </ul>	Covered the RAC for the Telecommunications sector, featuring an overview of the industry's outlook, applicability and types of Telco RACs, criteria and process flow.

# Creating Environmentally Sustainable Impacts

GRI 3-3, 404-2

Themes	Environmental-related Training	Number of Training Sessions	Number of Participants	Coverage of Participants	Overview of the Training
<b>Nature-related Risks</b>	An Exploration of Nature-related Financial Risks in Malaysia	1	75	<ul style="list-style-type: none"> <li>Group Risk</li> <li>Business Risk</li> <li>Country Risk</li> <li>Other sectors across Maybank</li> </ul>	Addressed the what and how of nature-related financial risks. It highlighted the World Bank's experiences and findings from various countries including Malaysia, the different methodologies used, and ongoing developments in managing and mitigating the risks.
<b>Agriculture</b>	Introduction to Soil Identification and Classification	2	179	<ul style="list-style-type: none"> <li>Group Risk</li> <li>Business Risk</li> <li>Country Risk</li> <li>Business sectors (Group CFS &amp; Group GB)</li> </ul>	Covered the basics of soil identification and classification and the importance of soil to agricultural activities.
<b>Sustainability Series</b>	<ul style="list-style-type: none"> <li>Sustainability strategy and updates</li> <li>Panel session with GCSO, Country CEO and Sustainability Leaders</li> <li>Sustainability workshops to internalise sustainability among employees, including urban farming and ideation workshop</li> <li>Technical workshop - understanding sustainability related tools and documents</li> </ul>	7	709	<ul style="list-style-type: none"> <li>Management team</li> <li>Sustainability teams</li> <li>Business teams</li> <li>Relationship managers</li> <li>Risk teams</li> </ul>	Covering the angles of: <ul style="list-style-type: none"> <li>Business - Responsible Transition</li> <li>Social - Enabling Our Communities</li> <li>Governance and Culture - Our House is in Order and We Walk the Talk</li> </ul>

## MAYBANK URBAN FARMING PROGRAMME


First initiated on the grounds of Menara Maybank in 2016, Maybank's Urban Farming modules are now a component of the Maybank FutureReady Skills Curriculum which empowers Maybankers and communities in our areas of operation to reduce their carbon footprint through the application of localised agriculture technologies.

More than 5,000 individuals have gone through these modules, learning about key concepts that minimise environmental impact such as circular economy, farm space optimisation, and the reduction of carbon emissions from the avoidance of packaging and distributions, associated with typical means of purchasing food in urban areas.

 For further information, please refer to pages 61 and 93 of the Sustainability Report 2023.

## MAYBANK GROUP SUSTAINABILITY WEEK

The inaugural Maybank Group Sustainability Week showcased existing examples of what Maybankers can and are already doing to lower their carbon footprint. By introducing the recycling of used cooking oil, electronic waste, clothes, and educating Maybankers on carbon emissions and what we can do to reduce it, we inspire others to make Sustainability a way of life.

 For further information, please refer to pages 94 to 95 of the Sustainability Report 2023.



## Creating Environmentally Sustainable Impacts

GRI 3-3, 404-2

The Group's business segments also organised a number of programmes to further build capability and resilience:

### Group GB

Themes	Environmental-related Training	Number of Training Sessions	Coverage of Participants	Overview of the Training
<b>Carbon Markets</b>	Masterclass: Carbon Markets and What Bankers Need to Know	1	<ul style="list-style-type: none"> <li>Malaysian Banking Community</li> </ul>	Assessed the role of carbon markets, carbon disclosures and their effectiveness in influencing decarbonisation, carbon pricing.
<b>Sustainable Finance</b>	Brown bag session for Global Banking Risk: Sustainable Finance	1	<ul style="list-style-type: none"> <li>Global Banking Risk personnel</li> </ul>	Knowledge sharing on sustainable finance in Maybank's context, the requirements of Maybank's SPF as well as case studies on sustainable finance transactions done by the Debt Capital Markets team.
<b>Carbon Markets</b>	Product Push Call: Identifying Opportunities in the Carbon Ecosystem	1	<ul style="list-style-type: none"> <li>Global Banking Relationship Managers</li> </ul>	Provided an overview of the carbon ecosystem and examples of opportunities that could be identified and proposed through client engagements.
<b>Renewable Energy</b>	Product Push Call: Corporate Green Power Programme - The Future of Power Purchase Agreements	1	<ul style="list-style-type: none"> <li>Global Banking Relationship Managers</li> </ul>	Provided an overview of the Corporate Green Power Programme in Malaysia, and examples of opportunities that could be identified and proposed through client engagements.
<b>Sustainable Supply Chain Financing</b>	Product Push Call: Facilitating Customer's Supply Chain via Islamic Digital Solution	1	<ul style="list-style-type: none"> <li>Global Banking Relationship Managers</li> </ul>	Knowledge sharing on sustainable supply chain financing models and opportunities that can be identified and proposed through client engagements.

### Group Insurance and Takaful

Themes	Environmental-related Training	Number of Training Sessions	Number of Participants	Coverage of Participants	Overview of the Training
<b>Waste Management</b>	Solid Waste Management: Relevance to Environmental Sustainability	1	380	<ul style="list-style-type: none"> <li>Open to all staff</li> </ul>	Covered the importance of Sustainable Waste Management and how recycling can be part of the company's strategy in protecting the environment
<b>Biodiversity</b>	Saving the Reefs	1	380	<ul style="list-style-type: none"> <li>Open to all staff</li> </ul>	Touched on the importance of marine conservation and how to safeguard the marine ecosystem.
<b>Clean Transportation</b>	International Level 3 Award In Electric/Hybrid Vehicle System Repair and Replacement	1	5	<ul style="list-style-type: none"> <li>Selected staff</li> </ul>	<p>Covered knowledge and skills required to work safely on electric/hybrid vehicles while carrying out diagnostic, testing and repair activities.</p> <p>These qualifications have been developed by the Institute of the Motor Industry (IMI) in conjunction with EV manufacturers, component suppliers and the IMI Sector Skills Council. They are the first qualifications of their kind to address EV (high voltage) technology. The qualifications are essential to ensure the health and safety of individuals working with these vehicles.</p>

## Creating Environmentally Sustainable Impacts

GRI 3-3, 404-2

In addition to programmes organised by the Group, the respective countries organised a number of sessions to further build capability and resilience:

### Maybank Singapore

Themes	Environmental-related Training	Number of Training Sessions	Number of Participants	Coverage of Participants	Overview of the Training
<b>ESG Fundamentals</b>	ESG and Commercial Lending Workshop for Relationship Managers	1	27	<ul style="list-style-type: none"> <li>Global Banking</li> <li>Community Financial Services</li> </ul>	Looked at key ESG issues and considered how these issues impact perceived risks at industry and firm level. The workshop also discussed different types of sustainable lending facilities.
<b>Regulations</b>	Fundamentals of Responsible Banking and the MAS Environmental Risk Management (ENRM) Guidelines	N/A	244	<ul style="list-style-type: none"> <li>Global Banking</li> <li>Community Financial Services</li> <li>Risk</li> <li>Sustainability</li> </ul>	An e-module aimed to provide a comprehensive introduction to responsible banking, and actionable, step-by-step guidance on how to implement the ENRM Guidelines for Banks issued by MAS.
<b>Sustainable Investment</b>	Sustainable Investment Management	N/A	81	<ul style="list-style-type: none"> <li>Community Financial Services</li> <li>Compliance</li> </ul>	Reviewed key motivations behind the increased awareness of incorporating sustainable investment/ESG investing considerations in the investing process and the types of approaches to Sustainable/ESG Investing.

### Maybank Indonesia

Themes	Environmental-related Training	Number of Training Sessions	Number of Participants	Coverage of Participants	Overview of the Training
<b>Air Pollution</b>	Nafas Indonesia	1	75	<ul style="list-style-type: none"> <li>Maybankers</li> </ul>	The talk show focused on concerns over air quality in Jakarta. It also discussed the severity of the issue and ways to promote a healthier environment and sustainable lifestyle.
<b>Climate Action</b>	<ul style="list-style-type: none"> <li>Greens Indonesia</li> <li>Jejakin</li> </ul>	1	64	<ul style="list-style-type: none"> <li>Maybankers</li> </ul>	Explored the pivotal role of technological advancements in achieving the goals of the Paris Agreement, with a panel discussion highlighting the use of technology for monitoring carbon emissions and promoting sustainable food production practices to expedite efficient climate actions.

### Maybank Philippines

Themes	Environmental-related Training	Number of Training Sessions	Number of Participants	Coverage of Participants	Overview of the Training
<b>Business Strategy</b>	Sustainability and Operationalising ESG in Maybank Business Strategies	1	150	<ul style="list-style-type: none"> <li>Management Committee</li> <li>Business Heads and Officers</li> <li>Support Team Heads</li> <li>Green Lab Advocates</li> </ul>	This virtual training enabled participants to understand ESG in the context of Philippine's financial industry and develop business strategies.



# Creating Environmentally Sustainable Impacts

GRI 2-29, 3-3, 203-2

## INTENSIFYING EXTERNAL ENGAGEMENTS

### Impact Story

As a lead up to COP 28 and our efforts to drive transition finance, Maybank co-hosted the inaugural IIF-Maybank Transition Finance Workshop in November 2023. The primary focus of this event were on:

Developing and implementing transition plans

Sharing of policy and regulatory views on achieving a low-carbon economy

Capacity building initiatives on transition finance and decarbonising

Hosted in Kuala Lumpur, the workshop was attended by local regulators and senior management of IIF.

Over 120 participants, consisting of regional and local corporates and financial institutions, attended this event, featuring conversations with regulators and policy makers, panel discussions on achieving climate transition within ASEAN and the wider Asian context, and interactive case studies with leading firms across the region.



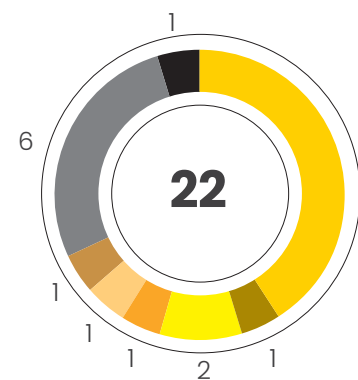
The key topics discussed were on **achieving climate transition, roles of the financial sector to unlock private climate finance, financing towards energy transition and notable global case studies on net zero transition in practice.**



## Group Engagements

We actively engage with external stakeholders, including clients, industry and subject matter experts, certification bodies and rating agencies, to gain insights on current trends and challenges relating to sustainability and climate change. We also gather feedback and opinions from the local communities we serve and NGOs to more effectively understand their needs and enhance our sustainability efforts. In 2023, we held 22 engagement sessions.

### Number of Engagements



- Agriculture
- Construction & Real Estate
- Oil & Gas
- Power
- Transportation
- Biodiversity
- General
- Disclosures

# Creating Environmentally Sustainable Impacts

GRI 2-29, 3-3, 203-2

Participants: 

## AGRICULTURE

### Sustainable agriculture

- ▶ Nature risks and opportunities, as well as the areas that BloombergNEF (BNEF) is covering for sustainable agriculture.

 17

### Palm oil

- ▶ Understanding the Group's M25+ Strategy in ensuring sustainable financing to oil palm players and the latest updates on the palm oil industry vis-a-vis MSPO certification status for Independent Smallholders and Palm Oil Estates and revision of MSPO standards.

 119

- ▶ Engagement sessions with the Malaysian Palm Oil Board on High Conservation Value and replanting on peatland. Discussing the requirements of the MSPO certification whereby companies can be certified under the MSPO 2022 certification and the National Agriculture Commodity Policy.

 12

- ▶ Sharing session with the industry players in Sarawak on the overview of the palm oil sector as well as key environment and social factors currently affecting the sector. Maybank also shared its NDPE stance and how it is applied to the palm oil sector. A short briefing on CCPT was also done.

### Peat

- ▶ Understanding the current limitations of planting/replanting, development or land acquisitions on brownfield and greenfield peat, and any other considerations when it comes to peat from the RSPO perspective.

 45

- ▶ How peat is accounted for within the Indonesian Sustainable Palm Oil (ISPO) standards, which are compulsory for Indonesian producers.

 14

- ▶ How peat is accounted for within the MSPO standards, which are compulsory for Malaysian producers. The session also covered relevant Malaysian legislation related to peat land development and the palm oil sector.

 11

- ▶ Feasibility of development on peat, covering existing cases and possible opportunities for cooperation with a global science-led organisation.

 7

- ▶ The properties of peat, specifically its carbon content and emissions related to peat.

 4



# Creating Environmentally Sustainable Impacts

GRI 2-29, 3-3, 203-2

Participants: 

## CONSTRUCTION AND REAL ESTATE

### Peat

► Discussion on peat development in terms of technology used, associated emissions as well as any opportunities of end-financing.

 7

## OIL AND GAS

### The response to net zero in the oil and gas sector

► Key investment initiatives for a net zero world and their impact on fossil-fuel financing, global overview of financial institutions with regards to the oil and gas sector, and actions taken by oil and gas companies in response to net zero targets.

 22

### Asia Pacific gas and global liquefied natural gas (LNG)

► Research insight on Asia Pacific gas and global LNG storage, trade, outlook on both demand and supply side as well as pricing fundamentals.

