



## Sustainable Finance

### The Group's Approach

The Public Bank Group remains steadfast in its commitment to helping its customers transition and capitalise on low carbon opportunities. The Group's approach is guided by its sustainable financing framework and guidelines, and further supported by its targets to mobilise RM100 billion in sustainable financing by 2030 from 2020.

The Public Bank Group continues to develop and deliver sustainable financing solutions by integrating sustainability perspectives into its credit process to meet customers' different needs while managing their environmental and social impact.



Sustainable finance is defined based on the following three parameters:

**1**

**Use of Proceeds,** whereby the Bank ensures financing proceeds are directly channelled to or used for the environmental and social economic activities under the eligible categories;

**2**

**Business profile,** whereby if financing is catered for general corporate purposes, and the use of proceeds is not specified, sustainable financing will be assessed based on the customer's business profile; and

**3**

**Sustainability-linked products,** whereby financing instruments (financing) for which the pricing, margin of advance and incentives offered to customers are linked to the customer's pre-determined sustainability performance targets.

With this in mind, the Public Bank Group remains focused on supporting businesses that create lasting positive impact and value for society and the environment.

#### Why it Matters

The Public Bank Group recognises its responsibility in the low carbon transition, by directing capital towards environmentally and socially sustainable economic development. The Group supports its customers in the transition to net zero through the offerings of sustainable financing solution and customer engagement.

#### Risks

Failure to integrate sustainability considerations into loan decision-making could result in financial loss from higher default rates and devaluation of collateral values.

#### How the Group Responds

- Set target to mobilise RM100 billion of sustainable finance by 2030.
- Developed the Sustainable Finance Framework and Sustainable Products and Services Guideline.
- Implemented policies, tools and risk management processes to manage ESG risks such as ESG RAC Policy and Sectoral and General RAC checklists.

#### Key Highlights

- Mobilised **RM67.88 billion** of sustainable finance since 2020
- Launched **PB Sustain**, a one-stop sustainable financing hub
- Developed **sectoral targets for palm oil, cement and construction**

#### Targets/Sub-targets

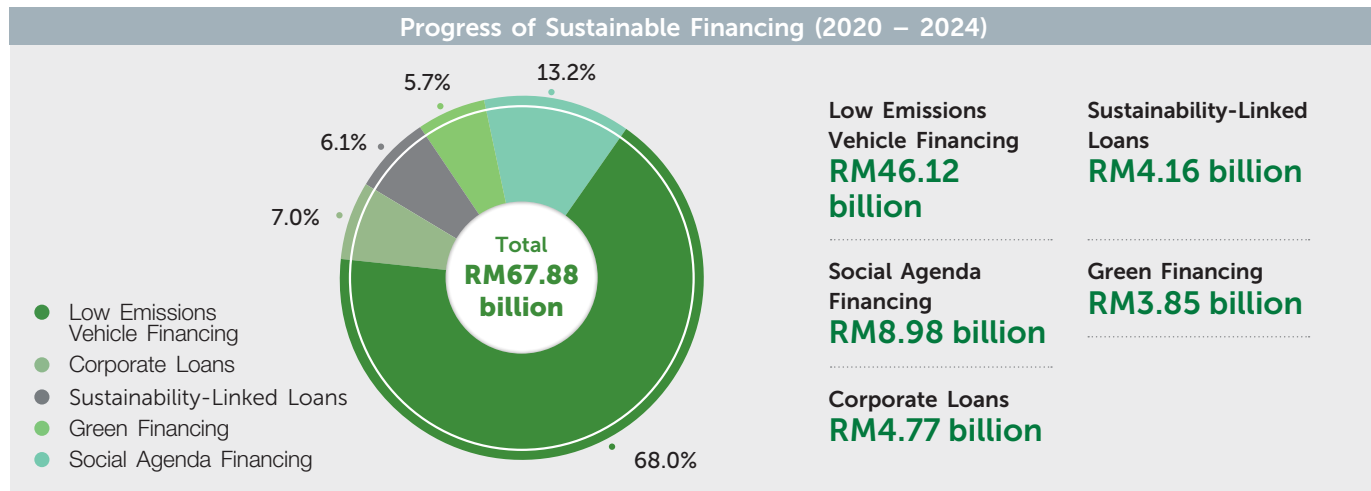
- Mobilise **RM100 billion of sustainable finance** by 2030
- Set **portfolio emissions reduction targets** aligned with Paris Agreement and 1.5°C global warming trajectory

