



Tokio Marine Life Insurance Malaysia Bhd.

First Climate Risk Disclosure Report Financial Year 2024





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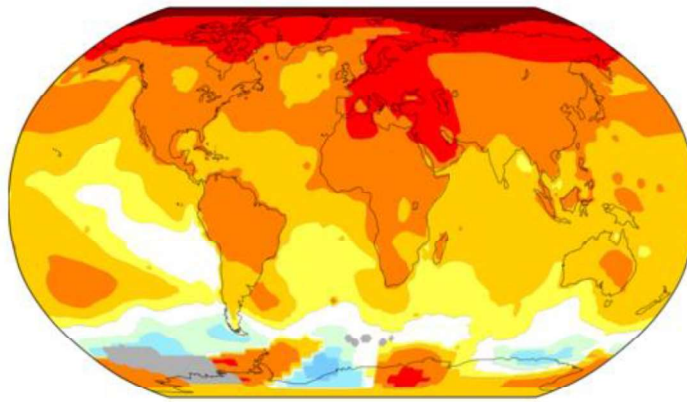
The Urgency of Climate Crisis

Recognizing the growing urgency of climate crisis, Tokio Marine Life Insurance Malaysia Bhd. (TMLM) joins the global communities for urgent action to combat climate change and its impacts.



With the global and national climate change agenda gaining traction, TMLM too has initiated its approach to managing the risks and opportunities from climate change. Since 2023, TMLM has embarked on efforts to integrate climate-related considerations into business operations and risk management processes, to be in line with Bank Negara Malaysia (BNM)'s requirements outlined in the Policy Document on Climate Risk Management and Scenario Analysis (CRMSA).

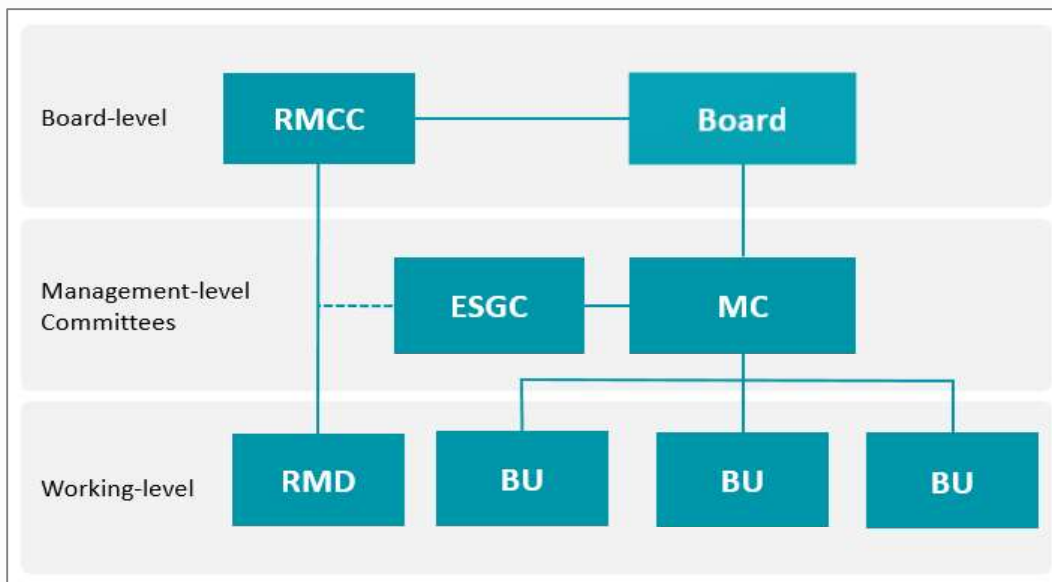
The Climate Risk Disclosure Report is aligned to the Task Force On Climate-Related Financial Disclosures' (TCFD) recommendations.



PART A: GOVERNANCE

Climate Risk Governance, Roles and Responsibilities

A strong governance structure is important to guide TMLM's climate change efforts, providing clear directions to formulate strategies which are aligned with the climate risk appetite. This is to manage climate-related risks as well as to reap the opportunities presented. TMLM's climate risk governance structure is as follows:



Board = Board of Directors

Retain the overall responsibility for climate risk management.

RMCC = Risk Management and Compliance Committee

Assist the Board in climate risk management.

MC = Management Committee

Responsible for the implementation of climate risk management.

ESGC = Environment Social and Governance (ESG) Committee

Assist the MC in matter concerning ESG and climate risk management.

RMD = Risk Management Department

Formulate, coordinate and oversight the climate risk management.

BU = Business Units (Departments)

Responsible for the implementation of climate risk management at their respective areas on a day to day basis.

Board Oversight

The Board shall have the overall responsibility and accountability to safeguard the Company's resilience against the adverse impacts of climate change while actively promoting a just and orderly transition. In fulfilling this role, the Board shall evaluate the risks and opportunities arising from climate change on a periodic basis.

Whilst the Board retains the overall duties and responsibility for climate risk management, the Board level risk management committee, i.e. RMCC, would be supporting the Board and enabling it to discharge its duties in the area of climate risk oversight.



Climate change has evolved from a peripheral issue to a key consideration. 2023 and 2024 saw much deliberations on climate-related risk agenda at Board-level (RMCC) and Management-level (ESG Committee) meetings.

The following were climate risk topics reviewed and deliberated during the Board RMCC meetings in 2023 and 2024:

Date	Climate Risk Topic Deliberated
23 Mar 2023	Bonds and equities classification based on BNM's Climate Change and Principle-based Taxonomy (CCPT) Policy Document. Status of bonds classified under the restricted sectors (which were already held before in December 2020).
18 May 2023	Gap and Implementation Plan for BNM Policy Document for Climate Risk Management and Scenario Analysis (CRMSA). Risk Appetite Statement for Climate Risk. Bonds and equities classification based on BNM's CCPT. Status of bonds classified under the restricted sectors.
24 Aug 2023	Climate Risk Management Framework. Bonds and equities classification based on BNM's CCPT. Status of bonds classified under the restricted sectors. Term of Reference (TOR) of ESG Committee. Status Update on Implementation Plan for CRMSA. 2023 Climate Risk Assessment on "TMLM Own Operations" for Physical and Transition Risks.
23 Nov 2023	Bonds and equities classification based on BNM's CCPT. Status of bonds classified under the restricted sectors. TOR of ESG Committee. Status Update on Implementation Plan for CRMSA. 2023 Physical Risk Vulnerability Assessment (PRVA). Addition of Climate Risk Assessment Into Various Policies and Procedures.
21 Mar 2024	Bonds and equities classification based on BNM's CCPT. Update on the Changes on Implementation of CCPT. Status of bonds classified under the restricted sectors.

Date	Climate Risk Topic Deliberated
	Status Update on Implementation Plan for CRMSA. Highlight of BNM 2024 Climate Risk Stress Testing Exercise Methodology Paper.
23 May 2024	Bonds and equities classification based on BNM's CCPT. Update on the Changes on Implementation of CCPT. Status of bonds classified under the restricted sectors.
22 Aug 2024	Setting of Net Zero Emissions Targets. TMLM's Scope 1 and 2 GHG Emissions for 2023. Scope 1,2 and 3 Transition Plan. Bonds and equities classification based on BNM's CCPT. Update on the Changes on Implementation of CCPT. Status of bonds classified under the restricted sectors. Status Update on Implementation Plan for CRMSA. 2024 Physical Risk Vulnerability Assessment (PRVA). 2024 Climate Risk Assessment on "TMLM Own Operations" for Physical and Transition Risks. Highlight of BNM 2024 Climate Risk Stress Testing Exercise Methodology Paper.
21 Nov 2024	Bonds and equities classification based on BNM's CCPT. Update on the Changes on Implementation of CCPT. Status of bonds classified under the restricted sectors. Status Update on Implementation Plan for CRMSA. Highlight of BNM 2024 Climate Risk Stress Testing Exercise Methodology Paper.