 24

## POWER

### Energy transition

► Role in the energy transition as a specialist with a long-term investment approach.

 26

## TRANSPORTATION

### Clean transportation

► Exploring opportunities in the context of clean transportation in Malaysia.

 6

## BIODIVERSITY

### Nature-based solutions

► Discussion on possible collaboration opportunities including technical insights on the development of new nature-based solutions projects in Malaysia, Thailand and the Philippines, biodiversity assessment and deforestation risk in Maybank's portfolio.

 8



# Creating Environmentally Sustainable Impacts

GRI 2-29, 3-3, 203-2

Participants: 

## GENERAL

### ESG and macroeconomic indicators

- ▶ Relationship between ESG and macroeconomic indicators. The research analysed the link between ESG scores to earnings and earnings per share revisions, calculating market sentiments to ESG exchange traded funds based on flows and fund characteristics.

 **21**

### Low carbon transition

- ▶ Engagement and briefing on voluntary carbon offsets outlook including BNEF's take on its surging demand as well as recent allegations on its integrity, supply and pricing of carbon market offsets, unlocking new carbon-conscious clients, corporate clean energy procurement and how it all contributes to net zero targets.

 **10**

### Sustainability practices

- ▶ Sharing session on sustainability practices and commitments with investors, identifying possible areas of improvement and alignment.

 **10**

### Green investment principles

- ▶ Sharing session on Green Investment Principles as part of China's Belt and Road initiative.

 **9**

### Transition risk, impact and strategies

- ▶ Overview of transition risk including how the net zero scenarios may affect company finances to 2050, sustainability finance policy and sustainable debt (greenium and impact analysis) as well as sustainable energy trends in Asia Pacific.

 **25**

### Circular economy/sustainable material and petrochemicals

- ▶ Analysis and market insights on sustainable materials and circular economy including industry decarbonisation, plastic recycling and bio-based plastics.

 **6**

## DISCLOSURES

### Simplified ESG Disclosures Guide

- ▶ Consultation on the Simplified ESG Disclosures Guide (SEDG) in terms of applicability, practicality, completeness and ambition for SMEs to use.

 **28**



# Creating Environmentally Sustainable Impacts

GRI 2-29, 3-3, 203-2

## COLLABORATING WITH EXTERNAL STAKEHOLDERS

We continue engaging and working closely with regulators to actively participate in the development of the nation’s transition to a low-carbon economy. This is in addition to our contribution to industry discussions and knowledge sharing, solidifying our role as an agent of transformation. In 2023, these collaborations and partnerships included the following as part of our effort in advancing sustainable banking practices and collaboratively championing a Responsible Transition:



Legend: ■ Stakeholders ■ Maybank's Role ■ Maybank's Contribution

<b>Joint Committee on Climate Change (JC3)</b>	Co-lead for physical risk working group sub-committee	<ul style="list-style-type: none"> <li>Proposed scope and terms of reference for physical risk assessment guide.</li> <li>Proposed deliverables for 2023 and 2024.</li> </ul>	
	Co-Chair for climate change and principle-based taxonomy implementation group (up to May 2023)	<ul style="list-style-type: none"> <li>Published FAQs and Due Diligence Questions in assessing CCPT to provide further guidance for the implementation of CCPT, particularly in assessing an organisation’s impact to the environment and measures taken to remediate negative impacts.</li> <li>Harmonised CCPT rating for equities and bonds through collaborative efforts with Bursa, FTSE and Bond Pricing Agency Malaysia.</li> <li>Shared best practices with financial institutions and served as a reference point on issues and challenges surrounding physical risk management.</li> <li>Developed targeted action plans and provided support to financial institutions in the implementation of the requirements of BNM’s Climate Risk Management and Scenario Analysis.</li> </ul>	
	Deputy chair of sub-committee 4 engagement and capacity building and lead secretariat	<ul style="list-style-type: none"> <li>A key driver of the JC3 Journey to Zero Conference held in October 2023 together with HSBC Amanah.</li> <li>Led discussions in the JC3 Main Committee on the National Energy Transition Roadmap and the financial sector’s contribution towards this initiative.</li> </ul>	
	Contributor to the initiatives led by JC3	<ul style="list-style-type: none"> <li>Provided key input towards JC3 SC5 Climate Data Catalogue.</li> </ul>	
<b>Glasgow Financial Alliance for Net Zero (GFANZ)</b>	Leading financial sector discussions on net zero planning	<ul style="list-style-type: none"> <li>As a member of the NZBA, Maybank, together with CIMB, led roundtable discussions among financial sector peers for the GFANZ Asia Pacific on transition planning and how the financial sector could play a key role in driving the net zero agenda within their organisation.</li> </ul>	
<b>Malaysian Government Climate Change Advisory Panel Member</b>	Appointed member of the advisory panel to provide advice and guidance to the national COP 28 delegation	<ul style="list-style-type: none"> <li>In line with Malaysia’s focus on energy transition, reduction of GHG emissions, preparation to execute just transition, carbon market, climate financing and adaptation, biodiversity, and others, Maybank successfully launched the TFF at COP 28.</li> </ul>	

# Creating Environmentally Sustainable Impacts

GRI 2-29, 3-3, 203-2

Legend: ■ Stakeholders ■ Maybank's Role ■ Maybank's Contribution

<b>Bursa Malaysia Bhd</b>	A pioneer in Bursa Malaysia's Early Adopter Programme, an initiative to accelerate Corporate Malaysia's transition towards a green economy	<ul style="list-style-type: none"> <li>Signed an MoU with Bursa Malaysia to be part of the Early Adopter Programme of Bursa Malaysia's centralised sustainability platform. The programme aims to enable financial institutions to use disclosed information on the platform to structure sustainable supply chain financing products and programmes that incentivise corporates to adopt low-carbon initiatives and to reduce the corporate's Scope 3 GHG emissions.</li> </ul>	
<b>KPMG</b>	Helping ASEAN businesses chart the roadmap to net zero	<ul style="list-style-type: none"> <li>Maybank Singapore inked an MoU with KPMG Singapore to mobilise funding for low-carbon and green projects originated by the ASEAN Decarbonisation Hub.</li> </ul>	
<b>ASEAN Capital Markets Forum (ACMF) and ASEAN Working Committee on Capital Market Development (WC-CMD)</b>	Represented by Maybank Investment Bank as a member of the industry advisory panel and the chair of the working group on Strengthening Demand and Supply for Sustainable Finance	<ul style="list-style-type: none"> <li>As part of its commitment towards thought leadership, Maybank led a working group to prepare a white paper on Strengthening the Demand and Supply for Sustainable Finance, which was published in 2023. The white paper served as input to the issuance of WC-CMD's Report on Promoting Sustainable Finance in ASEAN and the ACMF Roadmap for ASEAN Sustainable Capital Markets.</li> </ul>	
<b>UN Global Compact Network Malaysia and Brunei</b>	Advancing sustainability capabilities	<ul style="list-style-type: none"> <li>Signed an MoU with the UN Global Compact Network Malaysia and Brunei for the Maybank Sustainability Practitioner Certification Programme, with the following aim:                             <ul style="list-style-type: none"> <li>building capacity.</li> <li>providing credibility to individuals with specific sustainability knowledge and experience to be certified.</li> </ul> </li> </ul>	
<b>Institutional Investors Council Malaysia (IIC)</b>	Represented by Maybank Asset Management Sdn Bhd and Maybank Islamic Asset Management Sdn Bhd as members	<ul style="list-style-type: none"> <li>One of the seven members of the IIC who participated in a roundtable discussion between IIC Council Members and the SC's Audit Oversight Board in November 2023.</li> <li>A voluntary working member contributing feedback on IIC's plan to develop a local proxy voting mechanism as an alternative to the foreign sourced providers such as Glass Lewis and ISS. The objective is to assist IIC members and beyond to vote with informed decisions at AGMs in view of promoting transparency in governance.</li> <li>Participated as a working member in two IIC collective engagements with public listed companies to discuss their sustainability initiatives and to encourage further progress on their respective sustainability journeys.</li> </ul>	

In addition to the above, key personnel within Group Sustainability, Group GB and Group CFS have been invited to speak at many prestigious domestic and regional engagements, underscoring Maybank's prominent leadership and expertise in the global ESG movement. These speaking engagements not only showcase Maybank's commitment to ESG but also provide a platform to share valuable insights, further solidifying the Group's position as a thought leader in sustainable finance and ASEAN's decarbonisation efforts.



# Creating Environmentally Sustainable Impacts

GRI 3-3, 203-1

## STEPPING UP ENVIRONMENTAL ACTION

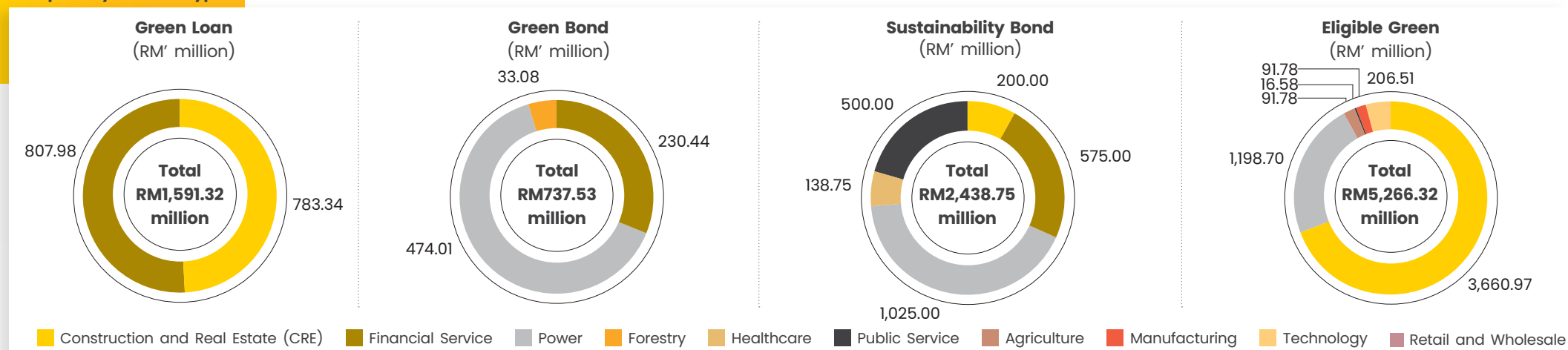
### Sustainable Financing for Corporates

In 2023, we mobilised sustainable finance in green-related initiatives covering various product types and across different nature of businesses as shown in the table below:

#### Group GB

Product Type	Nature of Business	Description
Green Loan	Construction and Real Estate (CRE)	Loans that have a Green Loan Framework that is aligned with the Asia Pacific Loan Market Association (APLMA)/Loan Market Association (LMA)/Loan Syndications & Trading Association (LSTA) Green Loan Principles, supported by a Second Party Opinion/external review by a reputable external review provider that has concluded that the green benefits of the framework are clear and the loan is in compliance with the APLMA/LMA/LSTA Green Loan Principles.
	Financial Service	
Green Bond	Power	Bonds that have a clear bond framework which is aligned to the ICMA Green Bond Principles, supported by a Second Party Opinion/external review by a reputable external review provider that has concluded that the green benefits of the framework are in compliance with the ICMA Green Bond Principles.
	Forestry	
	Financial Service	
Sustainability Bond	Power	Bonds that have a clear bond framework which is aligned to the Sustainability Bond Guidelines supported by a Second Party Opinion/external review by a reputable external review provider that has concluded that the green benefits of the framework are in compliance with the Sustainability Bond Guidelines.
	CRE	
	Financial Service	
	Healthcare	
	Public Service	
Eligible Green	Power	Eligible green financing the power sector is mobilised to support the construction of solar power plants and other renewable energy projects which are considered as eligible activities listed under the Renewable Energy category in the SPF.
	CRE	Eligible green financing to the construction and real estate sector is mobilised to finance and/or refinance developments of existing/provisional green buildings, green certified data centre, and green warehouse which are considered as eligible activities under the Green Building category in the SPF.
	Agriculture	Eligible green financing to the agriculture sector is mobilised to support the trading of select certified agricultural crops which are one of the eligible activities listed under the Environmentally Sustainable Management of Living Natural Resources and Land Use category in the SPF.
	Manufacturing	Eligible green financing to the manufacturing sector is mobilised to source raw materials for the production of equipment that support EV batteries which is one of the eligible activities listed under the Clean Transportation category in the SPF.
	Technology	Eligible green financing to the technology sector is mobilised to finance technology infrastructure that is powered by renewable energy and is considered as one of the eligible activities listed under the Renewable Energy category in the SPF.
	Public Service	Eligible green financing to the public service sector is mobilised to fund a wholly-owned subsidiary for its various on-going solar power projects which is considered one of the eligible activities listed under the Renewable Energy category in the SPF.