# Theme 1: Protecting the Environment

## Making Progress towards Sustainable Finance Target

The Public Bank Group continues to progress toward mobilising RM100 billion of sustainable finance by 2030. This target is one of the key components of the Group's broader sustainability commitments.

Since 2020, the Public Bank Group has mobilised RM67.88 billion of sustainable finance, achieving over 67% of the Group's target to mobilise RM100 billion by 2030. Sustainable financing has been channelled mainly towards the financing of low emissions vehicles and the social agenda, which includes affordable homes, and green financing. As the focus on impact financing increases, the Group's portfolio of sustainability-linked loans steadily grows, totalling RM4.16 billion as at the end of 2024.



The sustainable finance achievement has been internally audited. For more information on the Group's sustainable finance, please refer to **Sustainability Performance Data 2024** on Public Bank's corporate website.

To facilitate the mobilisation of sustainable finance, the Public Bank Group is guided by the following:

<p><b>Sustainable Finance Framework</b></p> <p>Introduced in 2023, the Public Bank Group Sustainable Finance Framework ("SFF") provides the overarching approach towards sustainable financing opportunities and safeguards. The SFF provides the governance process for sustainable finance classification to prevent greenwashing and social washing.</p>	<p><b>High ESG Risk Sectors Position Statement</b></p> <p>The High ESG Risk Sectors ("HERS") Position Statement entails ESG expectations for sectors, which are considered as having inherently elevated potential for negative environmental and social impact, to benchmark against good industry practices.</p>
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Read more on **Public Bank Sustainable Finance Framework** and **Public Bank High ESG Risk Sectors ("HERS") Position Statement** at <https://www.publicbankgroup.com/sustainability/sustainability-report/>.