For the profiles of the Board members, please refer to the 2024 Financial Statement under *Directors' Report, Corporate Governance Disclosure*.

Climate Targets Linked Remuneration

At TMLM, independent non-executive directors make up a majority of the Board members, except one member. We have yet to link any climate targets to his Performance Indicators (KPIs) and remuneration. His KPIs will be linked once we have developed more granular climate targets in the very near future.

Climate Risk Training and Development

To continuously build knowledge and stay informed on the evolving sustainability and climate change landscape, a training session on the topic for climate change risk was held on 4th December 2024 for directors and senior management members of TMLM.



The training was conducted by KPMG Malaysia. This session provided valuable insights into the potential impacts and challenges of climate risk in our industry, climate risk governance, management and strategy.



Senior Management

The Senior Management is responsible for implementing policies and procedures to build and support climate resilience as well as actively promoting a just and orderly transition. The Senior Management shall also be responsible for the day-to-day management of climate-related risks and opportunities.



Establishment of Environment Social and Governance (ESG) Committee

For this reason, a senior management level ESG committee has been established in November 2022 to ensure sufficient consideration and oversight are given to climate-related risks and opportunities.

The Composition of the ESG Committee

The members of ESG Committee consist of departmental heads from various function. As at 31 December 2024, the member composition is as follows:

- HOD for Risk Management (Chairperson)
- Appointed Actuary
- HOD for Marketing and Product Strategy
- HOD for Finance
- HOD for Operations
- HOD for Information Technology
- HOD for Investment
- HOD for Human Resource
- HOD for Property
- HOD for Compliance
- HOD for Internal Audit (non-voting)



Purpose of ESG Committee

The main purpose of the ESG Committee is to ensure sufficient consideration and oversight are given to the management of climate change and opportunities.

The roles of the ESG Committee are summarized below:

- Assist the Management Committee (MC) in overseeing the development of the Company's ESG strategy and objectives;
- Oversee the establishment of ESG policies and objectives;
- Monitor the Company's ESG activities and its execution;
- Review current and emerging ESG trends and identify how these are likely to impact the Company;
- Align the Company's initiatives with Tokio Marine Group's ESG policy and the requirements set by regulators; and
- Make recommendation to the MC on any matters listed above that the Committee considers appropriate.

The following ESG Committee meetings were held since its establishment in November 2022 and the topic of deliberations:

No.	Date	Topic of Deliberations
1	20 Oct 2022	ESG Committee TOR. Sustainability and ESG activities organized by TMLM.
2	9 Jan 2023	Gap and Implementation on BNM Climate Risk Management and Scenario Analysis (CRMSA) Policy Document. Sustainability and ESG activities organized by TMLM.
3	13 Apr 2023	Gap and Implementation on BNM CRMSA Policy Document. Sustainability and ESG activities organised by TMLM.
4	8 Aug 2023	Climate Risk Management Framework (CRMF). Climate Risk Assessment on TMLM Own Operations. Sustainability and ESG activities organised by TMLM.
5	10 Nov 2023	Progress update on Implementation Plan of CRMSA. Physical Risk Vulnerability Assessment on TMLM Buildings.



No.	Date	Topic of Deliberations
		Added climate risk assessment into various TMLM policies and procedures. Sustainability and ESG activities organised by TMLM. Energy Efficiency Lights initiative.
6	13 Mar 2024	Implementation of BNM Policy Document on Climate Change and Principle-based Taxonomy (CCPT). Progress update on Implementation Plan of CRMSA. Preparation for BNM 2024 Climate Risk Stress Testing (CRST) Exercise. Sustainability and ESG activities organised by TMLM.
7	10 Jul 2024	Review of TOR of ESG Committee. Update on Implementation of CCPT. Progress update on Implementation Plan of CRMSA. Setting of Net Zero Emissions Targets. Preparation for BNM 2024 CRST Exercise. Sustainability and ESG activities organised by TMLM.
8	9 Aug 2024	Setting of Net Zero Emissions Targets. TMLM's Scope 1 and 2 GHG Emissions for 2023. Scope 1 and 2 Transition Plan. Physical Risk Vulnerability Assessment on TMLM Buildings. Climate Risk Assessment on TMLM Own Operations.
9	8 Nov 2024	Update on Climate Risk Disclosure Requirement. Climate Stress Testing (CRST) - Preliminary. Transition Plan for Scope 1 and 2 - Cost and CO2e Reduction Estimation. Sustainability and ESG activities organised by TMLM.



PART B: CLIMATE RISK STRATEGY

With the global and national climate change agenda gaining traction, TMLM too has initiated its approach to managing the risks and opportunities from climate change.

Since 2023, TMLM has embarked on efforts to integrate climate-related considerations into business operations and risk management processes, to be in line with BNM's requirements outlined in the Policy Document on Climate Risk Management and Scenario Analysis (CRMSA).



TMLM aims to measure and manage financial and non-financial risks from climate change and reduce emissions from our own activities and also those from our business partners in alignment with the Company commitment to achieve a Carbon Neutral position for Scope 1 and Scope 2 by 2035 and Net Zero Carbon by 2050.

TMLM would strategize and approach climate risks through the following:

Formalizing the climate actions into climate-related frameworks and policies

- In May 2023, TMLM spelled out the climate risk appetite into qualitative Climate Risk Appetite Statement in the Risk Appetite Framework (RAF) in order to set the overall tone and attitude towards climate change and climate risks.
- In August 2023, TMLM added the Climate Risk Management Framework (CRMF) as a new component into TMLM's overall enterprise risk management. The CRMF is a reference document for the climate risk management and oversight process of the Company.

Strategy for Climate Risk Identification and Assessment

In August 2023, TMLM formalized the Climate Risk Management Framework (CRMF) in its efforts to integrate climate-related risk management into its Enterprise Risk Management. Risk identification and assessment are a crucial part in CRMF for understanding and managing climate risks.

Refer to the annual climate risk identification and assessment processes carried out in 2023 and 2024 in the *Climate Risk Management* section below.

Strategy for Measuring Carbon Emissions

TMLM undertook a review in 2024 to have a clear understanding of its Scope 1, 2 and Scope 3 carbon emissions boundaries and reporting scope. The Company started to measure its Scope 1 and Scope 2 emissions for 2023 and 2024. For Scope 3, amid limitations in data availability and evolution of external factors, TMLM has scheduled for their measurement beginning 2026, refer section below on *Transition Plan for Scope 3: Cycle 1 > 2025-2030*.

Strategy on Reducing Operational and Financed Footprint

In line with the target to achieve Carbon Neutral by 2035 for Scope 1 and Scope 2, and Net Zero Carbon by 2050, TMLM is committed to strategize and execute its transition plan in order to progressively reduce its emissions by 2035 and 2050.



Target

Set 2035 and 2050 targets for net zero emissions



Strategy

Develop a strategy to decarbonize operational and financed emissions



Execute

Implement initiatives to reduce Scope 1, Scope 2 and Scope 3 emissions



Review

Review the outcomes of the initiatives and progress against targets

For Scope 1 and Scope 2, TMLM is committed to approach them with shorter term strategy and for Scope 3 items, TMLM will approach them with multiple 5 years cycle of planning and execution strategy until reaching net zero emissions in 2050. Refer *Targets and Metrics - Setting Net Zero Emissions Targets* section below for more on carbon reduction strategies.