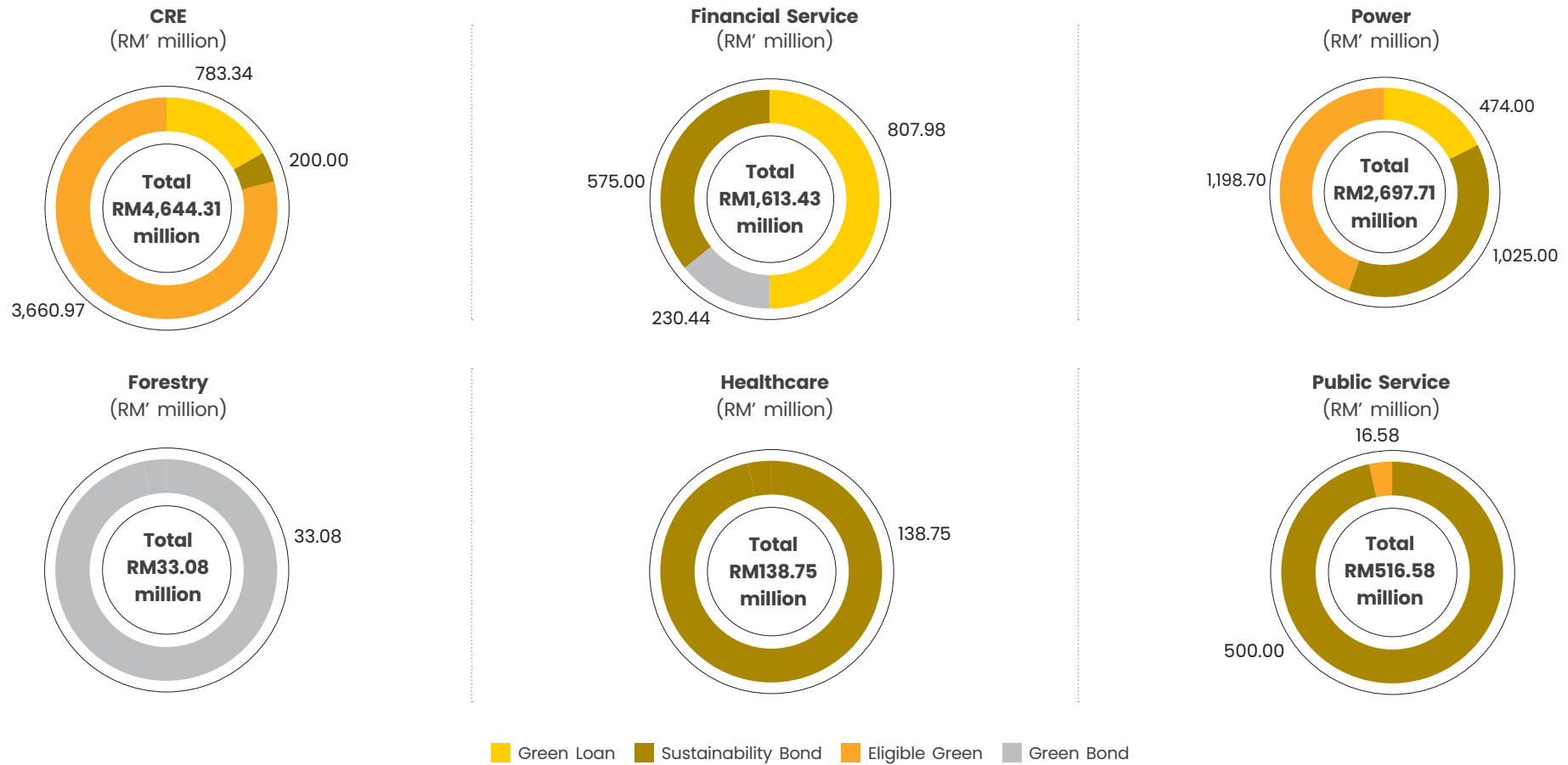
#### Group GB by Product Type



# Creating Environmentally Sustainable Impacts

GRI 3-3, 203-1

## Group GB by Nature of Business



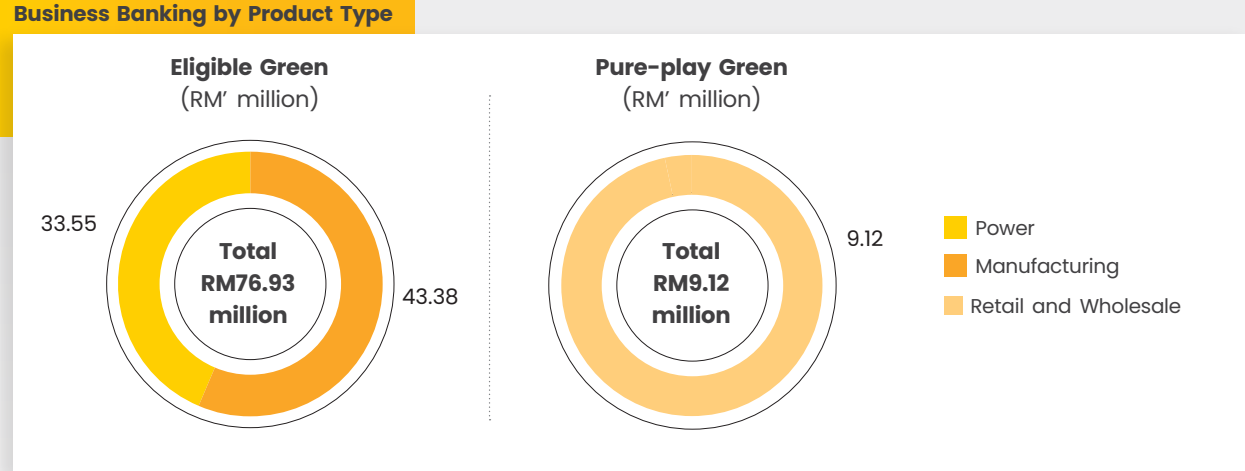
## Business Banking

Product Type	Nature of Business	Description
Eligible Green	Manufacturing	Eligible green financing to the manufacturing sector is mobilised to finance installation of solar panels and manufacturing of equipment dedicated to components for solar cells and solar modules which is one of the eligible activities listed under the Renewable Energy category in the SPF.
	Retail and Wholesale	Eligible green financing to the retail and wholesale sector is mobilised to finance installation of solar panels and rooftop solar photovoltaic (PV) system at selected outlets which is one of the eligible activities listed under the Renewable Energy category in the SPF.
Pure-play Green	Power	Pure-play green financing to the power sector is mobilised to finance companies that derive 90% or more of its revenue from eligible activities listed under the Renewable Energy category in the SPF.



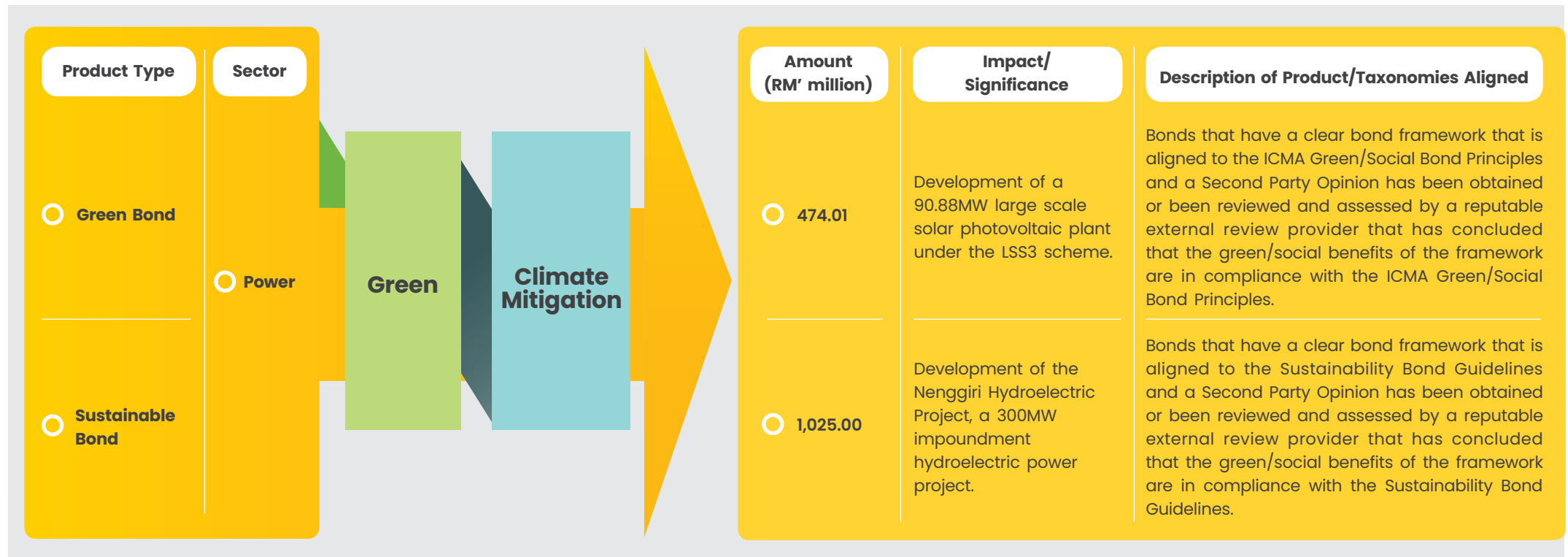
# Creating Environmentally Sustainable Impacts

GRI 3-3, 203-1



## Supporting the Issuance of Sustainable Securities

In our effort to transition to a low-carbon economy, we recognise the pivotal role of sustainable and responsible financing in generating long-term positive impacts for the economy, environment and people. We are aware that as a financial institution, we can be a catalyst for change by assisting clients to align their sustainability performance against the financing terms present in our green, social and sustainability-linked loans and bonds. In line with Maybank's commitment to mobilise RM80 billion of sustainable finance, we have implemented various initiatives to facilitate our clients transition. In 2023, Group GB executed **67** sustainable finance deals amounting to over **RM17.65 billion**. This includes issuance of sustainable securities such as green bonds and sustainable bonds spanning across various industries, the largest of which is attributable to the Power sector. Notable key issuances are highlighted below:



For more information on our sustainability-related deals, please refer to pages 39 to 44 of the Sustainability Report 2023.

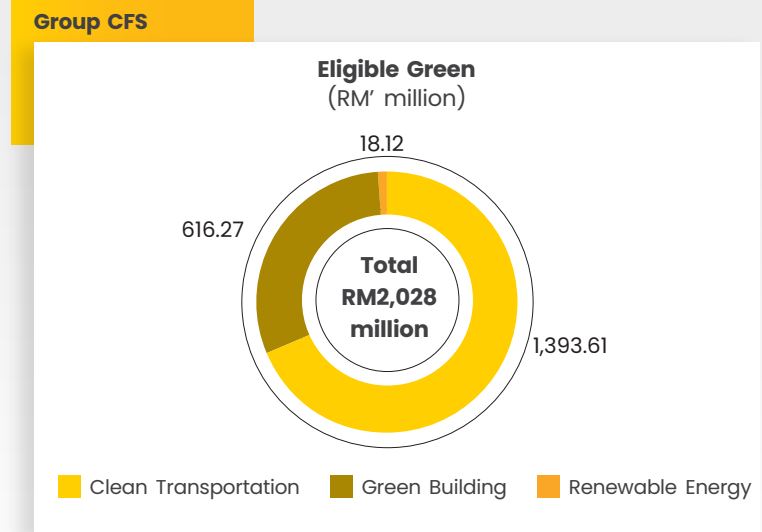
# Creating Environmentally Sustainable Impacts

GRI 3-3, 203-1

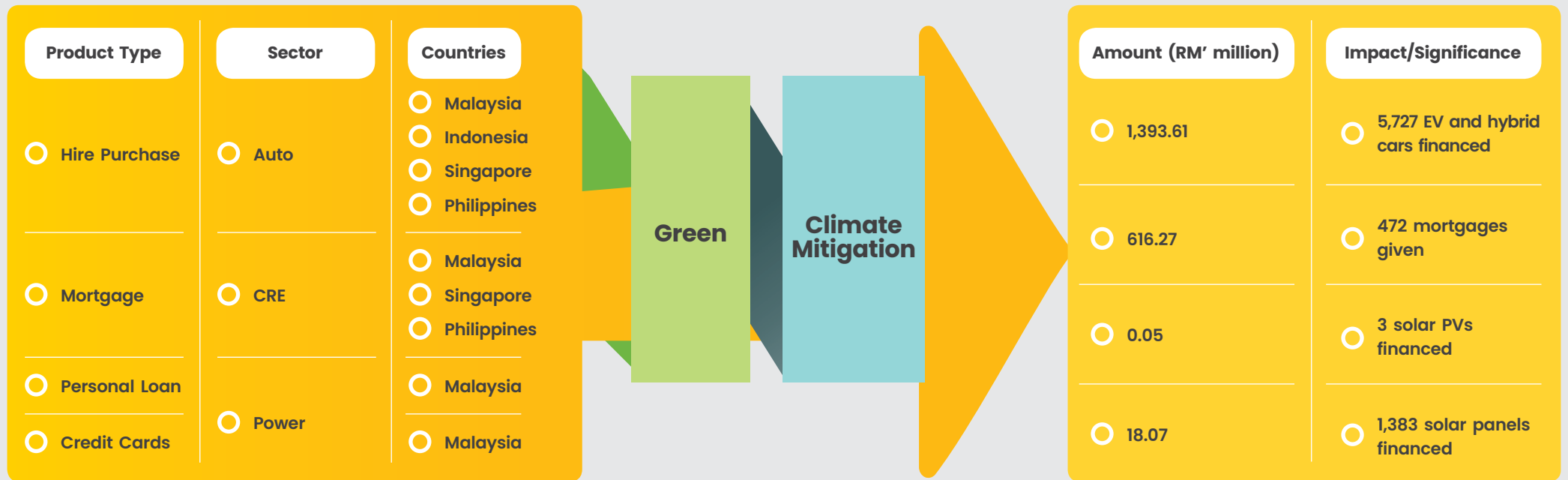
## Sustainable Financing for Retail Customers

Facilitating green financing for our retail customers is not only a response to changing market dynamics but also a strategic move that aligns with environmental stewardship, regulatory expectations, and the long-term economic interests of both the financial institution and customer. For Maybank, we have focused on enabling our customers to participate in the decarbonisation journeys of their respective countries, in line with ASEAN member states reaffirming their commitment to net zero targets. Thus, we continue to promote green financing solutions surrounding EVs, as well as insurance products to support its adoption. This year, we also introduced a new credit card with a built-in carbon calculator and an innovative insurance product that offers protection for shortfalls in the generation of solar energy.