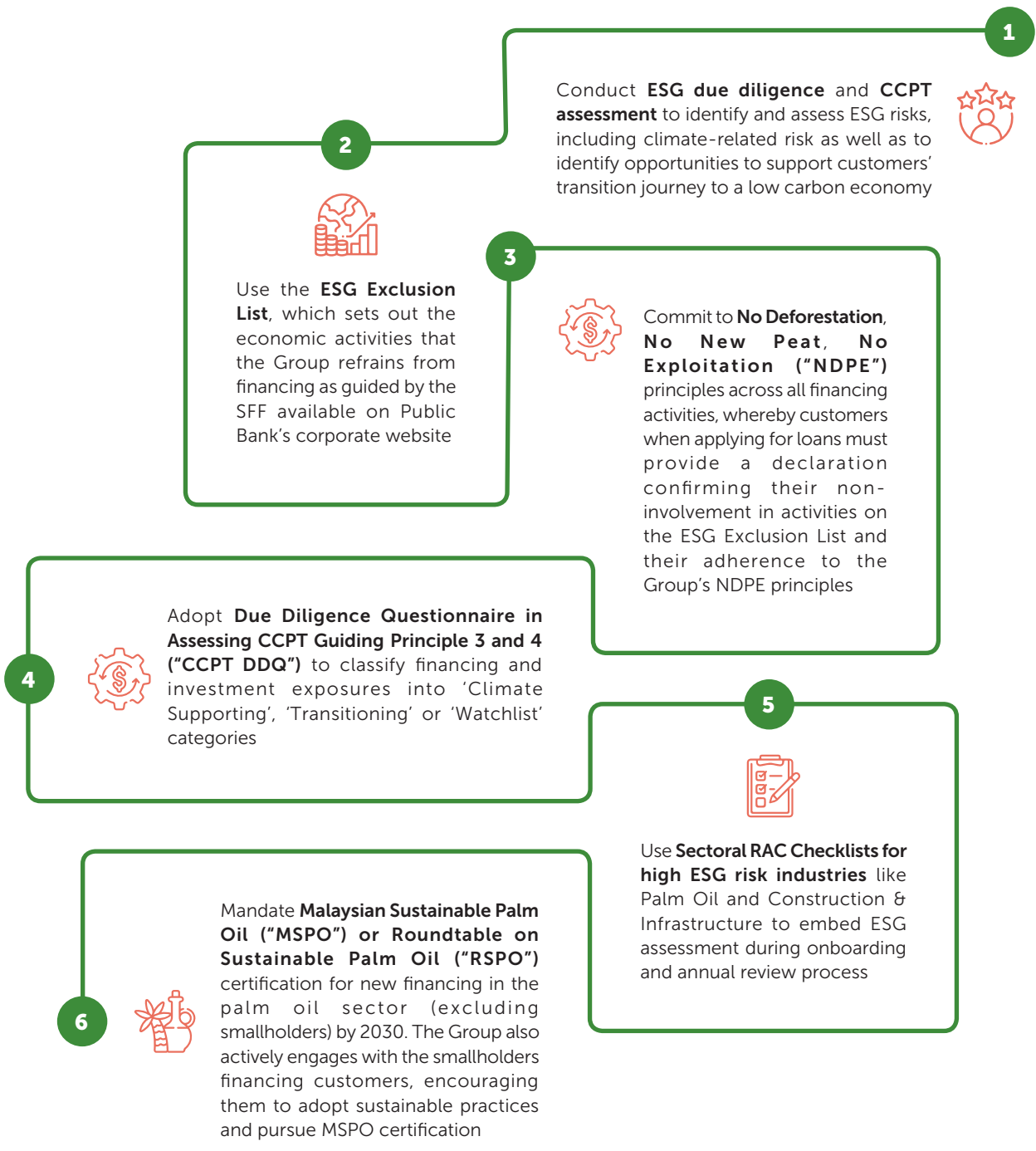
**Sustainable Products and Services Guideline**

The Public Bank Group Sustainable Products and Services Guideline ("SPSG") sets out the eligible economic activities for the Group's sustainable financing, whereby the economic activities must fulfil criteria listed in the environmental and social economic activities to be deemed as sustainable financing.

The SPSG was developed with reference to the principles and standards, such as International Capital Markets Association ("ICMA") Green, Social, and Sustainability-Linked Bond Principles; Loan Market Association ("LMA"), Loan Syndications & Trading Association ("LSTA") and the Asia Pacific Loan Market Association ("APLMA") Green, Social, & Sustainability-Linked Loan Principles; and Climate Bonds Initiative ("CBI") Climate Bonds Standard.

# Managing ESG and Climate-Related Risks through the Credit Process

The Public Bank Group aims to screen financing from material risk of environmental or social impact. The Group has developed the following processes and procedures to manage ESG and climate-related risks arising from its financing activities:



# Theme 1: Protecting the Environment

## Sustainable Financing Solutions

By developing and providing sustainability-related products, the Public Bank Group offers its customers a wide range of choices to meet their diverse needs and to support their transition to a low carbon economy.