Identifying climate change opportunities

Climate-Related Opportunities in Sustainable Products

While climate change can pose risk to the business, the transition towards a low-carbon economy has also presented opportunities to the Company to give an opportunity to customers to participate in the transition journey, specifically in the provision of sustainable investment. For this reason, TMLM launched a sustainability fund on August 2023. Refer to the *Annual Climate Risk Assessment on TMLM's Own Operation - Transition Risk* section below for more details.



Strategies and Efforts to Strengthen Internal Capabilities and Expertise

The Company is mindful of its role in supporting the nation's transition towards a low carbon economy. Efforts would continually be made to strengthen TMLM's climate journey foundation and develop internal capabilities and expertise to manage climate-related risks and opportunities.

In 2023, TMLM identified areas where climate risk activities can be added to identify potential opportunities and risks, and to serve as a starting point and preparation where more actions and sophisticated methodologies can be gradually added in the future. Please refer to the *Integration and Management of Climate-Related Risk* section below for more details.





Establishment of Climate Risk Appetite Statement

In May 2023, TMLM established the Climate Risk Appetite Statement and would be part of TMLM's overall Risk Appetite Statement. It is a qualitative expression of TMLM's climate risk appetite that set the overall tone and attitude towards climate change and climate risks. It also guides the climate-related strategic directions and for operationalization climate actions into the Company business activities.

The Climate Risk Appetite Statement is as follows:



Risk Appetite Statement

TMLM recognised climate change is an environmental crisis and cannot be ignored. In conducting the life insurance business, TMLM shall:

- Build climate resilience against adverse impacts of climate change to support the business strategy in a safe and sustainable way;
- Make available or increase the product availability for climate/ESG focused investment funds;
- Not be involved in carbon intensive activities to carry out the life insurance business and the Company will not invest in 100% coal-fired power generation project, 100% thermal coal mining project, 100% oil sands mining projects, 100% oil and gas mining project in Arctic region except ones already held as of 31 December 2020;
- Comply with the climate-related regulations including the related disclosure requirement; and
- Mitigate risks associated with economic dislocation and the associated reputation risk that may arise from the gradual transition away from selected high-carbon sectors or activities that are vulnerable to climate-related risks.

TMLM shall manage climate-related risks in line with the risk appetite statement approved by the board.



Establishment of Climate Risk Management Framework (CRMF)

In August 2023, TMLM continued with its efforts to integrate climate-related risk management into its Enterprise Risk Management by establishing the Climate Risk Management Framework (CRMF).

TMLM's climate risk management initiatives are planned out in the Climate Risk Management and Scenario Analysis (CRMSA) Board-Approved Implementation Plan. The CRMSA Implementation Plan serves as the Company's guiding internal document, outlining specific actions to strengthen internal climate-related risk management and internal capacity building. Many of the set-up and climate risk management actions required to meet the CRMSA were identified and TMLM's CRMF was developed to formally describe the set up and the processes it will implement in order to effectively manage the climate risks.

CRMF is the reference document for the climate risk management and oversight process of the Company. It is an extension and integral part of the Risk Management Framework of the Company that governs the overall risk management of the Company. It provides the governance and oversight structures, reporting lines and accountabilities for managing climate risk, providing guidance on approaches to climate risk identification, assessment, monitoring, reporting, and supporting the urgent need to reduce global greenhouse gas emissions by committing to net zero emissions. It also spells out the overall risk management roles and responsibilities of the Board of Directors, Risk Management and Compliance Committee (RMCC) and Senior Management.



PART C: TARGETS AND METRICS

GHG Measurement Scope and Net Zero Emissions Targets

Greenhouse gases (also known as GHG) are gases in the earth's atmosphere that trap heat, generally known as Greenhouse Effect.

GHG Net Zero Emissions

Net Zero Emissions refers to the state where emissions of Greenhouse Gases (e.g. carbon dioxide, methane, nitrous oxide) due to human activities and removals of these gases are in balance.

Measurement of GHG Emissions

Carbon Dioxide (CO₂) is the main Greenhouse Gas that causes climate change. GHG is expressed as “Carbon Dioxide equivalent” or “CO₂e”

3 Scopes of GHG Emissions

The 3 Scopes of GHG Emissions are provided by GHG Protocol, a widely recognized international standard.



We are at the beginning of a long Journey to “Net Zero”

Below are brief descriptions of the 3 Scopes:

Scope 1: Direct Emissions from owned or controlled sources

Scope 1 encapsulates direct GHG emissions that occur from sources that are owned or controlled by the company. For example, emissions from combustion in owned or controlled boilers, furnaces, burning fuel in a fleet of vehicles etc.

Scope 2: Indirect emissions from purchased electricity

Scope 2 encompasses GHG emissions from the generation of purchased electricity consumed by the company. Purchased electricity is defined as electricity that is purchased or otherwise brought into the organizational boundary of the company. Scope 2 emissions physically occur at the facility (electricity provider) where electricity is generated.



Scope 3: Indirect emissions from assets not owned or activities not controlled by the reporting entity along its value chain (upstream and downstream)

Scope 3 emissions includes all sources not within the boundaries of scope 1 and 2. It encompasses emissions that are not produced by the company itself and are not the result of activities from assets owned or controlled by them, but by those for which it is indirectly responsible, both up and down its value chain. There are 15 categories for Scope 3 Emissions.



TMLM Carbon Emissions

TMLM undertook a review in 2024 to have a clear understanding of its Scope 1, 2 and Scope 3 carbon emissions boundaries and reporting scope. The Company started to measure its Scope 1 and Scope 2 emissions for 2023 and 2024. For Scope 3, amid limitations in data and evolution of external factors, TMLM has scheduled their measurement beginning 2026, refer to the section below on *Transition Plan for Scope 3: Cycle 1 > 2025-2030*.