Product Type	Use of Proceeds	Description
Eligible Green	Clean Transportation	Mobilisation of funds are directed towards the financing of hybrid vehicles and EVs.
	Green Building	Funds are used towards the financing of green mortgages.
	Renewable Energy	Funds are used towards solar PV and solar panel financing.



Loans where the use of proceeds are directed towards an activity listed under the Eligible Green criteria in the SPF (Parameter 2).



## List of Retail Green Financing Initiatives by Country

We remain committed to supporting a just transition and the strategies required to advance the transition while striving to involve as many participants as possible to join us in this journey. In line with this, our efforts in 2023 have centred around promoting green financing solutions mainly focused on encouraging EV use and the purchase of green homes. In Malaysia, our EV initiatives are aligned with government policies including the recently launched NETR.



# Creating Environmentally Sustainable Impacts

GRI 3-3, 203-1



## Green Home Financing and Insurance



### Malaysia

- We recognise the importance of renewable energy and through our Maybank Solar Financing Facility we have facilitated RM18.12 million in solar financing for Malaysian homeowners to install solar panel systems on their residential properties.



### Singapore

- Mobilised SGD95.96 million under the Green Home Loan campaign based on the Building and Construction Authority's Green Mark certification scheme.
- Introduced home insurance for customers who build or renovate their houses using eco-friendly materials, which also offers coverage for energy efficient or water efficient appliances.



## Green Vehicle Financing and Insurance



### Malaysia

- Introduced Malaysia's first-of-its-kind integrated automobile financing solution for EV and hybrid customers including holistic financing solutions, insurance and takaful coverage as well as EV charging privileges.
- In 2023, we mobilised RM480.11 million in financing of electric and hybrid vehicles.
- Since launching in October 2022, we have partnered with EV manufacturers and dealers such as Great Wall Motor, Audi, BYD, Tesla and Pro-Net to provide this first-in-Malaysia insurance and takaful coverage for EV Home Chargers. As of 31 December 2023, Etiqa has issued a total of 1,333 policies.
- Launched a unique and comprehensive insurance and takaful motor coverage plan for new Tesla owners in Malaysia. The Tesla Ensure policy includes additional perks, such as coverage for EV home chargers up to RM12,000 for replacement or repair.
- Supporting Commercial EV Fleets - we have provided insurance coverage for 82 EV buses and 40 EV cars belonging to a rental company.



### Singapore

- Mobilised SGD189.96 million in financing of electric and hybrid vehicles.



### Indonesia

- Mobilised IDR841.76 billion in financing of electric and hybrid vehicles.



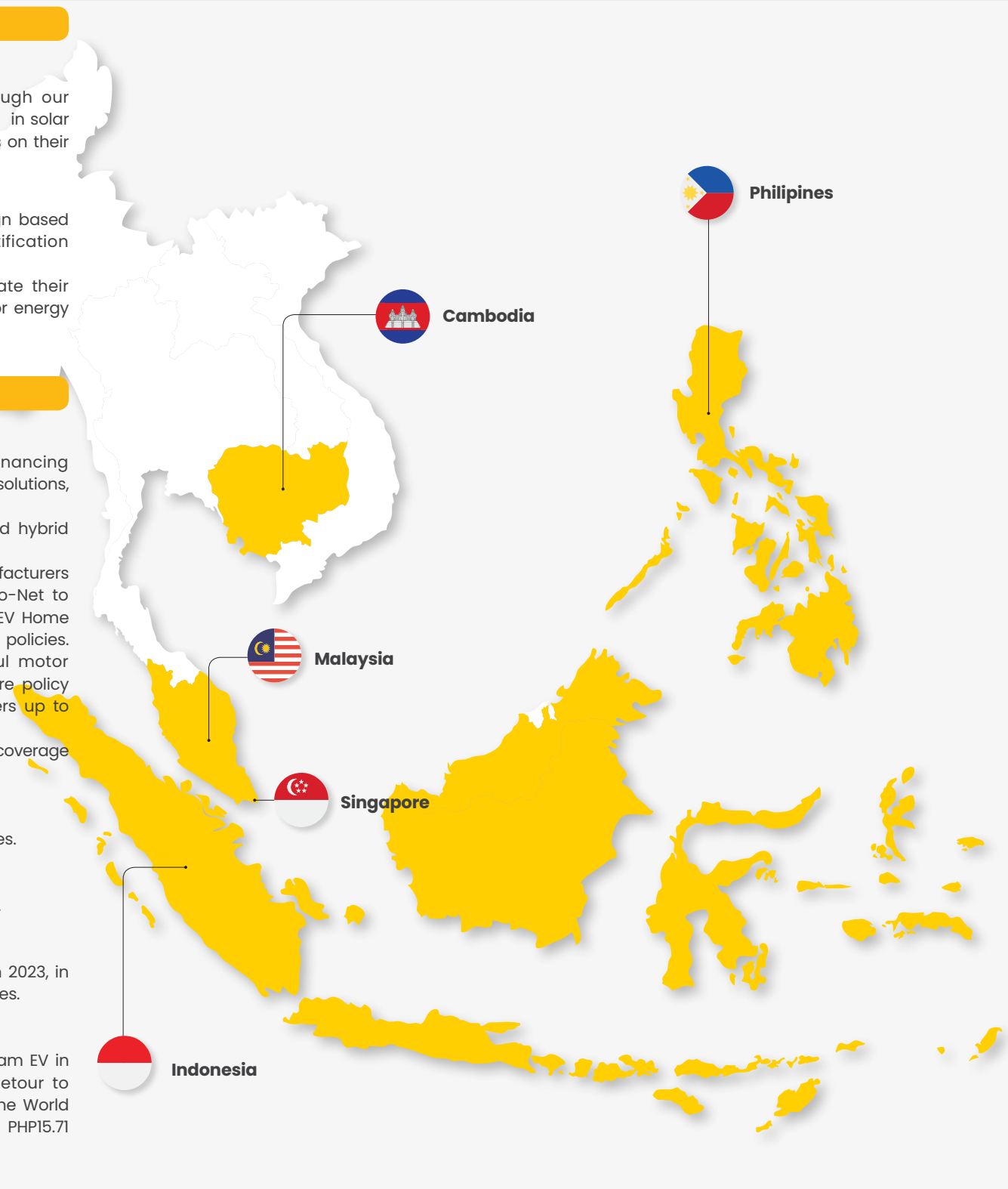
### Cambodia

- Introduced financing for EV car brands such as Tesla, BYD and MG in 2023, in addition to promoting financing for second-hand Toyota Prius vehicles.



### Philippines

- Collaborated with Jetour to promote special financing for its Ice Cream EV in conjunction with the World Environment Day. Collaborated with Jetour to promote special financing for its Ice Cream EV in conjunction with the World Environment Day. As of December 2023, the collaboration attracted PHP15.71 million worth of bookings, equivalent to 7 EVs.





# Creating Environmentally Sustainable Impacts

GRI 3-3, 203-1

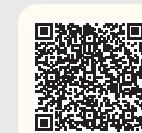
## Other Initiatives

In August 2023, Maybank Islamic launched the myimpact Ikhwan Mastercard Platinum Credit Card-i, the first of its kind in ASEAN, designed to encourage sustainable living and reward responsible consumer choices. This innovative card marks the first solution launched under the myimpact brand, which encompasses value-based banking and the realisation of economic value through fair, transparent, inclusive and sustainable banking practices.

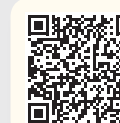


We are encouraging our retail customers to better understand the direct impact they have on the environment. Made from biodegradable material, the card features a built-in carbon footprint calculator for customers to track their carbon footprint based on their spending. Customers can also offset their carbon footprint and enjoy cashbacks when spending with selected merchants. It also offers no compounding management fees, late payment charges, or annual fees. Through this initiative, we hope to foster greater awareness among our customers regarding the impact of their purchasing decisions. As of December 2023, 6,669 credit cards were approved.

For more information on myimpact card, please scan here:



In addition, our Drive Less Save More (DLSM) insurance product, which is aimed at reducing the number of private vehicles on the road, continues to see good response from customers, with Etiqa reimbursing over RM5.6 million in rebates year-to-date.



For more information on DLSM, please scan here:













## Etiqa Singapore

In 2023, EIPL entered into a reinsurance agreement for our endowment plans, "Tiq 3-Year Endowment Plan" and "Enrich aspire IV series". Through this reinsurance arrangement, policyholders are investing their monies into the reinsurer's ESG-incorporated investment portfolio. The reinsurer is active in ESG-related matters and is overseen by its Board and a dedicated committee. Since 2016, the reinsurer has established a presence in renewable energy investing, primarily through the financing of utility scale and residential solar energy projects.

## Sustainable Investment Awareness for Asset Management Customers

Beyond providing sustainable financing and products, we actively promote awareness of sustainable investment as part of our journey to facilitate the transition to a low-carbon economy. This is in line with our aspiration to become a Sustainability Leader in Southeast Asia. Engaging with our customers and reaching out to a wider audience through thought leadership will position us at the forefront of the ESG space.

In 2023, MAMG organised various market outlooks and webinars, in addition to publishing articles throughout the year to educate customers and increase awareness about sustainable investment practices.

<p> Thought Leadership article: ESG in Focus: Malaysia's Power Sector's Path Towards Net Zero</p> <p>For more information, please scan here: </p> <p> <b>Author/Speaker</b></p> <p>Koh Huat Soon, Regional Head of Research, MAMG, Malaysia</p>	<p> Thought Leadership article: Our Virtues Must Trigger Us into Being More Sustainable</p> <p>For more information, please scan here: </p> <p> <b>Author/Speaker</b></p> <p>Koh Huat Soon, Regional Head of Research, MAMG, Malaysia</p>	<p> The Edge ESG article: Looking at Urban Forest Issues through an ESG Lens</p> <p>For more information, please scan here: </p> <p> <b>Author/Speaker</b></p> <p>Koh Huat Soon, Regional Head of Research, MAMG, Malaysia</p>	<p> Thought Leadership article: Sustainable Investment and ESG scores</p> <p>For more information, please scan here: </p> <p> <b>Author/Speaker</b></p> <p>Robin Yeoh, Head, Regional Investment, MAMG, Singapore</p>
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# Powering Our Net Zero Ambition

GRI 3-3, 305-3, 305-5

## OUR FINANCED EMISSIONS

Maybank Group's sustainable financing commitments and goals are aligned with the Paris Agreement, which aims to limit global temperature rise to below 2°C above pre-industrial levels, and to pursue efforts to limit the increase to 1.5°C. As part of our efforts to mitigate climate change impacts and transition to a low-carbon economy, we are committed to reducing the carbon emissions of the corporations we finance and invest in. It is important that we track and assess our Scope 3 financed emissions to align our financial and investment decisions with our sustainability ambitions, apart from addressing the climate impact of our investments.

We acknowledge that in the process of transitioning, there would likely be an increase in financed emissions, before peaking and reducing to achieve net zero by 2050. To meet our climate goal of net zero by 2050, we are guided by:

Our transition strategy that enables us to support clients to decarbonise

Accelerate differentiated investment in sustainable financing

Assuming an industry leadership position in building capabilities and solutions

The strategy ensures that we leverage on the following as key enablers to achieve the goals:

Governance

Analytics, policies and frameworks

Technology and data

Training

For more information on our climate strategy, please refer to pages 18 to 19 of this report.

### ACTIONS TAKEN

- Continue to measure and report Scope 3 financed emissions against our FY2021 baseline. As a key metric within the Group, this will help inform the implementation of our business strategies as we look to decarbonise our portfolio.
- Identify and improve data and process gaps.

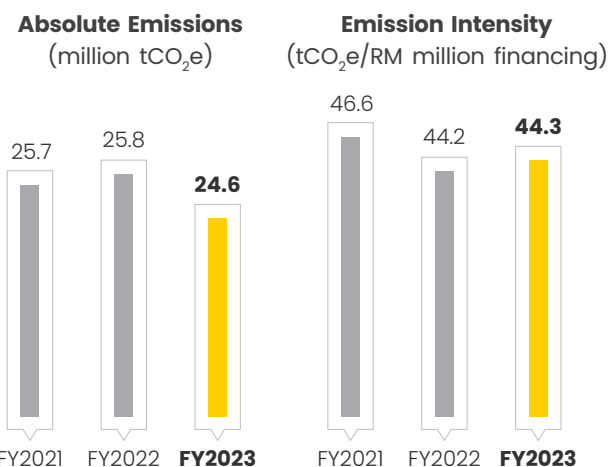
### KEY HIGHLIGHTS

- Launched the **Emissions Calculator - the first ever in-house built in ASEAN region**, to increase carbon footprint awareness at the Group level, enabling the Group to collaborate with clients and better assist them in their journey to net zero:
  - Provides information on the quantity of GHG emissions per lending amount, allowing the Group to advise its clients on how much carbon will be emitted.
  - Enhances awareness of GHG emissions among clients, fostering meaningful discussions supported by data between the Group and clients to facilitate their transition to a low-carbon economy.

