

Theme 1: Protecting the Environment



Carbon Emissions

The Group's Approach

The Public Bank Group acknowledges the carbon footprint of its operations, and is committed to reducing it. Guided by its Decarbonisation Plan, the Group employs a focused and targeted approach to maximise positive environmental impact.

To that end, the Public Bank Group consistently measures and discloses its carbon emissions to monitor progress towards climate targets. In the immediate-term, the Group expects an increase in expenditure on infrastructure enhancement and technology adoption in reducing its carbon emissions.



The Transition to Net Zero Carbon 2050

Anchored by the target to achieve Net Zero Carbon by 2050, the Public Bank Group made significant progress by establishing the Public Bank Group's Decarbonisation Plan ("the Plan" or "Decarbonisation Plan") in 2024. The Decarbonisation Plan details the Group's approach to decarbonising its Scope 1, Scope 2 and Scope 3 emissions, with the interim target of achieving a carbon neutral status by 2030 for Scope 1 and Scope 2. The initial plan comprises strategic enablers that are focused and practical in delivering the target, not just for its direct operational and value chain emissions but also for supporting customers' transition. The plan represents the Group's commitment with the support of senior management and the Board of Directors. The path to net zero carbon is a long-term journey, one where the Group needs to focus on driving impactful actions which not only benefit the business, but also its customers.

Why it Matters

Carbon emissions are a significant contributor to global warming. As a responsible financial institution, the Public Bank Group's is expected to contribute to the global climate agenda by reducing its own and its customers' carbon footprint through its lending and financing activities.

Risks

The Public Bank Group's emissions are interlinked with physical, transition, and regulatory risks. With increased climate events and impending carbon tax regimes in the countries where the Group operates, especially Malaysia, managing the emissions is imperative to building resilience over time.

How the Group Responds

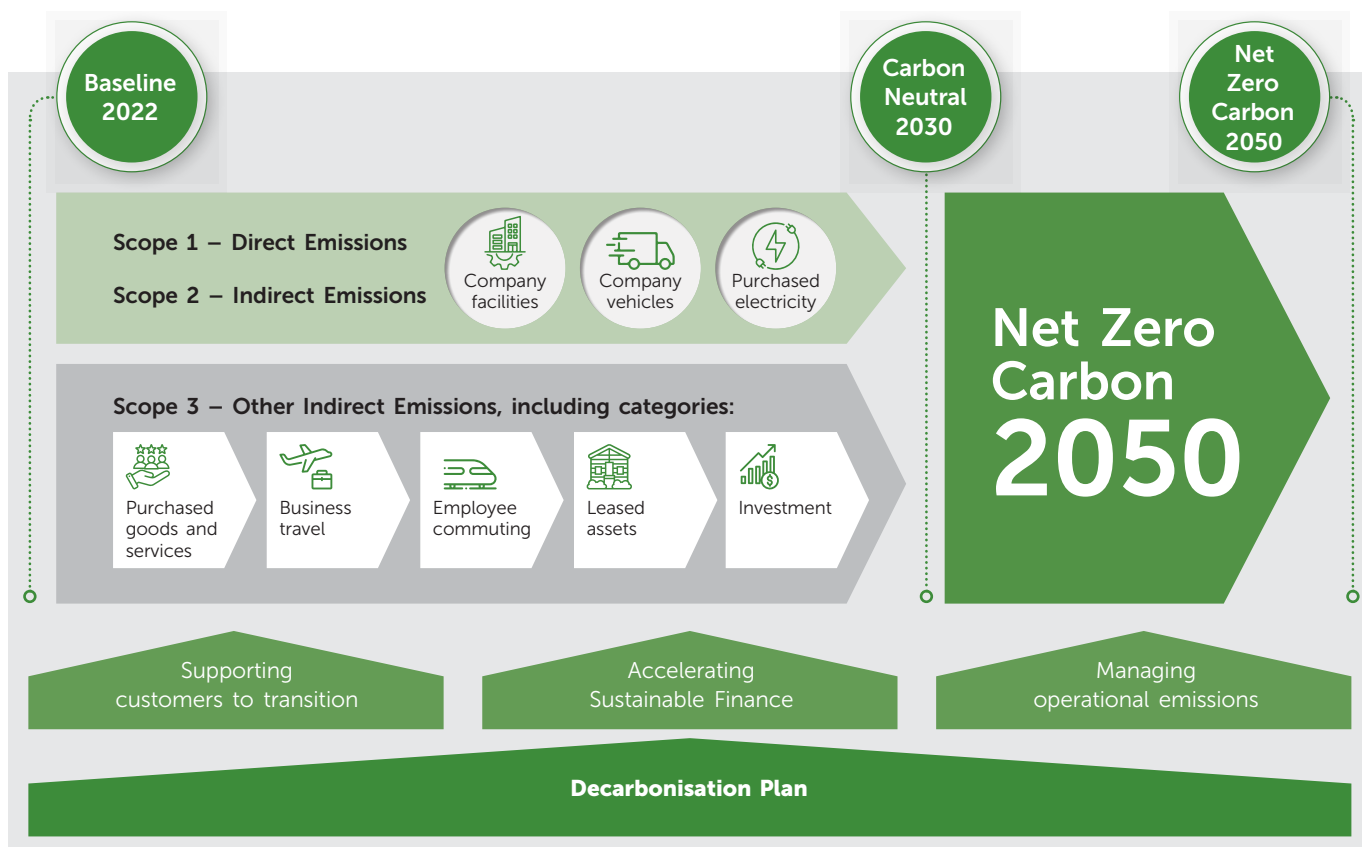
Guided by the Decarbonisation Plan, strategic enablers have been identified to scale initiatives for the Group to transition towards low-carbon operations and achieve its targets.