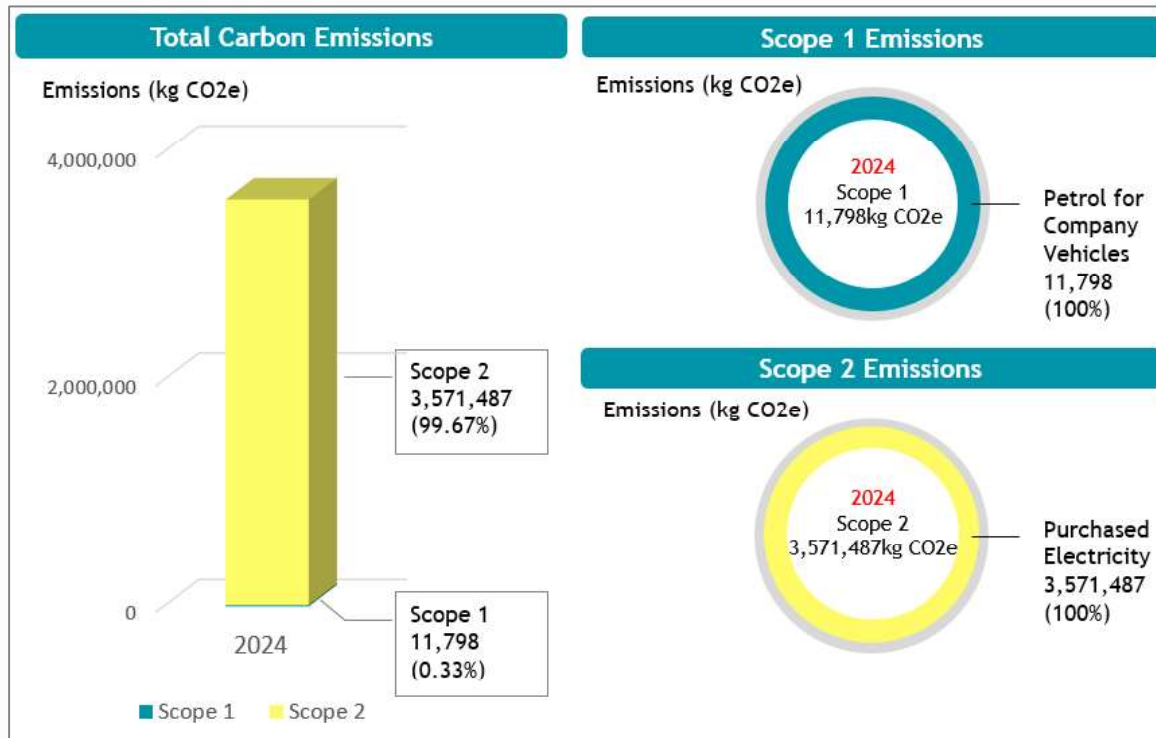
Carbon Emissions Dashboard

SCOPE 1 and 2 GHG Emissions in 2024

Scope	Item	Quantity Used (Metrics)	kg CO ₂ e (Metrics)	%
1	Petrol for Company vehicles	70,046 km	11,798	0.33%
	Diesel for Backup Generator	0 litre	0	0.00%
	Total Scope 1 =		11,798	
2	Purchased Electricity	4,841,900 kWh	3,571,487 ¹	99.67%
	Total Scope 2 =		3,571,487	
Total for Scope 1 and 2 =			3,583,285	100.00%

For 2024, the Scope 1 and Scope 2 GHG emissions were 3,583,285kg CO₂e or 3,583 tons of CO₂e.

Purchased electricity was the main driver of the GHG emissions, accounted for 99.67% of overall Scope 1 and 2. Therefore, the priority and main focus is to manage electricity consumption and/or to replace it with alternate electricity supply produced from clean and renewable sources (away from fossil fuels).



¹Computation of Scope 2 Purchased Electricity:

	Unit in	Quantity	Conversion Factor*	kg CO ₂ e
Peninsular	kWh	4,651,927	0.758	3,526,161
Sabah	kWh	33,972	0.425	14,438
Sarawak	kWh	156,001	0.198	30,888
		4,841,900		3,571,487

*Grid Emission factor 2021 published by Suruhanjaya Tenaga Malaysia

Comparison with 2019

For 2019, the CO₂e of Purchase Electricity is as follows:

	Unit in	Quantity	Conversion Factor*	kg CO ₂ e
Peninsular	kWh	5,255,453	0.780	4,099,253
Sabah	kWh	28,471	0.527	15,004
Sarawak	kWh	156,525	0.222	34,749
		5,440,449		4,149,006

*Grid Emission factor 2019 published by Suruhanjaya Tenaga Malaysia

The CO₂e of purchased electricity has shown a reduction of 577,519kg (4,149,006kg-3,571,487kg) or 14% from 2019 to 2024.



SCOPE 3 GHG Emissions

TMLM has not measured its Scope 3 emissions in 2024, but has laid down the strategy to approach Scope 3, including the target year to start measuring each of the 15 items.

Setting Net Zero Emissions Targets

In supporting the urgent need to reduce global greenhouse gas emissions by committing to net zero emissions, TMLM aims to achieve net zero in its own operations, purchased electricity, and investment portfolio at a certain year in the future. Our targets include a commitment to phase down the usage of energy generated from fossil fuel in line with what is needed to achieve net zero. Between now and then, we will be working with our stakeholders to help them reduce their emissions, as we work to reduce our own.



Target

Set 2035 and 2050 targets for net zero emissions



Strategy

Develop a strategy to decarbonize operational and financed emissions



Execute

Implement initiatives to reduce Scope 1, Scope 2 and Scope 3 emissions



Review

Review the outcomes of the initiatives and progress against targets

TMLM's priority is placed on Scope 1 and 2 emissions from the Company's main buildings and branches. The Company intends to improve energy efficiency within its operations and increase the use of renewable energy to significantly reduce the emissions. Refer to the below sections on Scope 1 and Scope 2 transition actions that will accelerate the Company's approach to reduce the carbon emissions by 2035.

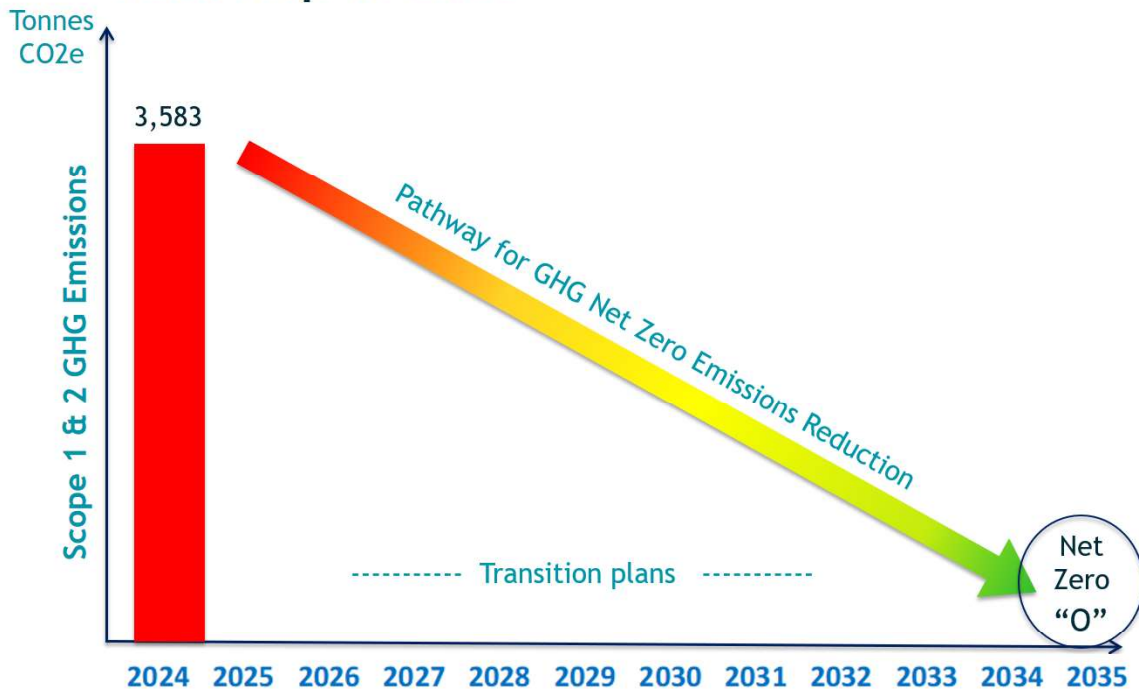
Setting of GHG Net Zero Emissions Targets for Scope 1 and Scope 2

The setting of Net Zero Emissions Targets was deliberated by the ESG Committee and the Management Committee in July 2024 respectively. Both committees agreed in setting the Scope 1 and 2 Net Zero targets at Year **2035**. The target was approved by Board RMCC in August 2024.

**Net Zero for
Scope 1 & 2
in 2035**

*(With 10 years
transition plan)*

Road Map to 2035



Efforts towards De-Carbonization



Short-Term Initiatives (2024 to 2027)

Our focus in the shorter term is on initiatives that yield quick energy-saving returns. Such initiatives include:

- switching to energy-efficient LED lighting;
- incorporating motion sensors at common areas;
- regulated and controlled usage of centralized cooling system;
- phasing out old and inefficient single split unit cooling systems (branches);
- centralized air conditioning equipment (cooling tower) refurbishment;
- electric vehicle charging station; and
- others - TMLM will continue to look out for new available energy saving retrofits.