### CURRENT DEVELOPMENT AND FUTURE PLANS

- To identify more green (including climate mitigation and adaptation finance) and transition finance products to mobilise capital and potential green/transition revenue streams.
- Currently developing a sector-specific transition pathway by assessing our financed emissions for power and palm oil, with oil and gas and another two sectors to be assessed next year.
- To develop portfolio emission glidepath and strategies to move towards net zero, which includes decarbonisation/transition plan to align with the Group's portfolio with identified climate targets.

## Financed Emissions Performance



The Group's total financed emissions saw an increase from the previous year primarily due to the inclusion of sovereign bonds as the seventh asset class.

For details, please refer to pages 65 to 66 and 74 of this report.

## Powering Our Net Zero Ambition

GRI 3-3, 305-4

The Group's financed emissions cover seven asset classes with exposures amounting to RM759.4 billion (2021: RM583.2 billion). The Group's total financed emissions as at 31 December 2023 was 33,679 ktCO<sub>2</sub>e which was approximately 30% higher than FY2022 primarily due to the addition of sovereign bonds as the seventh asset class.

Excluding the impact of this new asset class, the Group's total financed emissions and overall emission intensity had:

### Group's Total Financed Emissions

 **24.6 million\***  
tCO<sub>2</sub>e

\* Total financed emissions excluding Asset Class 7

### Overall Emission Intensity

 **44.3#**  
tCO<sub>2</sub>e/RM million

# Including Land use, land-use change, and forestry (LULUCF)

Financed emissions are measured based on emissions attributable to the Group's lending and investment portfolios for the following asset classes and economic sectors analysed as of 31 December 2023:

Asset class	Financed emissions by asset class											
	2021				2022				2023			
	Total Lending and Investment (RM'mil)	Financed Emissions (tCO <sub>2</sub> e)	Emission Intensity (tCO <sub>2</sub> e/RM'mil)	PCAF Data Quality Score	Total Lending and Investment (RM'mil)	Financed Emissions (tCO <sub>2</sub> e)	Emission Intensity (tCO <sub>2</sub> e/RM'mil)	PCAF Data Quality Score	Total Lending and Investment (RM'mil)	Financed Emissions (tCO <sub>2</sub> e)	Emission Intensity (tCO <sub>2</sub> e/RM'mil)	PCAF Data Quality Score
Listed equity and bond	71,935	7,376,014	102.5	4.1	74,207	5,949,004	80.2	4.9	95,509	4,158,065	43.5	4.6
Business loans and unlisted equity	235,823	11,031,113	46.8	5.0	254,700	13,860,307	54.4	5.0	265,941	10,209,403	38.4	4.99
Project finance	7,730	1,993,533	257.9	4.3	7,809	998,419	127.9	4.3	6,950	2,387,988	343.6	4.1
Commercial real estate	18,687	522,506	28.0	4.5	2,413	24,803	10.3	4.2	26,867	407,894	15.2	2.3
Mortgages	147,203	1,047,984	7.1	4.5	168,081	1,199,146	7.1	4.5	149,863	3,367,698	22.5	2.2
Motor vehicle loans	69,366	3,680,509	53.1	4.5	75,996	3,729,869	49.1	4.9	84,414	4,064,274	48.2	5.0
Sovereign bond									129,882			1.0
- Including LULUCF										9,083,828	69.9	
- Excluding LULUCF										7,334,685	56.5	
<b>TOTAL</b>	550,744	25,651,659	46.6		583,206	25,761,548	44.2		759,426	24,595,323		
- Including LULUCF										33,679,151	44.3	
- Excluding LULUCF										31,930,008	42.0	



# Powering Our Net Zero Ambition

GRI 3-3, 305-3, 305-5

Economic sector	Financed emissions by selected economic sector									
	2021			2022			2023			
	Total Lending and Investment (RM'mil)	Financed Emissions (tCO <sub>2</sub> e)	Emission Intensity (tCO <sub>2</sub> e / RM'mil)	Total Lending and Investment (RM'mil)	Financed Emissions (tCO <sub>2</sub> e)	Emission Intensity (tCO <sub>2</sub> e / RM'mil)	Total Lending and Investment (RM'mil)	Financed Emissions (tCO <sub>2</sub> e)	Emission Intensity (tCO <sub>2</sub> e / RM'mil)	Emissions scope
Power & Utilities	18,657	9,186,223	492.4	18,933	8,933,912	471.9	15,356	7,821,685	509.3	Scope 1 and 2
Agriculture (including Palm Oil)	16,459	3,777,687	229.5	23,451	3,515,342	149.9	21,474	2,322,164	108.1	Scope 1 and 2
Oil & Gas	13,100	3,708,627	283.1	14,480	4,789,814	330.8	16,162	2,227,664	137.8	Scope 1 and 2
Real Estate & Construction	64,503	777,982	12.1	72,692	314,896	4.3	65,806	230,076	3.5	Scope 1 and 2
<b>TOTAL</b>	112,719	17,450,519	154.8	129,556	17,553,964	135.5	118,798	12,601,590	106.1	

Countries	Finance emissions by country				
	2023				
	Total lending and Investment (RM'mil)	Emissions including LULUCF	Emissions excluding LULUCF	Intensity including LULUCF	Intensity excluding LULUCF
Malaysia	484,670	26,836,957	25,564,071	55.4	52.7
Singapore	191,568	2,883,419	2,866,701	15.1	15.0
Indonesia	40,354	2,334,213	1,880,459	57.8	46.6
Others	42,834	1,624,561	1,618,777	37.9	37.8
<b>Total</b>	759,426	33,679,150	31,930,008	44.3	42.0

# Powering Our Net Zero Ambition

GRI 2-4, 3-3, 305-1, 305-2, 305-3, 305-4, 305-5

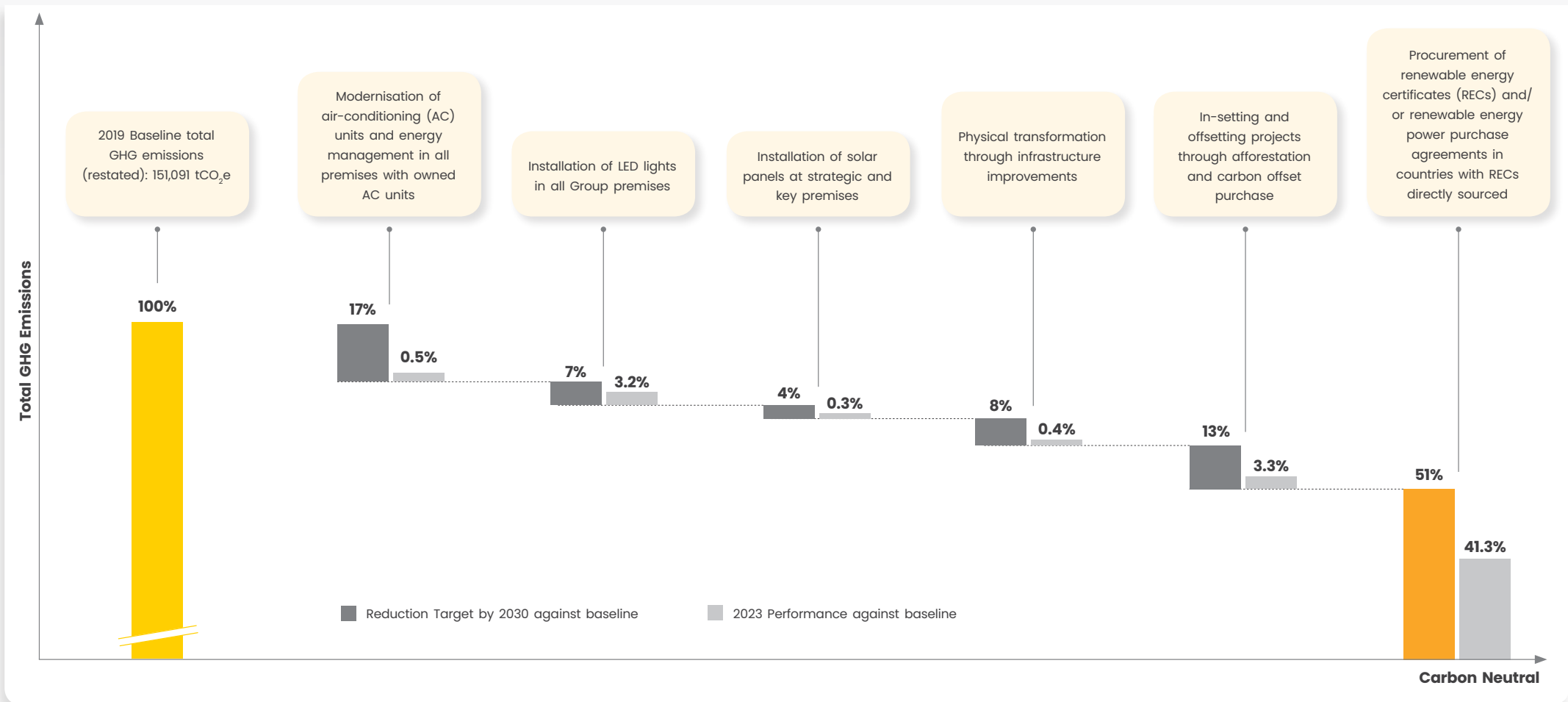
## OUR OPERATIONAL GHG EMISSIONS

As an advocate of sustainability practices, we aspire to do more than just creating awareness. In fact, we want to lead by example through the institutionalisation of exemplary practices within our organisation. We are committed to mitigating the environmental impact of our operations through efficient management of direct and indirect GHG emissions. This is in addition to managing the wider environmental impact of our operations.

### Operational Emissions Reduction Approach

The Group is committed to achieving a carbon neutral position for our internal GHG emissions by 2030, with a net zero carbon equivalent position by 2050. In our effort towards achieving these commitments, we are guided by a multi-pronged approach which is complemented by a thorough blueprint to reduce the net emissions of our internal operations. In the year under review, we have made substantial progress towards our goals, achieving significant emissions reduction. This was made possible by:

- Improving energy management
- Upgrading electrical fixtures and fittings
- Installation of solar panels
- Procuring renewable energy certificates in Malaysia