Key Highlights

- Established the **Public Bank Group's Decarbonisation Plan**
- **100%** of electricity usage for main buildings in Malaysia was matched with the redemption of **renewable energy certificates** and **use of on-site renewable energy**

Targets/Sub-targets

- Achieve **Carbon Neutral position (Scope 1 and Scope 2) by 2030**
- Achieve **Net Zero Carbon by 2050**



Delivering on Net Zero Carbon 2050

The Public Bank Group's lending and financing activities are closely interlinked with climate change, both as a source of risk to the Group's portfolio and as a driver of the Group's indirect impact on climate change. Given that the Group's largest source of emissions arises from its financed emissions, it is fundamental for the Group to strategically finance and mobilise capital to support its customers' decarbonisation and transition to a low carbon economy.

To deliver on the Net Zero Carbon 2050 target, the Public Bank Group has set targets for three priority sectors – palm oil, cement and construction, which are aligned with the Paris Agreement on limiting global temperature increase to 1.5°C. Globally, a significant amount of carbon emissions arises from the use of fossil fuels, especially in the energy sector, followed by manufacturing, construction, buildings, agriculture, forest, and land use ("AFOLU") sectors. While the Group is cognisant of the need to support the transition of customers across all sectors to achieve the net zero carbon target, these sectors have been identified as priorities for decarbonisation efforts within its portfolio.

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Sectoral Targets



Notes:

1. SBTi: Science Based Targets initiative.
2. FLAG: Forest, Land and Agriculture.
3. NGFS REMIND: Network for Greening the Financial System Regional Model of Investments and Development.

The sectoral decarbonisation targets are guided by science-based reference pathways which limit global warming to 1.5°C by 2050. While the availability and quality of emissions data continue to improve globally, challenges remain, especially in developing countries. The Public Bank Group relies on the best available customer data and references from scientific literature and is committed to setting and reviewing the decarbonisation targets in line with the latest available science. For sectoral targets, the baseline year is set to 2023, the most recent year for which reliable emissions data are available.

Supporting Customers to Transition

Central to the success of decarbonisation is the Public Bank Group's collaboration with customers. By prioritising high-emitting sectors, the Group aligns its business objectives with climate goals, creating a synergistic impact across interconnected sectors within its portfolio. Decarbonising the cement and construction sectors, for instance, is expected to generate positive spillover effects, accelerating the broader decarbonisation of the mortgage and real estate sectors.