Medium-Term Initiatives (2027 to 2029)

Medium-term initiatives require greater expenditure but will yield greater savings. These options include:

- automated central monitoring systems;
- chiller replacements;
- renewable energy systems;
- to install solar photovoltaic (PV) systems for selected branches with flat rooftops across the region as there are limited opportunities within our premises due to the need for sufficiently large roof spaces;
- to explore into purchase of Renewable Energy Certificates (RECs) (RECs are market-based instruments representing the rights to renewable electricity generation's environmental benefits);
- to look into the electrification of company-owned vehicles by switching these vehicles into electrified vehicles (EV). Factors to consider include the availability of charging stations around the country;

Long-Term Initiatives (Beyond 2029)

- to explore the purchase of green electricity via available market mechanisms such as the Virtual Power Purchase Agreement (VPPA). (Such a mechanism enables organisations like ours to indirectly purchase renewable energy from renewable or solar power providers via the national energy grid on a long-term basis); and
- to envisage the purchase of high-quality carbon credits, tradable certificates or permits representing the right to emit a set amount of carbon dioxide to tackle our residual scope 1 GHG emissions. However, as the cost of carbon offsets is projected to increase in the coming years, these credits will only be purchased after all other options to reduce carbon emissions have been carried out.

Note: Management would review the suitability and feasibility of these initiatives from time to time given the fast changing market and availability of latest green technological and solutions.

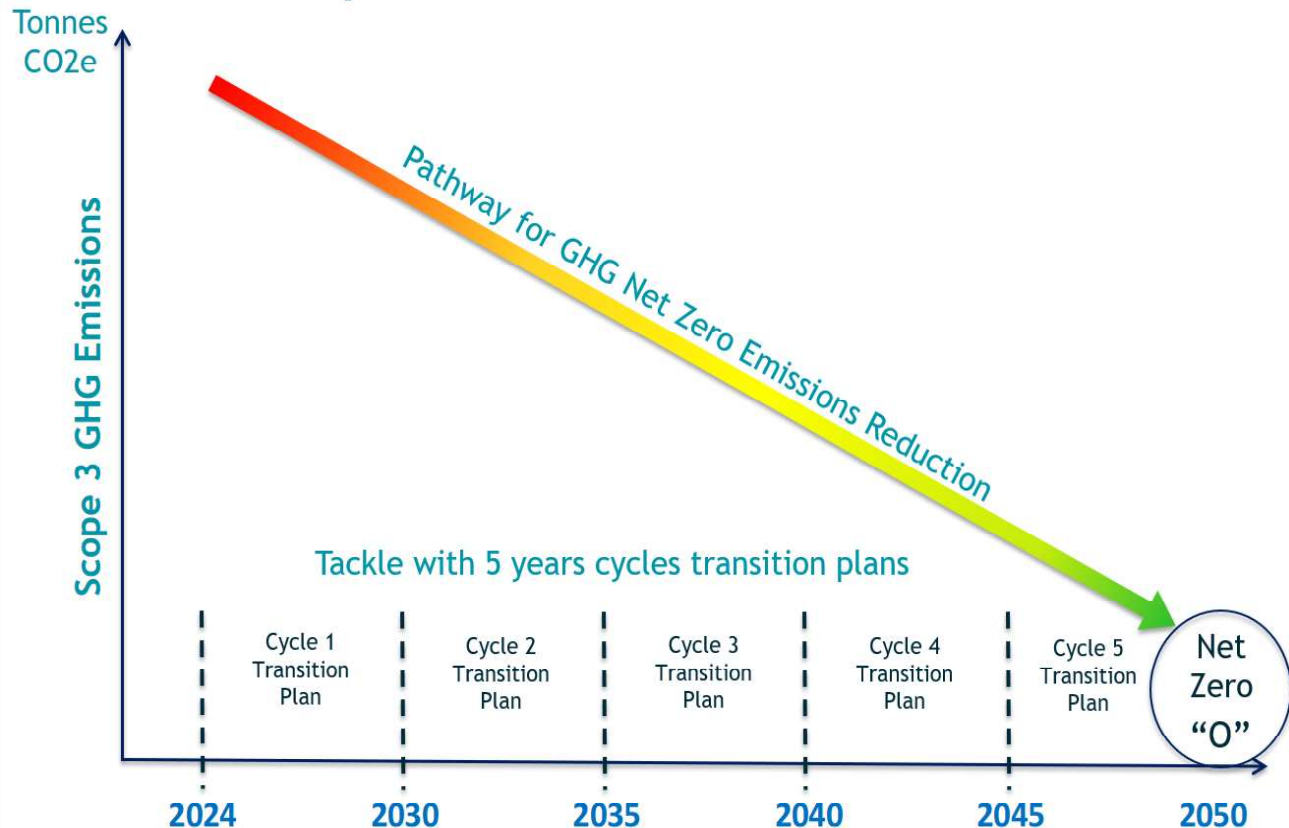
Setting of GHG Net Zero Emissions Targets for Scope 3

The setting of Net Zero Emissions Targets for Scope 3 was deliberated by the ESG Committee and the Management Committee in July 2024 respectively. Both committees agreed that the Net Zero Targets for Scope 3 is set for Year **2050**. The target was approved by Board RMCC in August 2024.

**Net Zero for
Scope 3
in 2050**

*(With multiple
5 years cycles
transition plans)*

Road Map to 2050



Setting the Foundations for Scope 3 GHG Emissions Measurement, Metrics and Transition Plan

The methodologies and technologies related to climate change are still evolving, it is anticipated that future changes and advancements would occur in the areas of green technology, government policies, availability of new energy schemes in the market etc. Therefore, TMLM will approach Scope 3 items based on the following 5 years cycles until reaching Net Zero in 2050 :



Cycle 1 > 2025 - 2030 *(Plan and action items to be approved in 2024)*

Cycle 2 > 2031 - 2035 *(Plan and action items to be approved in 2030)*

Cycle 3 > 2036 - 2040 *(Plan and action items to be approved in 2035)*

Cycle 4 > 2041 - 2045 *(Plan and action items to be approved in 2040)*

Cycle 5 > 2046 - 2050 *(Plan and action items to be approved in 2045)*



Breaking down the transition plan into 5-year cycles will enable the Company to take into consideration and reflect future condition, improved technology, government policies and the availability of energy schemes until it reaches Net Zero in 2050.

For Scope 3, the GHG computation is more complex as it involves the input of data from sources not directly controlled or owned by the company. The plan and timeline for computing Scope 3 emissions are stated below.

Transition Plan for Scope 3: Cycle 1 > 2025-2030

Cat	Item	Explore & determine the applicability, methodology & scope for data collection by	Target computation of CO2e from year	Establish metrics & reduction strategies in	To reach "Net Zero" by Year
Upstream Activities: <i>These are emissions created by an organization's purchases to provide their goods and services and support day-to-day operations. This can range from services, like an outsourced IT team, to tangible assets, like purchased materials.</i>					
1	Purchased Goods and Services	2026	2027	2028	2050
2	Capital Goods	2026	2027	2028	2050
3	Fuel- and Energy-Related Activities	2025	2026	2027	2050
4	Upstream Transportation and Distribution	2026	2027	2028	2050
5	Waste Generated in Operations	2027	2028	2029	2050
6	Business Travel	2025	2026	2027	2050
7	Employee Commuting	2026	2027	2028	2050
8	Upstream Leased Assets	2026	2027	2028	2050
Downstream Activities: <i>Downstream activities look at how emissions, created as goods and services, make their way from the organization's operations to the end user. These activities can range from product distribution to retailers to customers' product disposal.</i>					
9	Downstream Transportation and Distribution	2028	2029	2030	2050
10	Processing of Sold Products	N/A. No physical product sold by TMLM. Zero GHG emissions.			
11	Use of Sold Products	N/A. No physical product sold by TMLM. Zero GHG emissions.			
12	End-of-Life Treatment of Sold Products	N/A. No physical product sold by TMLM. Zero GHG emissions.			
13	Downstream Leased Assets	2026	2027	2028	2050
14	Franchises	N/A. TMLM is not involved in franchising. Zero GHG emissions.			
15	Investments	2026	2027	2028	2050

Investment Restriction on Prohibited Sectors

Although the scope 3 financed emissions have yet to be measured, but TMLM has started to set and implement certain investment restriction on certain sectors for its investment activities beginning in 2021 based on guidance from Tokio Marine Group.