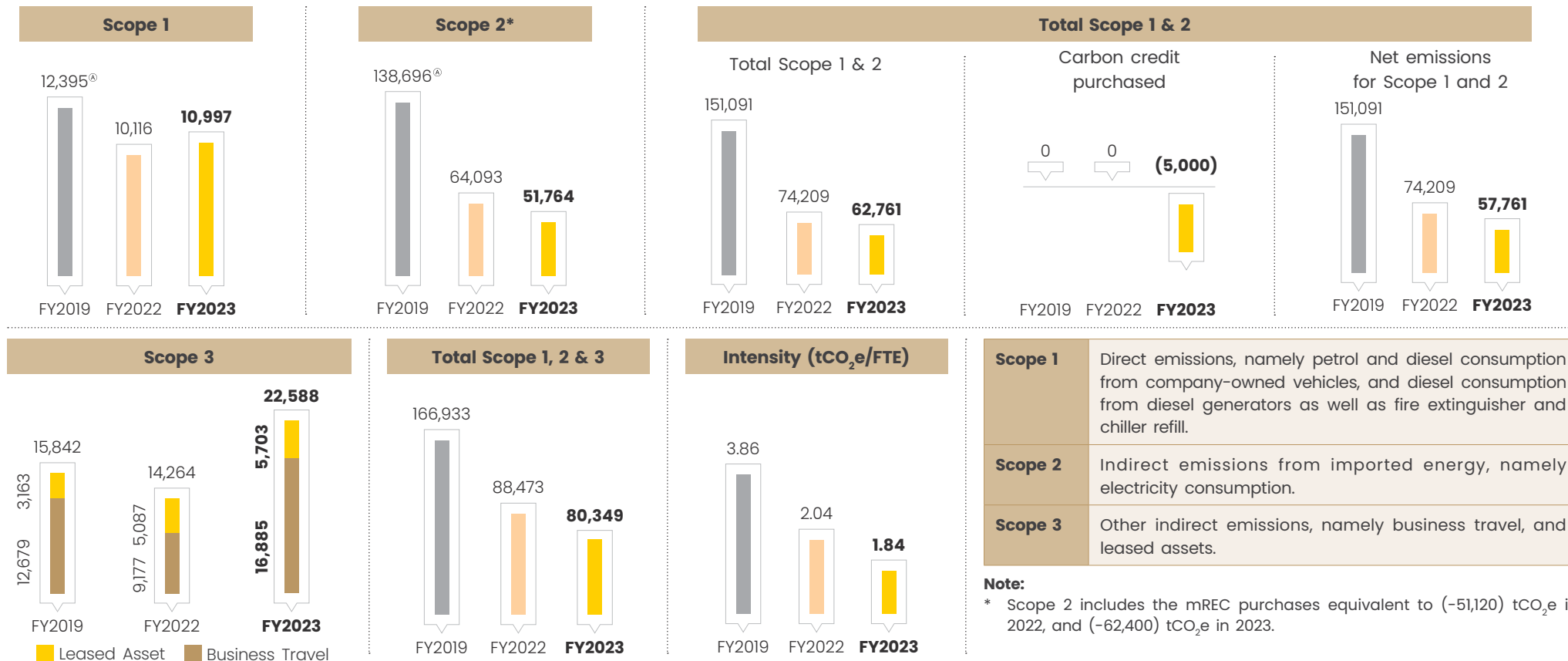




# Powering Our Net Zero Ambition

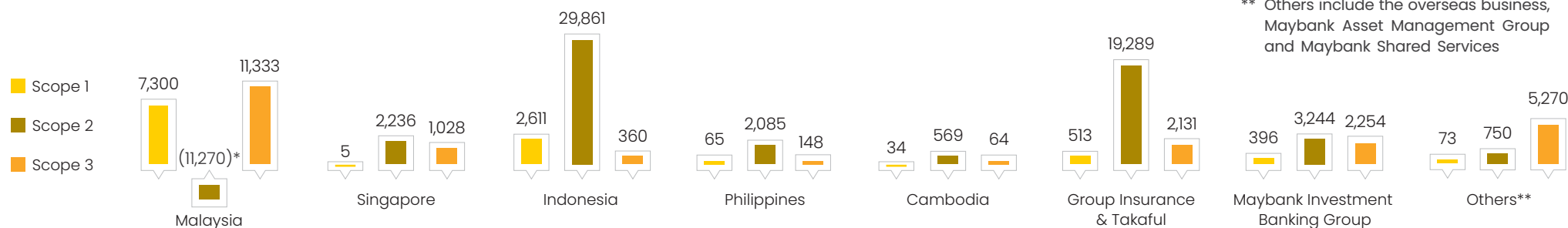
GRI 2-4, 3-3, 305-1, 305-2, 305-3, 305-4, 305-5

## GHG Emissions (tCO<sub>2</sub>e)



<b>Scope 1</b>	Direct emissions, namely petrol and diesel consumption from company-owned vehicles, and diesel consumption from diesel generators as well as fire extinguisher and chiller refill.
<b>Scope 2</b>	Indirect emissions from imported energy, namely electricity consumption.
<b>Scope 3</b>	Other indirect emissions, namely business travel, and leased assets.

## FY2023 Countries/Business GHG Emissions for Scope 1, 2 and 3 (tCO<sub>2</sub>e)



We have continued to improve our data integrity and quality of our GHG emissions disclosure.

The total GHG emissions (Scope 1, 2 and 3) for 2019 has been restated from 147,133 tCO<sub>2</sub>e to 166,933 tCO<sub>2</sub>e and for 2022 from 62,311 tCO<sub>2</sub>e to 88,473 tCO<sub>2</sub>e due to changes in operational consumption data and to reflect the latest Grid Emission Factor for Malaysia, Singapore and Indonesia.

The Group's 2019 Baseline (Scope 1 and 2 GHG emissions from period 1 January 2019 to 31 December 2019) is restated from 131,291 tCO<sub>2</sub>e to 151,091 tCO<sub>2</sub>e.

<sup>Ⓐ</sup>The 2019 Baseline has been subjected to an external limited assurance by an independent third party.

For more information on the operational GHG emissions methodology, please refer to pages 74 to 75 of this report.

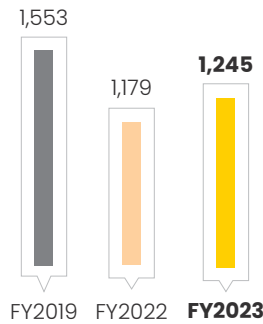
For more information on the Independent Limited Assurance Report, please refer to the pages 77 to 78 of this report.

# Powering Our Net Zero Ambition

GRI 302-1

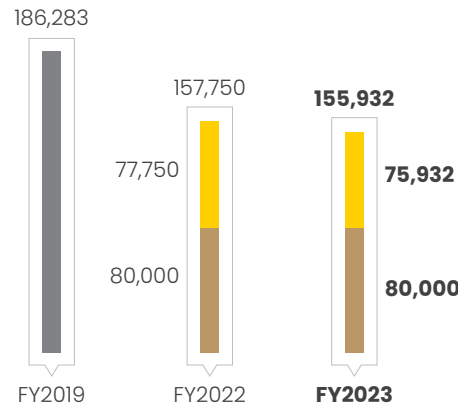
## Total energy consumption

### Consumption of fuel\* (kLitre)

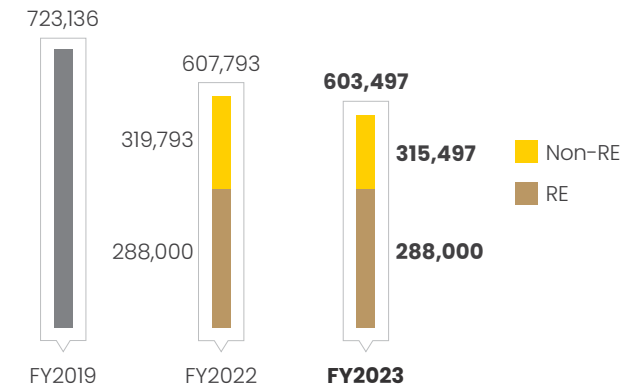


\* Refers to company owned vehicles and generators.

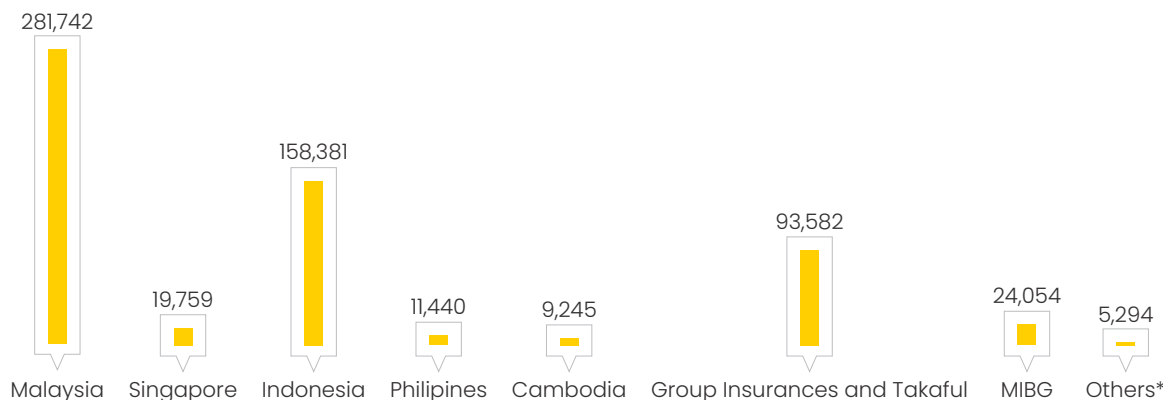
### Consumption of purchased electricity (MWh)



### Total energy consumption (GJ)



### FY2023 2023 Countries/Business Energy Consumption (GJ)



\* Others include the overseas business, MAMG and Maybank Shared Services



### Renewable Energy Certificates and Carbon Offset Initiatives

To achieve our decarbonisation goals, the following measures were implemented to offset our operational GHG emissions in the year under review:

- We continued to purchase **80,000 MWh** of mRECs resulting in **a reduction** of GHG emissions by **62,400 tCO<sub>2</sub>e**, equivalent to **41.3%** of 2019 Group **baseline GHG emissions** for Scope 1 and 2.
- In March 2023, we completed the purchase of **5,000 credits** from Bursa Malaysia, equivalent to **3.3%** of our 2019 **baseline GHG emissions**.



### Supporting Employees with Hybrid Cars

- Aim to reduce the Scope 3 emissions of our business travel and employee commuting by 80% by 2030.
- Initiatives taken included:
  - **Reimbursing employees** for charging their **EVs**.
  - **Subsidising** the purchase and installation of **home charging equipment**.
  - **Enhancing** the **tracking system** to monitor **travel emissions** across the Group.
  - **Reviewing policies** to improve the monitoring of our **travel emissions data** and to **encourage EV usage** among employees.



### Green Building Index

- Aim to achieve Green Building Index (GBI) certification for 100% of our buildings by 2030.
- As of 2023, all the Maybank premises in **Malaysia, Singapore, Cambodia and Philippines** have been **assessed for GBI** while the final assessment is being conducted in Indonesia.
- **Menara Etiqa** in Kuala Lumpur is **GBI certified**, and in 2024, the plan is for Etiqa Twin to attain the GBI certification by the end of 2025.
- In December 2023, **Maybank Tower** in Singapore successfully upgraded its certification from Green Mark **certified** building to **Green Mark Gold<sup>PLUS</sup>**.



# Powering Our Net Zero Ambition

GRI 305-5

Our operations across the various regions are powered by electricity purchased from energy service providers, which constitutes Scope 2 emissions. In many instances, electricity is generated from fossil fuels such as coal or natural gas. However, with the progression of sustainable practices and technological advancements, an increasing number of energy service providers are shifting towards renewable sources for electricity. This transition is expected to be beneficial to the Group, considering that electricity consumption is the greatest contributing factor to the magnitude of our GHG emissions. Below are some of the notable initiatives towards this objective:

## Initiatives Implemented



### LED Conversion

**Aim:** To reduce GHG emissions by installing LED light bulbs across all of our branches in all our markets of operation.

#### 2023 Progress

- 697 Maybank premises across the regions have completed the exercise of switching to LED lightings, while 51 premises are in the process of implementing the initiative.
- 471 Maybank premises in all regions completed the installation of LED signage, while 30 premises are in the midst of carrying out the initiative.

#### Retrofitted LED Lighting

- Retrofitted 426 premises in Malaysia, 30 premises in Singapore, 97 premises in Indonesia, 9 premises in Cambodia and 59 premises in the Philippines.
- Maybank Investment Banking Group retrofitted 43 of their premises, while Group Insurance and Takaful retrofitted 33 premises.

#### Retrofitted LED Signage

- Retrofitted 356 premises in Malaysia, 19 premises in Singapore, 18 premises in Cambodia and 40 premises in the Philippines.
- Maybank Investment Banking Group retrofitted 11 premises, while Group Insurance and Takaful retrofitted 27 of their premises.



Estimated Reduction **4,838.30 tCO<sub>2</sub>e**



### Modernisation of AC Units

**Aim:** To conserve energy by upgrading the chiller system and supporting the transition of AC units to inverters across our operations.

#### 2023 Progress

- Upgraded 228 premises across the Group by installing inverter based AC units in various operations, which consist of 77 premises in Malaysia, 12 premises in Singapore, 4 premises in Indonesia, 8 premises in Cambodia, 62 premises in the Philippines, 36 premises of Maybank Investment Banking Group and 29 premises of Group Insurance and Takaful.



Estimated Reduction **784.81 tCO<sub>2</sub>e**



### Solar Panels

**Aim:** To reduce overall GHG emissions by installing solar panels at key premises.

#### 2023 Progress

- Completed the installation of solar panels at eight premises in Malaysia and Maybank Centre, Singapore.
- Installation work for 27 Maybank premises in Malaysia is currently being assessed.



Estimated Reduction **351.90 tCO<sub>2</sub>e**



## Powering Our Net Zero Ambition

GRI 3-3, 303-5, 306-1, 306-3, 306-4

### Paper Consumption

Maybank is committed to reducing paper consumption. Although we have reduced our consumption significantly over the years, it still remains sizable in our daily operations across all the markets we operate in. Thus, further reduction would mean reviewing all existing need for paper and possibly digitalising internal processes. We aim to reduce paper consumption by 80% and procure only certified or sustainably sourced paper by 2030.

#### Paper Consumption




**1,669 tonnes**

Countries/Sectors	Paper (kg)
Malaysia	1,282,676
Singapore	73,199
Indonesia	192,789
Cambodia	17,380
Group Insurance and Takaful	48,062
Maybank Investment Banking Group	37,420
Others	17,525
<b>Total</b>	<b>1,669,051</b>

### Water Consumption

While we are not in a water-intensive industry, we consistently strive to reduce water consumption, recognising the importance of this natural resource to our communities. We have implemented several initiatives to improve water consumption efficiency including installing or standardising water dispensing units within our premises in phases. To date, we have progressively completed this exercise in five premises in Cambodia.

#### Water Consumption



**944,877m<sup>3</sup>**

Countries/Sectors	Water (m <sup>3</sup> )
Malaysia	457,627
Singapore	28,343
Indonesia	117,668
Cambodia	14,676
Philippines	23,420
Group Insurance and Takaful	285,931
Maybank Investment Banking Group	15,404
Others	1,808
<b>Total</b>	<b>944,877</b>

### Waste Management

Ensuring an efficient waste management system within our operations will reduce our carbon footprint and contribute to a cleaner and safer environment for the communities we serve. As a financial institution, we produce non-hazardous general waste from our offices, which is disposed through licensed contractors to ensure compliance with regulatory requirements. We also appoint professional e-waste management companies to ensure proper disposal of electronic waste (e-waste) from our operations.