In operationalising its approach, the Public Bank Group recognises the importance of a balanced transition that decarbonises while supporting economic growth and societal needs. Adopting intensity-based targets balances the demand for growth in sectors, especially those offering essential goods and services with the need for climate action. The Group also recognises that different sectors require different levels of decarbonisation intensity over time and endeavours to engage with customers to make a positive impact through its capabilities to support as a financial institution.

While decarbonisation targets currently focus on the corporate portfolio, the Public Bank Group continues to identify opportunities to finance environmental economic activities in the retail sector, including financing low emissions vehicles and green buildings. Recognising that customers' sustainability needs are evolving, the Group remains resolute to stay ahead by equipping its employees – especially customer-facing officers – with the knowledge and tools necessary to support customers on their decarbonisation journey. To achieve this, the Group is actively developing the infrastructure and resources needed to capacity-build its employees and foster a net zero mindset. This approach ensures the Group can effectively link lending and financing opportunities to transition, while meeting customers' needs in a dynamic and increasingly sustainability-driven business landscape.

Progress of the Decarbonisation of Financed Emissions

The Public Bank Group signed on as a PCAF signatory in 2023 and has adopted the PCAF methodology to estimate its financed emissions. The estimated financed emissions span five asset classes, namely, motor vehicles, mortgages, commercial real estate, business loans, and project finance. Building on this foundation, the Group expanded its financed emissions data coverage to include overseas operations in Hong Kong.

Estimated Financed Emissions Dashboard

Year	Asset Class	Absolute Emissions (ktCO ₂ e)			Outstanding Balance (RM'Billions)	Emissions Intensity (tCO ₂ e/RM'Billions)		PCAF data quality score
		Scope 1&2	Scope 3	Total		Scope 1&2	Scope 3	
2022	Motor Vehicle ^{i, iii}	2,894.0		2,894.0	58.8	49.2		3.8
	Mortgage ⁱⁱⁱ	1,564.5		1,564.5	155.7	10.0		4.0
	Commercial Real Estate ⁱⁱⁱ	816.9		816.9	70.3	11.6		4.1
	Business Loan ^{ii, iii}	1,892.7	1,992.8	3,885.5	35.9	52.7	55.5	5.0
	Project Finance ⁱⁱⁱ	25.8		25.8	6.2	4.1		5.0
2023	Motor Vehicle ^{i, iii}	3,041.5		3,041.5	64.8	46.9		3.8
	Mortgage ⁱⁱⁱ	1,590.9		1,590.9	165.5	9.6		4.0
	Commercial Real Estate ⁱⁱⁱ	689.1		689.1	73.6	9.4		4.1
	Business Loan ^{ii, iii}	2,086.2	2,173.6	4,258.9	38.3	54.5	56.8	5.0
	Project Finance ⁱⁱⁱ	25.8		25.8	6.2	4.2		5.0
2024	Motor Vehicle	3,264.7		3,264.7	73.2	44.6		2.8
	Mortgage	1,598.5		1,598.5	174.7	9.2		4.0
	Commercial Real Estate	759.9		759.9	78.0	9.7		4.1
	Business Loan	2,085.1	2,305.4	4,390.4	41.8	49.9	55.2	5.0
	Project Finance	22.9		22.9	5.4	4.2		5.0
2022 Total		7,193.9	1,992.8	9,186.6	326.9	22.0	6.1	
2023 Total		7,433.5	2,173.6	9,607.2	348.4	21.3	6.2	
2024 Total		7,731.1	2,305.4	10,036.4	373.1	20.7	6.2	

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Estimated Financed Emissions Dashboard (by sector)