The investment restriction is stated in TMLM Risk Appetite Statement as follows:

Company will not invest in 100% coal-fired power generation project, 100% thermal coal mining project, 100% oil sands mining projects, 100% oil and gas mining project in Arctic region except ones already held as of 31 December 2020 (Revised in June 2022).

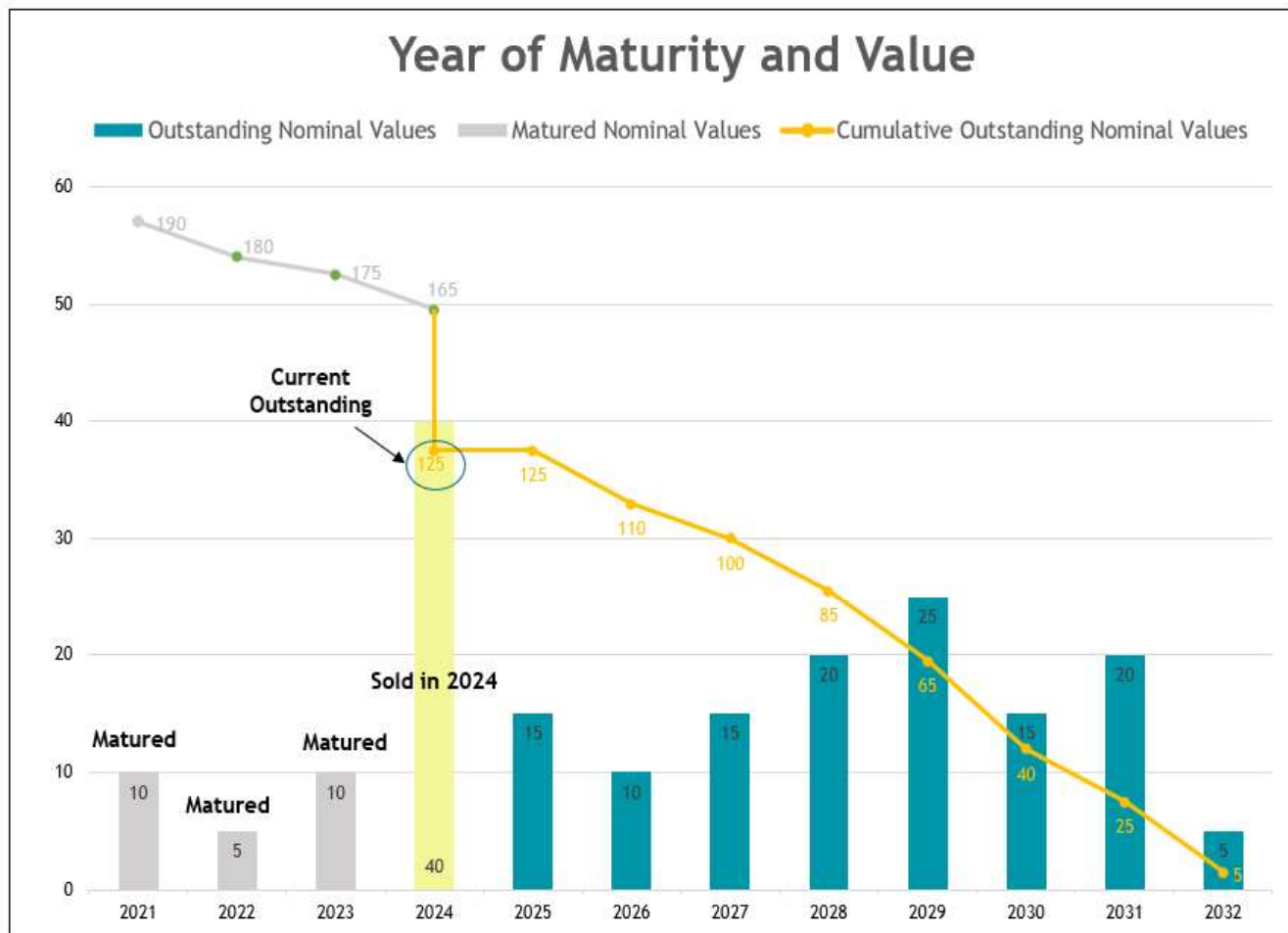




At the beginning of 2021, TMLM has a total of RM190mil nominal values of bonds which fall under the prohibited sectors where they were already held as of 31 December 2020. TMLM is allowed to hold these bonds until their maturity dates and will be restricted from acquiring further units. The last maturity date is in year 2032.

TMLM is actively monitoring their position and reporting their movement and positions to the Board RMCC quarterly.

Below are their positions as at 31 December 2024:





Summary of movement and position from 2021 until 31 December 2024 for these bonds:

- a) No additional units acquired;
- b) The nominal value decreased from RM190mil in 2021 to RM125mil as at 31 December 2024.
- c) From 2021 to 2023 RM25mil nominal value matured. In 2024, RM40mil were disposed of by TMLM.

PART D: MANAGING CLIMATE RISKS

Identification and Assessment of Climate-Related Risk

In August 2023, TMLM formalized the Climate Risk Management Framework (CRMF) in its efforts to integrate climate-related risk management into its Enterprise Risk Management. Risk identification and assessment are a crucial part in CRMF for understanding and managing climate risks.

Below are 2 annual climate risk identification and assessment carried out in 2023 and 2024.

Annual Climate Risk Assessment (physical and transition risks) on TMLM's Own Operation

TMLM initiated and conducted the first climate risk assessment on “TMLM's own operations” for identifying physical and transition risks. All business units were assessed and separated into 45 sessions throughout the assessment in June and July 2023. The assessment was facilitated by the Risk Management Department of the Company.



In 2024, TMLM conducted the second climate risk assessment on “TMLM’s own operations”. Similar to 2023, a total of 45 functions throughout the Company revisited the assessment in July and August 2024. There were no changes made to the assessment after being reviewed by each business owner. The exposure remained the same as 2023. Overall, no major risks were identified from the assessment, but there were few moderate risk areas where TMLM need to address. These are described in the Physical Risk and Transition Risk below.

10 questionnaires were used as a basis for the assessment to identify and assess any exposure to the physical and transition risks.

1	Exposure to Acute Physical Risk (flash flood, heatwave, cyclone, wildfire etc) ?
2	Exposure to Chronic Physical Risk (long term shift - rising sea level, rising temperature, drought) ?
3	Exposure to Transition Risk - regulations ?
4	Exposure to Transition Risk - technology ?
5	Exposure to Transition Risk - customer/public/general expectation ?
6	Is it a carbon-intensive activity (heavy greenhouse gas emissions) ?
7	Use of materials or methodologies that are unsustainable or damaging to environment ?
8	Opportunities
9	Exposure to greenwashing risk ?
10	Others ?