#### Waste



**216, 209 kg**

In FY2023, we intensified our recycling effort by placing recycling bins at Dataran Maybank while in 2024 we intend to extend this to Menara Maybank in Kuala Lumpur. Called the 'AFES – Reward Separation at Source (S@S)/Orange Bin', the initiative aims to support the government's separation at source or S@S programme. Using a barcoding system, the programme gives Petronas Mesra points to individuals who recycle. Among the recyclables collected were mixed paper, mixed plastics and old corrugated cardboard. Additionally, we have engaged an external party as the collector for used cooking oil at our key strategic buildings, namely Menara Maybank, Maybank Academy, and MGCC, Bukit Jelutong. The used oil will be recycled to produce biodiesel.

During the inaugural Maybank Group Sustainability Week held in August 2023, we collected 70 kg of e-waste comprising old and unwanted personal electronic devices from Maybank employees. Among the items collected were 100 mobile phones and smart phones, and multiple units of laptops, iPads, monitors and network devices.

Countries/Sectors	Waste (kg)
Malaysia	55,500
Singapore	134,130
Group Insurance and Takaful	11,119
Maybank Investment Banking Group	13,626
Others	1,834
<b>Total</b>	<b>216,209</b>



# TCFD Content Index

TCFD Pillars	TCFD Recommended Disclosures		Sections(s)	Page Number(s)
<b>Governance</b> Disclose the organisation's governance around climate-related issues and opportunities	G(a)	Describe the board's oversight of climate-related risks and opportunities	<ul style="list-style-type: none"> <li>Inculcating Strong Governance</li> <li>ESG Risk Governance</li> <li>Board Training</li> <li>Sustainability-Linked Remuneration</li> <li>Board Credentials</li> </ul> <p> For board credentials, experience and individual biographies, please refer to pages 110 to 115 of the Integrated Annual Report 2023.</p>	6-7 11-13 14-16 17
	G(b)	Describe management's role in assessing and managing climate-related risks and opportunities	<ul style="list-style-type: none"> <li>Inculcating Strong Governance</li> <li>Managing ESG-Related Deals</li> <li>Group Sustainability Office</li> <li>Sustainability Circle</li> <li>Sustainability Representation in Countries and Businesses</li> <li>ESG Risk Governance</li> <li>Board Training</li> </ul>	6-7 8 9 9 10 11-13 14-17
<b>Strategy</b> Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's business, strategy and financial planning where such information is material	S(a)	Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term	<ul style="list-style-type: none"> <li>Identification and Impact of Climate-Related Risks</li> <li>Climate-Related Opportunities</li> <li>Our Financed Emissions</li> <li>Our Operational GHG Emissions</li> </ul>	20-26 27-29 64-66 67-69
	S(b)	Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning	<ul style="list-style-type: none"> <li>Our Climate Goals</li> <li>Our M25+ Strategy</li> <li>Enhancing ESG Capability</li> <li>Collaborating with External Stakeholders</li> <li>Stepping Up Environmental Action</li> <li>Our Financed Emissions</li> <li>Our Operational GHG Emissions</li> </ul>	18 18-19 48-55 56-57 58-63 64 67, 69-70
	S(c)	Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	<ul style="list-style-type: none"> <li>Scenario Analysis and Stress Testing</li> <li>Decarbonisation Pathway</li> </ul>	40 40-42

## TCFD Content Index

TCFD Pillars	TCFD Recommended Disclosures		Sections(s)	Page Number(s)
<b>Risk Management</b> Disclose how the organisation identifies, assesses and manages climate-related risks	R(a)	Describe the organisation's processes for identifying and assessing climate-related risks	<ul style="list-style-type: none"> <li>Managing Environmental Risk</li> </ul>	30-32
	R(b)	Describe the organisation's processes for managing climate-related risks	<ul style="list-style-type: none"> <li>Process of Managing ESG Risks</li> <li>Improving Existing ESG Practices</li> <li>ESG Screening Document</li> <li>Maybank Group Sustainable Product Framework</li> <li>Maybank Group Sustainability-linked Product Guidelines</li> <li>Maybank Group Transition Finance Framework</li> <li>Client Engagement Guidebook</li> <li>Digital Geospatial Platform</li> </ul>	33 34-39 39 42-43 43-44 45-46 46-47 47
	R(c)	Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management	<ul style="list-style-type: none"> <li>Inculcating Strong Governance</li> <li>ESG Risk Governance</li> <li>Board Training</li> <li>Sustainability-Linked Remuneration</li> <li>Enhancing ESG Capability</li> <li>Intensifying External Engagements</li> <li>Collaborating with External Stakeholders</li> </ul>	6-10 11-13 14-17 17 48-51 52-55 56-57
<b>Metrics and Targets</b> Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material	M(a)	Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process	<ul style="list-style-type: none"> <li>Improving Existing ESG Practices</li> <li>Stepping Up Environmental Action</li> <li>Decarbonisation Pathway</li> <li>Stepping Up Environmental Action</li> <li>Our Financed Emissions</li> <li>Our Operational GHG Emissions</li> </ul>	36-39 58-62 40-42 58-62 64-66 67-70
	M(b)	Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks	<ul style="list-style-type: none"> <li>Our Financed Emissions</li> <li>Our Operational GHG Emissions</li> </ul>	64-66,74 67-68,74-75
	M(c)	Describe the targets used by the organisation to manage	<ul style="list-style-type: none"> <li>Sustainability-Linked Remuneration</li> <li>Financed Emissions</li> <li>Operational Emissions</li> </ul>	17 64-66,74 67-68,74-75



# GHG Emissions Methodology

## FINANCED EMISSIONS

In developing our approach, we engaged with industry initiatives to formulate our methodology in assessing and measuring our financed emissions. We are signatories of NZBA, which seeks to reinforce, accelerate, and support the implementation of decarbonisation strategies for the banking sector. Since 2022, we have been a member of the PCAF, where our financed emissions were measured and calculated based on the GHG Accounting and Reporting Standard for the Financial Industry (the Standard), developed by PCAF. The Standard has been reviewed by the GHG Protocol and conforms to the requirements outlined in the Corporate Value Chain (Scope 3) Accounting and Reporting Standard for Category 15: investment activities.

Assets held for short durations and/or designated as held for sale are not included in the calculation. The Standard provides multiple approaches for GHG accounting across all six asset classes.

### Scope and Boundary

The Group's financed emissions cover seven asset classes. Due to the limitation of calculation methodologies, the Group's financed emissions currently exclude products and services such as investment funds, green bonds, loans for securitisation, exchange-traded funds, derivatives, initial public offering (IPO) underwriting and insurance underwriting. We will consider including these products and services in our financed emissions measurement when calculation methodologies are firmly established.

### Data Quality

Accurate computation of financed emissions in lending and investment portfolios requires high-quality data, including GHG emissions data for underlying investee and borrowing companies. Companies measuring and publicly reporting their emissions will facilitate high-quality data. However, many customers and investees within the Group's portfolio have yet to report their GHG emissions. Currently, data limitations are primarily related to a lack of granular and sub-sector customer data availability. The Standard recognises this challenge and has provided methodologies for computing financed emissions using various approaches, each with varying data quality scores depending on the level of estimates involved. Therefore, the Group has estimated our financed emissions based on the best available data, aligned with the PCAF Standard calculation methodology. This includes leveraging best estimates from available sectoral and sub-sectoral data as a proxy to measure its absolute financed emissions. Moving forward, we will continuously refine our financed emissions estimates as we enhance our calculation methodologies and data. In addition, the Group intends to improve our processes in gathering actual GHG emissions data from customers and investees.

## OPERATIONAL EMISSIONS

### Guiding Principles

The GHG emissions of the Group is governed by the Maybank Group Environmental Data Management Framework (EDMF) and follows its principles on top of GHG Protocol Corporate Accounting Standard.

### Reporting Scopes

**Organisational Boundary:** The Group applies the operational control approach to consolidate and report its GHG emissions. Under the operational control approach, the Group accounts for 100% of emissions from those sources over which Maybank has full authority to introduce and implement its operating policies, which includes Maybank and its subsidiaries.

For the full list of the Group's operations, please refer to pages 2 to 4 in the Sustainability Report 2023.

**Operational Boundary:** The Group is reporting its Scope 1, Scope 2 and Scope 3 – Category 6: Business Travels, Category 8: Upstream Leased Assets and Category 15: Investment. Our Scope 3 Investment methodology is disclosed separately in this page on Financed Emissions.

#### Scope 1

Direct Emissions occur from sources that are owned or controlled by the Group. We report Scope 1 Emissions that are coming from company facilities, company vehicles, from refill of fire extinguishers, refill of refrigerants for chiller and air conditioning.

#### Scope 2

Indirect Emissions from the generation of purchased electricity consumed by the Group. We report the emissions from electricity consumed by the Group throughout our facilities which includes strategic buildings, offices, branches, and other key operating areas where the Group may be present.

#### Scope 3

Indirect Emissions from activities of the company, but occur from sources not owned or controlled by the company. We report the emissions from our employees business travels and upstream leased assets.

### Reporting Period

The reporting period for the computation covers the period from 1 January 2023 to 31 December 2023 (Financial Year 2023) unless otherwise stated.

### Base Year

Our base year is the Financial Year 2019, covering the emission for Scope 1 and 2, from period 1 January 2019 to 31 December 2019. As Maybank Sustainability Commitments was approved in 2021, the base year for GHG emissions was selected to the nearest financial year, with the consideration of operational disruption global due to COVID19 pandemic.

# GHG Emissions Methodology

## Data Preparation and Calculation

All data has been collected, recorded and reported as per the EDMF. The Group applies centralised approach, where GHG emissions are calculated on the corporate level. The following are the summarised calculation methodology for each of the activity data.

Scopes	Calculation	
Scope 1 emissions	<u>Direct Emissions – diesel consumption from diesel generators</u>  = total amount of fuel refill used across all generator dependent branches and buildings (litre) × Fuel emission factor (kg CO <sub>2</sub> e/litre)	<u>For company owned vehicles</u>  = total amount of fuel consumed (litre) × average fuel-based vehicle specific emission factor (kg CO <sub>2</sub> e/litre)
	<u>Direct Emissions – refill of fire extinguisher filler</u>  = total amount of refill (kg) × fire extinguisher type specific emission factor (kg CO <sub>2</sub> e/kg)	<u>Direct Emissions – refill of refrigerant for HVAC system</u>  = total amount of refill (kg) × refrigerant type specific emission factor (kg CO <sub>2</sub> e/kg)
	<u>Indirect Emissions – electricity purchased for own consumption</u>  = total amount of electricity purchased across all branches and buildings (kWh) × Grid emission factor (tCO <sub>2</sub> e/kWh)	
	<u>Air Travel</u> International Civil Aviation Organization (ICAO) carbon emissions calculator.  <u>Land Travel</u>  ∑ (distance travelled) × vehicle specific emission factor (kg CO <sub>2</sub> e/vehicle-km)  or  total amount of fuel consumed (litre) × average fuel-based vehicle specific emission factor (tCO <sub>2</sub> e/litre)	

## Emissions Factors

### Scope 1

Malaysia: National Corporate GHG Reporting Programme for Malaysia (2014) MYCarbon GHG Reporting Guidelines (version 1.6).

Rest of the countries: Intergovernmental Panel on Climate Change (IPCC) Emissions Factor Database.

For company vehicles: Department for Business, Energy and Industrial Strategy (BEIS) Conversion Factors 2021

### Scope 2

Malaysia: Grid Emission Factor (GEF) in Malaysia, 2017 -2021 published by Malaysia Energy Security Commission, December 2023.

Indonesia: The Power Plant Emission Factors 2019 published by Directorate General of Electricity, Ministry of Energy and Mineral Resources, Indonesia

Rest of the countries: Country-specific energy profiles published by Institute for Global Environmental Strategies List of Grid Emission Factors, version 11.3 updated on November 2023.

### Scope 3

For fuel as per Scope 1 emission factors.

For leased asset purchased electricity as per Scope 2 emissions factors.

For air travel, emissions is computed directly using International Civil Aviation Organization (ICAO) carbon emissions calculator.

## Data Availability

The Group aspires to comprehensively track, record, and report data across all scopes. Given the Group's global presence spanning multiple countries, variations in data availability are acknowledged. Recognising these challenges, the Group understands that there may be instances where data acquisition is difficult or unattainable across different countries. The Group adheres to the best effort basis principles to ensure data availability. Following the GHG Protocol Corporate Standard, the Group aims to cover at least 95% of Scope 1 and 2 emissions. Estimated data is updated once actual data becomes available.



# Independent Assurance Statement



## SIRIM QAS INTERNATIONAL SDN BHD INDEPENDENT ASSURANCE STATEMENT

### To Board of Directors, Stakeholders, and Interested Parties,

SIRIM QAS International Sdn. Bhd. was engaged by Malayan Banking Berhad (hereafter referred to as Maybank) to perform an independent verification and provide assurance of the Maybank Environmental Report 2023. The main objective of the verification process is to provide assurance to Maybank and its stakeholders on the accuracy and reliability of the information as presented in this statement. The verification by SIRIM QAS International applied to sustainable and environmental performance information (subject matter) within the assurance scope which is included in Maybank Environmental Report 2023.