Year	Sector	Absolute Emissions (ktCO ₂ e)			Outstanding Balance (RM' Billion)	Emissions Intensity (tCO ₂ e/RM' Billion)		PCAF data quality score
		Scope 1&2	Scope 3	Total		Scope 1&2	Scope 3	
2022	Cement	210.7	40.8	252.0	0.2	914.0	176.9	5.0
	Construction	10.7	203.4	214.1	3.7	2.9	55.6	5.0
	Palm Oil	495.7	318.7	815.0	2.4	205.3	132.0	5.0
2023	Cement	284.2	55.0	339.2	0.3	914.0	176.9	5.0
	Construction	11.0	209.3	220.3	3.8	2.9	55.6	5.0
	Palm Oil	818.9	487.1	1,306.0	3.1	267.1	158.9	5.0
2024	Cement	237.0	45.9	282.9	0.3	798.5	154.5	4.3
	Construction	10.4	200.0	210.4	3.4	3.1	58.9	4.9
	Palm Oil	899.6	529.9	1,429.5	3.3	270.9	159.6	4.9

Notes:

1. Estimated financed emissions disclosed for positions as at 31 December 2022, 31 December 2023 and 31 December 2024.
2. Outstanding loans and/ or financing used to estimate the financed emissions cover 88% of the Group loans and/ or financing in 2024.
3. Emissions and outstanding balance are derived from loans and/or financing in Malaysia and Hong Kong.
4. The following figures are restated to enhance data coverage:
 - i. Motor Vehicle for 2022 and 2023 to cover all vehicle types financed in Malaysia;
 - ii. Business Loan for 2022 and 2023 to cover Scope 1, Scope 2 and Scope 3 emissions for all financed sectors; and
 - iii. Motor Vehicle, Mortgage, Commercial Real Estate, Business Loan, and Project Finance for 2022 and 2023 to include financed emissions from Hong Kong.
5. Project finance consists of construction projects.
6. Sector emissions only include Business Loans financed in Malaysia.
7. PCAF data score of 1 to 5 represents data quality from good (more actual data representation e.g. actual emissions or energy consumption) to worse (estimation using average data e.g. sector average).
8. Emissions from change in organisational boundary will require at least one full financial year to be reflected.


To improve quality of data, the Public Bank Group has captured customer data sourced from public disclosures for selected sectors.

Recognising the current limitations in calculating financed emissions due to incomplete or unavailable data, the Public Bank Group endeavours to enhance data quality and completeness. As more accurate and comprehensive data becomes available, the Group expects to refine and adjust its emissions values accordingly.

 For more information on the Public Bank Group's data on carbon emissions, please refer to **Sustainability Performance Data 2024** on Public Bank's corporate website.