Risks identified were assessed and rated as follows:

Level of Risk

- Low** = No immediate concern, no further action for the time being.
- Medium** = Some or growing concerns, to closely monitor, plan and put in action.
- High** = High concern, immediate corrective action needed.

Upon completion of the assessment, TMLM noted the following outcome for physical risk and transition risk from its own operations:

Physical Risk

From the assessment, TMLM confirmed that none of its business units are involved in, or are planned to be involved in, carbon-intensive activity that would emit heavy greenhouse gasses or use materials or methodologies that are unsustainable or damaging to the environment.

In term of exposure to **acute physical risk** (flash flood, heatwave, cyclone, wildfire etc), TMLM rated this as Low Risk as:

- a) Our business operations do not involve physical goods.
- b) Almost all transactions are in electronic form.
- c) WFH (Work-from-Home) facilities are in place.
- d) Hence, Acute Physical Risk is unlikely to cause major disruption to our operations.

In term of exposure to **chronic physical risk** (long term shift such as rising sea level, rising temperature, drought), TMLM rated this as Low Risk as:

- a) Our business operations do not involve physical goods.
- b) Almost all transactions are in electronic form.
- c) WFH (Work-from-Home) facilities are in place.
- d) Hence, Chronic Physical Risk is unlikely to cause major disruption to our operations.

Nevertheless, TMLM recognized that there could be a potential increase in flash flood in the longer term that may affect TMLM building properties. Our Property Department would assess and monitor our building property periodically and provide regular update to the ESG Committee and RMCC (See *Annual Physical Risk Vulnerability Assessment (PRVA)* in the below section).

Transition Risk

For transition risk arisen from **regulations**, a few business units of TMLM are required to comply with certain regulations such as classification of investments of bonds and equities according to principles stated in BNM CCPT Policy Document and the need to calculate and monitor the investment portfolio's GHG emissions (Scope 3). TMLM managed to implement the BNM CCPT requirement and is preparing for the calculation of the investment portfolio's GHG emissions, amid the availability of GHG emissions disclosure from investee companies in due time, most of which are listed at Bursa Malaysia.

TMLM is also subject to climate risk disclosure requirement where BNM CRMSA Policy Document require TMLM (and all FIs) to comply with TCFD disclosure requirement starting from financial year 2014. TMLM felt that in the longer term, TMLM building properties may be subject to potential climate regulations. TMLM would monitor and respond accordingly to such regulations. TMLM is also subject to the requirement to perform scenario analysis/stress testing on climate risk where BNM has scheduled the submission of stress testing result of TMLM to BNM on December 2025.

For transition risk from changes in **customer preference** due to increasing influence from climate-related practices, public and various stakeholders' perception of the Company's stance and behavior in





managing climate risk and sustainable practices, the Company has identified the following:

TMLM is conscious of the potential demand from customers on sustainable investment options due to their increased knowledge and concern on the climate crisis the world is currently facing. On August 2023, TMLM made this option available by launching the **TokioMarine-Global Sustainable Fund** that aims to promote environmental, social and sustainability characteristics by investing at least two-thirds of its assets in shares or equity-type instruments of leading companies in the world. TMLM would continue to explore and design investment options that are ESG friendly.



TMLM also identified the opportunity to raise awareness among our corporate clients about climate change and sustainability matters. TMLM has added climate-related materials into the presentation slide for



existing clients during renewal or potential clients. This is also to prepare and engage them in the necessary transition action in the future if necessary. For our agency force, topics related to climate change have been gradually added into their training program to raise awareness regarding climate change.



TMLM believes that in order for the Company to effectively undergo the climate transition and align itself to the low carbon economy, it is imperative that the topic of climate change and sustainability be taken into account by human resource strategy. TMLM has included a session on climate risk during the staff induction program for new joiners. TMLM would look into its staff benefits and the necessary adaptations required in order to facilitate TMLM in its transition journey and its ability to operate in a low carbon economy. TMLM had organized many sustainability and ESG-related events and continuously encouraged its staff to participate. These events are listed and described in the general public section below.

For greenwashing risk, none of TMLM's business units identified risk that would expose TMLM to greenwashing risk.

(Note: Greenwashing risk arises from the act of knowingly or unknowingly misleading stakeholders regarding our strategy relating to climate, the climate impact/benefit of a product or service, or the climate commitments)

For the general public, TMLM perceived this to be an opportunity to raise public awareness and had organized events related to sustainability and climate. Events that TMLM organized include:

- **Mangrove Conservation Programme with EcoKnights**

The mangrove tree planting event was held on 26 July 2023, in conjunction with The International Day for the Conservation of the Mangrove Ecosystem. This was then followed up with the 1st monitoring session (to check on the status of the planted saplings) on 27 September 2023.

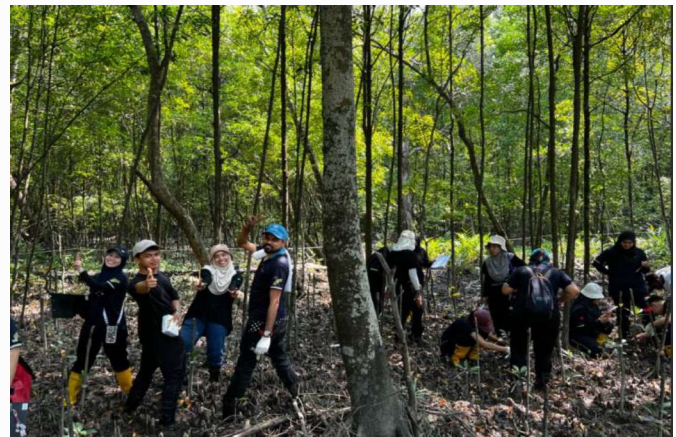
EcoKnight Mangrove Conservation Programme - 2023





- **Monitoring session at Sijangkang Mangrove Recreational park**

Completed the last monitoring session and ran the Mangrove Junior Scientist Outreach program on 23 April 2024. This marks the completion of the mangrove conservation program that started in July 2023.





- **Collaboration with SOLS Foundation for Solar Academy and Kampung Solar projects**

a) Solar Academy: TMLM sponsored shoes and protective arm covers for the students of Solar Academy (from B40 communities) under SOLS Foundation. These items are to ensure their safety, comfort, and the ability to focus on their studies without worry.

b) Kampung Solar: TMLM sponsored the Kampung Solar project, which helped deliver renewable energy solutions via PICO solar light system installation to the orang Asli Jakun tribe of Kampung Jenit, benefitting over 66 families. TMLM staff visited the village on 11 October 2024 to do volunteering and installation process.



Annual Physical Risk Vulnerability Assessment (PRVA) using "Taxonomy of Physical Risk Classification for TMLM Buildings"

TMLM started the first annual Physical Risk Vulnerability Assessment (PRVA) in 2023. It is an annual assessment to assess the vulnerability and categorize TMLM's business buildings against climate physical risk events that may cause TMLM's business buildings to:

- a) halt business operations; or
- b) sustain great physical damages that require major repair.

Physical risk events may include floods, heat stress, hurricane, wild fire, rising sea level etc.

For this purpose, TMLM created the following Taxonomy for classification:

Taxonomy of Physical Risk Classification for TMLM Buildings

Likelihood of Event	Once in 20 years or more (Very Low Risk)	Once in 10 - 20 years (Low Risk)	Once in 5 - 9.9 years (Moderate Risk)	Once in 2 - 4.9 years (High Risk)	Once every 2 years (Very High Risk)
Building Classification ("BC")	1	2	3	4	5
Required Respond	No action needed	No action needed	Close Monitoring	Action may be needed. At least consider options available	Action needed

When carrying out the assessment, TMLM would consider the geographical location of each building and their historical flood events that were kept by TMLM since 2014.