### Dedicated Green Financing Facilities

Cover environmentally friendly economic activities, including financing for green-certified properties, solar panel purchases, energy-efficient equipment, sustainable agro-technology, and capital raising for Research & Development in energy-saving technologies

Mobilised over **RM940 million** of green financing in 2024

### Sustainable Financing Package

Collaborate with reputable developers to offer financing to purchase residential, industrial and commercial properties which are green-certified or under the Low Carbon Cities Framework

Mobilised over **RM860 million** of financing under the package in 2024

### Low Carbon Transition Facility

BNM financing scheme to support SMEs' low carbon transition via funding a wide range of green-related capital expenditure as well as sustainability capacity building and the engagement of sustainability consultants

Mobilised over **RM24 million** of financing under the facility in 2024

### Social Agenda Financing

Financing of social activities that promote strong social values and positive social impact, such as purchase of affordable homes, and development of public infrastructure projects (e.g. roads, public transport)

Mobilised over **RM1 billion** of social agenda financing in 2024

### Financing for Low Emissions Vehicles

Automotive financing options for low emissions vehicles and electric vehicles ("EVs"). Efforts to strengthen the Group's market position in low emissions vehicles and EV segment, including collaboration with cars dealers and distributors, exclusive tie-ups, interest subsidy programme and promotional campaigns.

Mobilised over **RM7 billion** of financing for low emissions vehicles in 2024

## Public Islamic Bank's Solar Financing Initiatives

As part of its ongoing support to the Government's initiative to encourage Malaysia's Renewable Energy uptake, Public Islamic Bank, had in 2020, introduced the Solar Plus BAE Personal Financing-i, designed specifically for residential owners, followed by the launch of Solar BAE Term Financing-i in 2021 for commercial property. Additionally, the Bank offers a 0% profit facility via a credit card easy payment plan for employees and customers who wish to install solar panel systems with the Bank's solar energy partners.

Since the launch of the offering, Public Islamic Bank has assisted more than 900 homeowners in owning solar energy systems and reducing their monthly electricity bills. This figure contributed towards almost 1.0 tCO<sub>2</sub>e savings per year.

To further accelerate solar energy adoption, Public Islamic Bank participates in offering the Low Carbon Transition Facility, which was established by BNM to support SMEs in adopting sustainable and low carbon practices through funding capital expenditure or working capital.

In 2024, Public Islamic Bank approved more than RM23 million worth of solar financing transactions (inclusive of credit card transactions), which marked a 13% growth compared to RM20.3 million in 2023. As part of the Bank's Value-Based Intermediation agenda and commitment to sustainability, the Bank will continue to positively contribute to the global climate change agenda by financing renewable energy projects for a cleaner and greener future.

## Accelerating Sustainable Financing

To further educate customers on the impact of climate change and the benefits of adopting eco-friendly business practices, the Public Bank Group leverages its extensive branch network to engage with its customers, particularly SMEs, and distribute digital climate change message flyers embedded in the Letter of Offer issued upon financing approval.

Additionally, the Public Bank Group continues to enhance employee capacity building, especially those working in the branches, ensuring its employees are well-equipped to guide customers on sustainability transitions.

### In Focus: SME Engagement

#### Supporting SMEs to Kick-start their Sustainability Journey

During the year, the Public Bank Group organised a one-day Green Real Estate seminar for SME property developers in the southern and east coast regions of the Peninsular Malaysia.


The seminars were organised as part of the "Embracing Sustainable Development: The Way Forward for SME Developers" series, which aimed to raise SME developers' awareness of sustainable development. More than **190 delegates** from Johor, Melaka, Negeri Sembilan, Pahang and Kelantan attended the events.



### Sustainable Financing Hub



To improve customer engagement, the Public Bank Group launched PB Sustain, a one-stop digital platform for customers to kick-start their sustainability journey. PB Sustain serves as an informative platform with sustainability impact calculators, sustainable finance offerings, and an avenue for customers to source for capacity-building programmes and explore sustainability tools. The platform has been designed to be user-centric and intuitive to ensure a seamless experience.