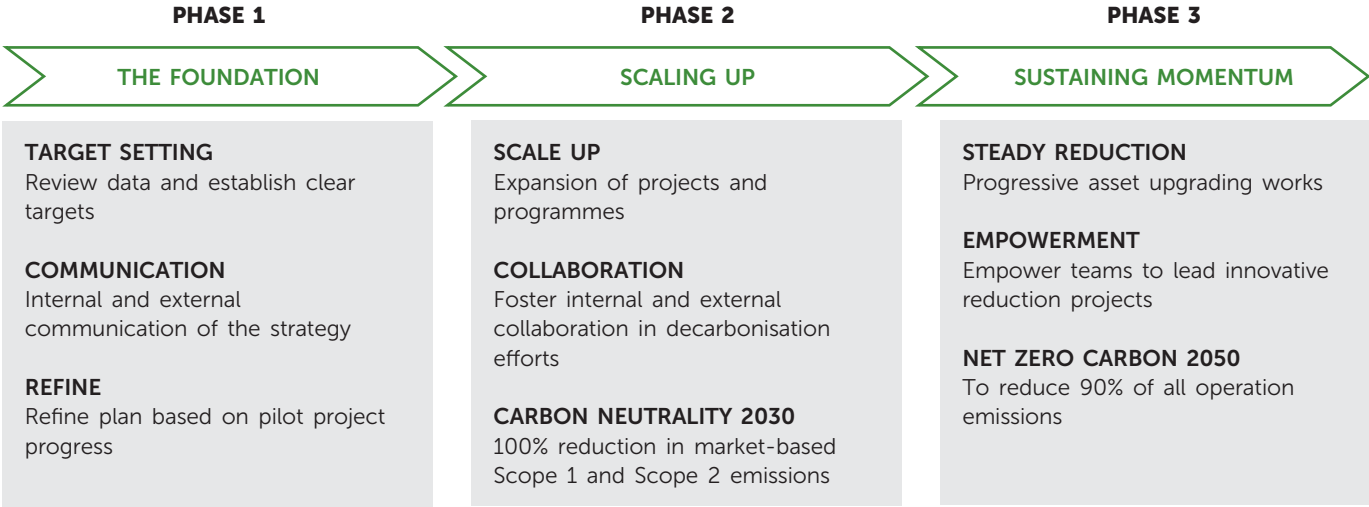
Accelerating Sustainable Finance

As one of the largest retail banks in the region, the Public Bank Group is well-placed to support the transition to a low carbon economy. Driven by the target of achieving RM100 billion of sustainable financing by 2030, the Group offers various ESG and sustainability-related products to customers of different backgrounds and sizes. In this regard, innovation and tailoring loan and financing products are vital.

 For more information on the Group's sustainable financing products, progress and achievements, please refer to **Sustainable Finance** on page 187.

Managing Operational Emissions | Scope 1 and Scope 2

The Public Bank Group’s approach to decarbonising its operational emissions is structured into three phases, which ensures steady and consistent progress. Each phase builds upon the previous one to progressively achieve emissions reduction while empowering long-term change.

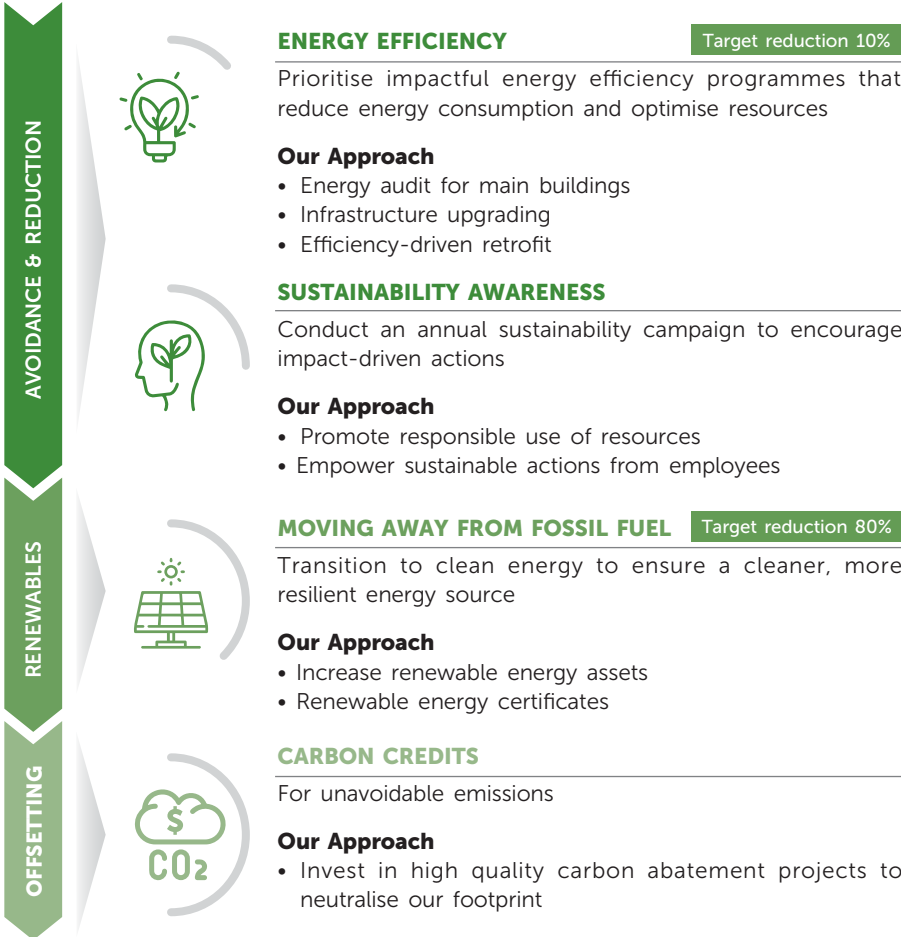


Strategic Enablers to Carbon Neutral 2030

The Public Bank Group’s decarbonisation approach for operational emissions follows the principles of the energy hierarchy, prioritising energy demand reduction to minimise environmental impact. The Group will enhance energy efficiency and reduce wastage to promote sustainable energy use across all business operations.