The first annual PRVA assessment was carried out in October/November 2023 and the second assessment was in Jul/Aug 2024. The outcome from both assessments were similar, as follows:



	Building Location	Flash Flood	River Flood	Coastal Flood	Others - Heat Stress, Hurricane, Wild Fire, Rising Sea Level etc	Classified as Category (Take Highest)	Required Respond (Auto)
1	HQ - Kuala Lumpur	2	1	1	1	2	No Action Needed
2	Branch - Alor Star	2	1	1	1	2	No Action Needed
3	Branch - Penang	1	1	1	1	1	No Action Needed
4	Branch - Butterworth	2	1	1	1	2	No Action Needed
5	Branch - Ipoh	1	1	1	1	1	No Action Needed
6	Branch - Klang	2	1	1	1	2	No Action Needed
7	Branch - Seremban	2	1	1	1	2	No Action Needed
8	Branch - Melaka	1	1	1	1	1	No Action Needed
9	Branch - Johor Bahru	2	2	1	1	2	No Action Needed
10	Branch - Kota Bahru	3	2	1	1	3	Close Monitoring
11	Branch - Kuantan	2	2	1	1	2	No Action Needed
12	Branch - Kuching	1	1	1	1	1	No Action Needed
13	Branch - Sibu	1	1	1	1	1	No Action Needed
14	Branch - Miri	1	1	2	1	2	No Action Needed
15	Branch - Kota Kinabalu	1	1	1	1	1	No Action Needed
16	Branch - Sandakan	1	1	1	1	1	No Action Needed
Average :		1.56	1.19	1.06	1.00	1.63	

Flash Flood = Occurs when an extreme rainfall event creates a flood at very short period of time.

River Flood = Occurs when the water level in a river or lake rises and overflows onto the neighboring land.

Coastal Flood = Occurs when land area is flooded with seawater. Common causes are intense windstorm and tsunamis events.

From the assessment, TMLM noted that its Kota Bahru branch is more likely to suffer flash flood and was classified as Category 3 and would be closely monitored by TMLM.

Climate Risk Transmission Mapping

A high-level climate risk transmission for TMLM is shown below, starting with the two inherent climate risks of transition risk and physical risk on the left. They are mapped and augmented with specific risk types:

Climate-related Risk	Transmission Channels	Impact to TMLM	Risk Type
Transition Risk New regulations and laws on climate change. Development & availability of low carbon technologies. Demand for lower carbon footprint products & ESG investments. Increased scrutiny from stakeholders, customers & general public towards lack of climate actions.	<ul style="list-style-type: none"> Fall in investment asset values (Investee companies unable to adapt to the low carbon economy). Higher spending and investment to adapt to low-carbon economy i.e. lower carbon technologies. Enhance reporting requirements and compliance costs. Potential reduction in demand due to consumer expectation & preferences. 	<ul style="list-style-type: none"> Stranded assets and devaluation of investment values. Higher costs and resources utilization for transition. Potential reduction in business volume. 	Market Risk Credit Risk Operational Risk Compliance Risk Reputation Risk Business Risk
Physical Risk Higher frequencies of flood. Long-term shifts in climate patterns such as higher sea levels & rising temperatures.	<ul style="list-style-type: none"> Climate-related asset damages. Devaluation of investments or properties value in risk-prone locations. Potential increase in vector-borne diseases. 	<ul style="list-style-type: none"> Increase spending on maintenance and repair. Potential Financial losses. Potential higher insurance claims. 	Market Risk Credit Risk Operational Risk Liability Risk



Integration and Management of Climate-Related Risk

Added Climate Risk Activities into Various Policies and Procedures

Climate risk management is a long term journey. In 2023, TMLM identified several areas where climate risk activities can be added to identify potential opportunities and risks, and to serve as a starting point and preparation where more actions and sophisticated methodologies can be gradually added in the future. These areas were:



i) Management of Outsourcing Service Providers

Added the requirement to consider climate risk when engaging and reviewing service providers.

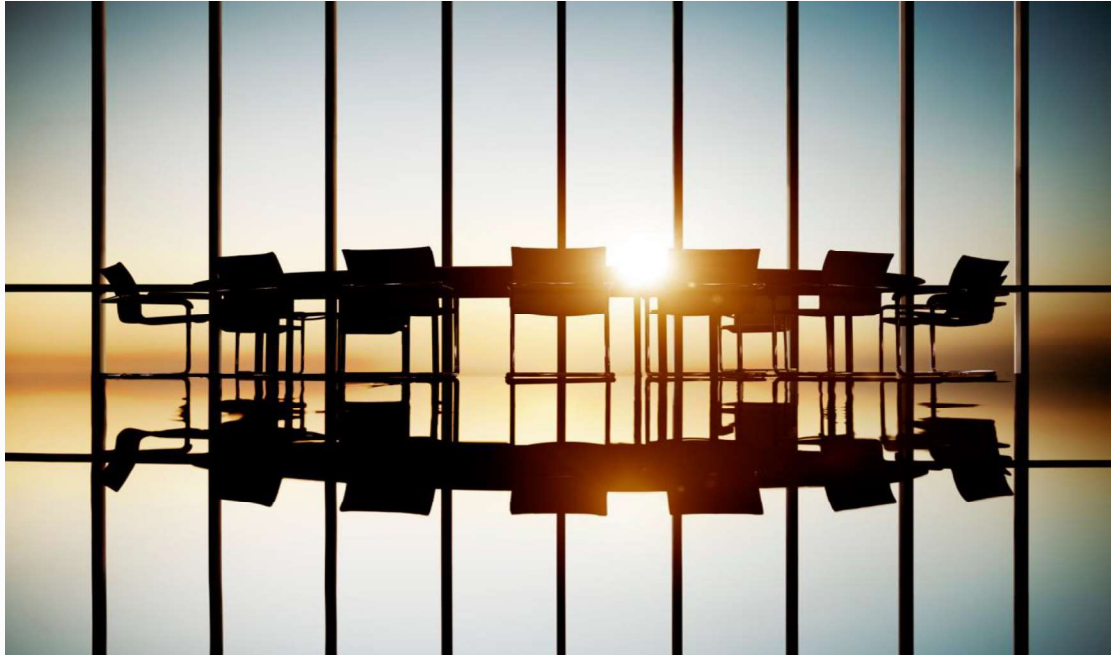


- ii) New Product Development Process**
Added the requirement to assess climate risk on all new products before launching.
- iii) Vendor Management and Procurement Process**
Added the requirement to take into consideration the reputation of vendors on climate and sustainability issues when making purchases.
- iv) Credit Risk Management Process**
Added the prohibited/restricted sectors and application of BNM CCPT classification for fixed income investment activities.
- v) Risk Appetite Statement of Climate Change**
Added the statement so that TMLM would have a reference in managing climate-related risks.
- vi) Climate Change Training into HR annual training calendar**
Added the training requirement for climate change into annual HR training calendar.
- vii) Induction to New Staff**
Added climate change awareness into new staff induction programs.
- viii) Climate Risk Awareness to Corporate Clients of Corporate Solutions**
Added climate change awareness slide into presentations for new or existing clients during renewal.
- ix) Climate Change Awareness to Agents**
Added climate change awareness slide into agents training session.
- x) ICAAP Framework**
Added that during the ICAAP process, the impact of material climate-related risks must be considered or evaluated.

*Inspiring Confidence.
Accelerating Progress.*



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--- The End of Report ---