 For more information, visit <https://pbsustain.com>



#### Get Measured

Features quick access tools to assist customers in measuring their carbon footprint from current operations or potential impact from intended loan or financing



#### Get Financed

Showcases sustainable financing products tagged by customer groups for ease of navigation, guidance for the loan application process and a range of sustainability-related promotions



#### Get Ahead

Features sustainability events, news updates, learning content and tools curated to boost engagement and knowledge on the sustainability landscape

# Theme 1: Protecting the Environment

## Supporting Sustainable Development across the Region

In line with the Public Bank Group's sustainability commitments, the Group's overseas operations continue to make progress in mobilising sustainable financing. Campu Bank offers financing for affordable homes and electric vehicles ("EVs"), and to private water and electricity producers for the expansion of the power grid and water supply. Meanwhile, Public Bank Vietnam remains supportive of the environmental agenda with its offering of financing for the purchase of EVs and solar panel installations.

The Public Bank Group's subsidiary in Hong Kong, Public Bank (Hong Kong) Limited, continues to enrich its Green Financing Programmes, which comprises a Green Mortgage Plan, a Green Business Financing Plan, and an Electric Vehicle Promotion Programme.

ESG considerations are embedded into the credit assessment process during customer onboarding. For instance, overseas banking operations in Hong Kong, Cambodia and Vietnam have adopted the Public Bank Group's ESG-friendly business and economic sectors and the ESG Exclusion List, which align with the Group's sustainable financing practices.

## Sustainable Investment Advisory

The Public Bank Group's investment banking subsidiary, Public Investment Bank, remains guided by the Securities Commission's Sustainable and Responsible Investment ("SRI") Sukuk Framework in considering ESG aspects in its financial decisions to drive sustainable returns. Accordingly, Public Investment Bank provides advisory services for issuers of sustainable financing via the issuance of SRI Sukuk and Bonds under the ASEAN Green, Social and Sustainability Bond Standards.

## Sustainable and Responsible Investing

Sustainability is embedded in Public Mutual's values as the premier private unit trust and Private Retirement Scheme ("PRS") provider in Malaysia. It aims to deliver long-term value to all its stakeholders by focusing on ESG aspects in the business direction while protecting stakeholders' interests.

Public Mutual's responsible investing approach encompasses two key strategies:

1 Incorporating ESG considerations in the investment process of its unit trust and PRS funds

2 Offering more SRI products to cater to investors' preference for sustainability-focused funds

Public Mutual has the SRI Framework in place, which outlines its approach to incorporating ESG considerations in the investment process. This includes monitoring, engaging, and proxy voting for its investee companies regarding material ESG matters.

Public Mutual's SRI funds incorporate ESG considerations and invest in qualified ESG securities based on whether the companies are constituents of relevant ESG indices or meet minimum ESG grades based on ratings provided by ESG data providers or an internal evaluation. The ESG factors considered are referenced from Bursa Malaysia's Sustainability Reporting Guide, Securities Commission Malaysia's Malaysian Code on Corporate Governance, and from ESG index and data providers.

In line with its commitment towards responsible investing, Public Mutual became a signatory of the Malaysian Code for Institutional Investors ("MCII") in 2021. Public Mutual incorporates the fundamental stewardship principles under the MCII in managing its unit trust and PRS funds, and publishes the Statement of Compliance with the MCII on its corporate website highlighting the monitoring, engagement and voting policies of Public Mutual.

### Highlights of 2024

- Launched the **Public Islamic Global Sustainable Growth Fund and Public Islamic Sustainable Growth Fund**, raising the total number of its SRI funds to seven. Its aggregate net asset value ("NAV") of SRI funds under management amounted to RM2.11 billion as at the end of 2024
- The largest Islamic fund manager in the private unit trust industry with **66 Shariah-based funds and aggregate NAV of over RM47 billion** as at the end of 2024
- Won **two awards under the Funds Category** – Best Impact (Climate Action) at The Edge Malaysia ESG Awards 2024
- Awarded **the Islamic Asset Manager of the Year** – Retail award for Malaysia by The Asset Triple A Islamic Finance Awards 2024 for 14 consecutive years