Alongside this, the Public Bank Group will deploy renewable energy, specifically solar energy, while phasing out reliance on fossil fuels and advance the transition to cleaner energy. The Group will address unavoidable emissions by leveraging high-quality carbon offset mechanisms.

The Public Bank Group aims to achieve reduction of at least 90% of Scope 1 and Scope 2 emissions by 2030. Apart from maintaining the state of carbon neutrality, the Group will continue to advance towards the Net Zero Carbon by 2050 goal by developing replicable and scalable actions to achieve emissions reductions and reduce dependency on market-based emissions reduction strategies.



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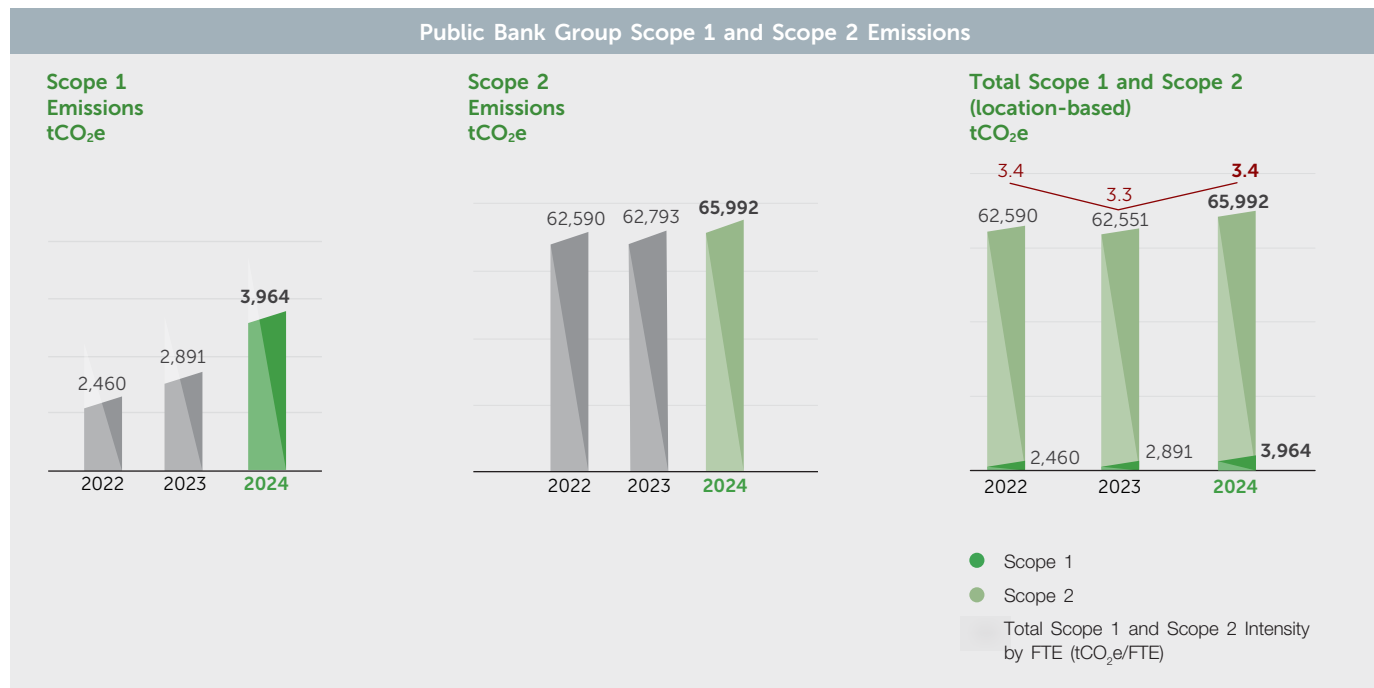
Public Bank Group Scope 1 and Scope 2 Emissions 2024

The Public Bank Group has, in 2024, implemented a series of targeted initiatives aligned with its strategic enablers.