The management of Maybank was responsible for the preparation of the Environmental Report. The objective and impartiality of this statement is assured as no member of the verification team and no other employee of SIRIM QAS International was involved in the preparation of any part of the Maybank's Environmental Report, Sustainability Report, and Integrated Annual Report 2023.

The assurance engagement was designed to provide limited assurance in accordance with the International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements other than Audits or Reviews of Historical Financial Information, and BURSA Sustainability Reporting Guide, irrespective of the organization's ability to achieve its objectives, targets or expectations on their subject matter and sustainability-related issues. The assurance activity evaluates the adequacy of Maybank Environmental Report and its overall presentation against respective framework such as UN-SDGs, GRI Standards requirement, TCFD, CDP and other relevant frameworks. The assurance process involves verification of applicable subject matter as presented in the report through these chapters i.e., Charting Sustainable Leadership (excluding Managing ESG-Related Deals), Creating Environmentally Sustainable Impacts and Powering Our Net Zero Ambition. Details are provided in the Management Report.

The verification was carried out by SIRIM QAS International in February 2024, with the following methodologies:

- Reviewing and verifying the traceability, consistency and accuracy of information collected from various sources; internal and external documentation which are made available during the conduct of assessment.
- Verification of data presented in the Sustainability Report includes a detailed review of the sampled data.
- Interviewing key personnel responsible for collating information and writing various parts of the report to substantiate the veracity of the claims.

### Enhancements in 2023

Maybank's inaugural Environmental Report represents a significant milestone in enhancing the monitoring and tracking of their environmental performance. As they continue to take strategic measures, their goal is to strengthen climate action and progress toward a net-zero emissions future, showcasing transparency in alignment with TCFD recommendations.

The verification process was subjected to the following limitations:

- The scope of work did not involve verification of other information reported in Maybank Integrated Annual Report 2023.
- The corporate office of Maybank, at Menara Maybank, Jalan Tun Perak, was visited as part of this assurance engagement. The verification process did not include physical inspections of any of Maybank's buildings, managed leased and leased assets. And,
- The verification team did not verify any contractor or third-party data.

### Conclusion

SIRIM QAS International, a Conformity Assessment Body in Malaysia, is accredited to both ISO/IEC 17021-1:2015 and ISO/IEC 17065:2012 covering all our operational activities. The appointed assessors performing the assurance engagement were selected appropriately based on our internal qualifications, training and experience. The verification process is reviewed by management to ensure that the approach and assurance are strictly followed and operated transparently. During the verification process, issues were raised, and clarifications were sought from the management of Maybank relating to the accuracy of some of the information contained in the report. In response to the raised findings, the Environmental Report was subsequently reviewed and revised by Maybank. It is confirmed that changes that have been incorporated into the final version of the report have satisfactorily addressed all issues. Based on the scope of the assessment process and evidence obtained, nothing has come to our attention that causes us to believe that Maybank has not complied, in all material respects, with the referred assurance standard and guide. The following represents SIRIM QAS International's opinion:

- The level of data accuracy included in Maybank Environmental Report 2023 is fairly stated;
- The level of disclosure of the specific sustainability performance information presented in the report was found to be properly prepared;
- The personnel responsible were able to demonstrate the origin(s) and interpretation of data contained in the report;
- The report provides a reasonable and balanced presentation of Maybank's sustainable and environmental performance.

### List of Assessors.

- |    |                                |   |             |
|----|--------------------------------|---|-------------|
| 1) | Ms. Aernida Abdul Kadir        | : | Team Leader |
| 2) | Ms. Aine Jamaliah Mohamad Zain | : | Team Member |
| 3) | Ms. Suzalina Kamaralarifin     | : | Team Member |
| 4) | Ms. Kamini Sooriamoorthy       | : | Team Member |

Statement Prepared by:

**AERNIDA BINTI ABDUL KADIR**

Team Leader  
Management System Certification Department  
SIRIM QAS International Sdn. Bhd.

Date: 26 February 2024

Statement Approved by:

**Ts. MD ADHA BIN RAHMAT**

Senior General Manager  
Management System Certification Department  
SIRIM QAS International Sdn. Bhd.

Date: 5 March 2024

Note 1: This Independent Assurance Statement has been issued based on the content verified prior to the approval date. SIRIM QAS International Sdn Bhd does not express an opinion on, nor guarantees the integrity and/or accuracy of the information provided with the view that the conclusion was conducted post verification assessment, hence not verified. SIRIM QAS International shall not be responsible for any changes or additions made after the referred date (23 February 2024).

# Independent Limited Assurance Report

GRI 2-5



## Independent Limited Assurance Report on the Scope 1 and Scope 2 Greenhouse Gas Emissions of Malayan Banking Berhad for 2019 Baseline

To the Board of Directors of Malayan Banking Berhad

We have been engaged by Malayan Banking Berhad to perform an independent limited assurance engagement on selected sustainability information for the period from 1 January 2019 to 31 December 2019 (“2019 Baseline”) (hereinafter referred to as “Subject Matter Information”) of Malayan Banking Berhad and its subsidiaries (“Maybank”).

### Our Limited Assurance Conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Subject Matter Information for 2019 Baseline has not been prepared, in all material respects, in accordance with the Reporting Criteria.

### Subject Matter Information

The Subject Matter Information reported by Maybank on which we provide limited assurance comprise the below, which are also set out in Appendix 1:

- Scope 1 (Direct) GHG emissions
- Scope 2 (Energy Indirect) GHG emissions

Our assurance was with respect to the year ended 31 December 2019 information and we have not performed any procedures with respect to earlier periods or any other elements included in the accompanying documents containing the Subject Matter Information and, therefore, we do not express any conclusion thereon.

### Reporting Criteria

The Subject Matter Information needs to be read and understood together with the Reporting Criteria, which Maybank is solely responsible for selecting and applying.

The criteria used to evaluate or measure the Subject Matter Information are the Company’s internal sustainability reporting guidelines and procedures by which the Subject Matter Information was gathered, collated and aggregated internally, which is set out in Appendix 2 “Criteria for quantification of Scope 1 and Scope 2 GHG Emissions of Maybank” (hereinafter referred to as the “Reporting Criteria”).

### Inherent Limitations

The absence of a significant body of established practice on which to draw to evaluate and measure non-financial information allows for different, but acceptable, measures and measurement techniques and can affect comparability between entities. In addition, GHG quantification is subject to inherent uncertainty because of incomplete scientific knowledge used to determine emissions factors and the values needed to combine emissions of different gases. The Subject Matter Information is subject to more inherent limitations than financial information, given the characteristics of the underlying subject matter and the methods used for determining such information. The precision of different measurement techniques may also vary.

PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146), Chartered Accountants, Level 10, Menara TH 1 Sentral, Jalan Rakyat, Kuala Lumpur Sentral, P.O. Box 10192, 50706 Kuala Lumpur, Malaysia  
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## Independent Limited Assurance Report on Scope 1 and Scope 2 Greenhouse Gas Emissions of Malayan Banking Berhad for 2019 Baseline (cont’d)

### Management’s Responsibility

Management of Maybank is responsible for the preparation of the Subject Matter Information in accordance with the Reporting Criteria.

This responsibility includes the selection and application of appropriate methods to prepare the Subject Matter Information as well as the design, implementation and maintenance of internal control relevant for the preparation of the Subject Matter Information that is free from material misstatement, whether due to fraud or error. Furthermore, the responsibility includes the use of assumptions and estimates for disclosures made by Maybank which are reasonable in the circumstances.

### Our Responsibility

Our responsibility is to express a limited assurance conclusion on the Subject Matter based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance engagement in accordance with the approved standard for assurance engagements in Malaysia, International Standard on Assurance Engagements (“ISAE”) 3410 (Revised) for Assurance Engagements on Greenhouse Gas Statements. This standard requires that we plan and perform this engagement under consideration of materiality to express our conclusion with limited assurance about whether the Subject Matter Information is free from material misstatement.

The accuracy of the Subject Matter Information is subject to inherent limitations given their nature and methods for determining, calculating and estimating such data. Our limited assurance report should therefore be read in conjunction with the Reporting Criteria.

A limited assurance engagement involves assessing the suitability in the circumstances of Maybank’s use of the Reporting Criteria as the basis for the preparation of the Subject Matter Information, assessing the risks of material misstatement of the Subject Matter Information whether due to fraud or error, responding to the assessed risks as necessary in the circumstances, and evaluating the overall presentation of the Subject Matter Information. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks.

### Independence and Quality Management

We have complied with the independence and other ethical requirements of the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants (“MIA”) and the International Ethics Standards Board for Accountants’ International Code of Ethics for Professional Accountants (including International Independence Standards), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.



# Independent Limited Assurance Report

GRI 2-5



## Independent Limited Assurance Report on Scope 1 and Scope 2 Greenhouse Gas Emissions of Malayan Banking Berhad for 2019 Baseline (cont'd)

### Main Assurance Procedures

Our work included the following procedures:

- Evaluated the suitability in the circumstances of Maybank's Reporting Criteria as the basis for preparing the Subject Matter Information;
- Obtained understanding of the Maybank's control environment, processes and systems relevant to the preparation of the Subject Matter Information. Our procedures did not include evaluating the suitability of design or operating effectiveness of control activities;
- Evaluated the appropriateness of measurement and evaluation methods, reporting policies used and estimates made by Maybank, noting that our procedures did not involve testing the data on which the estimates are based or separately developing our own estimates against which to evaluate Maybank's estimates;
- Performed analytical procedures for consistency of data with trends and our expectation;
- Performed limited substantive testing on a sample basis on transactions included in the Subject Matter Information, which involved agreeing data points to/from source information to check that the underlying subject matter had been appropriately evaluated or measured, recorded, collated and reported; and
- Assessed the appropriateness of the GHG emission factors used in the calculation of the Subject Matter Information, where relevant.

### Restriction on Distribution and Use and Disclaimer of Liability to Third Parties and For Any Other Purpose

This report, including the conclusion, has been prepared solely for the Board of Directors of Malayan Banking Berhad in accordance with the agreement between us, in connection with the performance of an independent limited assurance engagement on the Subject Matter Information as reported by Maybank in Appendix 1 and should not be used or relied upon for any other purposes. We consent to the inclusion of this report in the Maybank Sustainability Report 2023 to be disclosed on the website of Maybank at [www.maybank.com](http://www.maybank.com) to assist the Directors in responding to their governance responsibilities by obtaining an independent limited assurance report on the Subject Matter Information in connection with the preparation of Maybank Sustainability Report 2023. As a result, we will not accept any liability or responsibility to any other party to whom our report is shown or into whose hands it may come. Any reliance on this report by any third party is entirely at its own risk.

*Price Waterhouse Coopers PLT*

PRICEWATERHOUSECOOPERS PLT  
LLPO014401-LCA & AF 1146  
Chartered Accountants

Kuala Lumpur  
15 December 2023

### Appendix 1: Maybank's Scope 1 and Scope 2 GHG emissions for 2019 Baseline

GHG Statement for 2019 Baseline*	2019 (expressed in tCO <sub>2</sub> e)
<b>Scope 1 (Direct) GHG Emissions</b>	
Emissions arising from mobile combustion	3,551
Emissions arising from stationary combustion	87
Emissions arising from fugitive emissions	8,757
<b>Total</b>	<b>12,395</b>
<b>Scope 2 (Indirect) GHG Emissions</b>	
Emissions arising from purchased electricity (location-based)	138,696
<b>Total Scope 1 and Scope 2 GHG emissions</b>	<b>151,091</b>

(\* ) The scope of this statement includes the activities of Maybank in countries that primarily comprise Malaysia, Indonesia, Singapore, Philippines and other countries. The emissions of these countries are representative of substantially all the material sources of Scope 1 and Scope 2 GHG emissions of Maybank.

### Appendix 2: Criteria for quantification of Scope 1 and Scope 2 GHG Emissions of Maybank

Maybank's GHG Statement for 2019 Baseline has been prepared in accordance with the Maybank's internal sustainability reporting guidelines and procedures by which the Scope 1 and Scope 2 GHG Emissions are gathered, collated and aggregated internally, as described in the document: "Maybank Group Environmental Data Management Framework".

The Scope 1 and Scope 2 GHG emissions inventories of Maybank are reported using the operational control approach, which refers to emissions from those sources over which Maybank has full authority to introduce and implement its operating policies, which includes Maybank and its subsidiaries.

#### Operational boundary for Scope 1 and Scope 2 GHG Emissions

The emissions associated with the activities and facilities (offices and branches) of Maybank are quantified, by considering the following scopes:

#### Scope 1: (Direct) GHG emissions

Direct emissions arising from sources below:

Emission sources	Description
Company Vehicles	Petrol and diesel consumption from the Maybank's company vehicles
Company Facilities	Diesel consumption from diesel generators at its strategic buildings, offices and branches
Refill of Fire Extinguisher	Fire extinguisher at the premises
Refill of Refrigerant for Chiller & Air Conditioning	Refrigerants used in air-conditioning units

#### Scope 2: (Energy Indirect) GHG emissions

Indirect emissions arising from sources below:

Emission sources	Description
Purchased electricity - location based	Purchased electricity consumed at Maybank's facilities, including Maybank's strategic buildings, offices and branches.



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