Following an energy audit conducted in 2023, the Public Bank Group has replicated the initiative across other main buildings in Malaysia to identify areas of priority for energy efficiency improvements. The Group has also set in motion the installation of solar panels across 135 branches in Malaysia. This initiative will take place over the next three years, building up the renewable energy generation capacity towards 2030.

In 2024, for the first time, all the main buildings in Malaysia achieved zero Scope 2 emissions (market-based). This was accomplished by matching the main building grid-electricity usage with the redemption of local Renewable Energy Certificates ("RECs"). The purchase directly contributes to the development of additional renewable energy capacity in the country. Building on this progress, the Public Bank Group has set a target to reduce fossil-based energy use in its main office buildings in Malaysia by 3% in 2025.

This significant progress reflects the Public Bank Group's dedication to driving impactful change for a sustainable future.



Note: Scope 2 emissions were restated due to the changes in grid emission factors.

Managing Operational Emissions | Scope 3 Value Chain

The Public Bank Group continues to disclose its Scope 3 emissions – Categories 6 (Business Travel) and 7 (Employee Commuting). In line with its Net Zero Carbon 2050 target, an assessment was conducted to identify relevant and material categories to facilitate the development of the Decarbonisation Plan for its value chain. Through the assessment, two additional categories have been identified as relevant and reportable – Category 1 (Purchase of goods and services) and Category 13 (Downstream leased assets).


Scope 3 Category	2022	2023	2024
C1: Purchased Goods and Services	69	1,098	1,615
C6: Business Travel	1,407	1,693	1,939
C7: Employee Commuting	24,829	21,467	25,872
C13: Downstream Leased Assets	NA	NA	585
Total	26,305	24,257	30,011

Notes:

1. Scope 3 Category 13 emissions only cover Malaysia.
2. Emission factors used for Categories 1 and 7 are from the Department for Environment Food and Rural Affairs (“Defra”) and corresponding available data from manufacturers. Emission factors for Category 6 are from Defra and International Air Transport Association (“IATA”).
3. Employee commuting is extrapolated from the Group-wide survey, of which 70% of the Group’s employees responded.
4. NA: Not Available.

The Public Bank Group’s suppliers are key enablers in decarbonising the value chain. Achieving Net Zero Carbon 2050 across the Group’s value chain relies on the suppliers’ ability to decarbonise. To support this, the Group has begun engaging its suppliers by requiring them to acknowledge the Group’s Vendor Code of Conduct. This is a key step in fostering stronger collaboration, enabling a deeper understanding of their capabilities and sustainability progress over the medium-term to long-term.


In the coming year, the Public Bank Group will evaluate and assess its supply chain to better understand its broader impact, identify areas for improvement, and manage potential risks. Additionally, the Group is also working towards enhancing data capture, which is critical for quantifying carbon emissions and identifying areas for improvement across both upstream and downstream emissions. Another key measure to decarbonising is reviewing and managing how the Group procures and uses resources responsibly. To this end, internal targets and KPIs have been set to drive reductions in paper and water usage.

 For more information on the Public Bank Group’s supply chain practices and initiatives, please refer to **Sustainable Supply Chain** on page 193.

Moving Forward

The Net Zero Carbon 2050 target is an ambitious target for the Public Bank Group. The Group will closely govern and monitor delivery, progress, and consistent implementation to achieve the target. This entails annual monitoring and assessment of progress against targets and key metrics identified.

To ensure reliability, the Public Bank Group had, in 2023, obtained its first external assurance on Scope 1 and Scope 2 emissions. This year, the Group continued to obtain assurance on Scope 1 and Scope 2 emissions for 2024. Please refer to **Limited Assurance Report** for 2024 on page 269.

 For more information on the Public Bank Group’s data on carbon emissions, please refer to **Sustainability Performance Data 2024** on Public Bank’s corporate website.