

Insight by **Managing Director & Chief Executive Officer, and Chairman** of the Sustainability Management Committee

"Dear Valued Stakeholders,

The Public Bank Group's commitment to sustainability is anchored in our philosophy of creating long-term value for all stakeholders – our customers, shareholders, employees, and the communities we serve.

We believe that responsible banking goes beyond financial performance; it is about fostering positive social impact, supporting the region's transition to a low carbon economy, and safeguarding the environment for future generations.

As the sustainability landscape continues to evolve – with growing emphasis on climate action, inclusion, and responsible growth – the Public Bank Group remains steadfast in strengthening its sustainability governance, advancing sustainable finance, and integrating ESG considerations across all operations.

Guided by clear targets, underpinned by a strategic sustainability framework, we are progressing towards our ambition of achieving Carbon Neutral position (Scope 1 and Scope 2) by 2030, and Net Zero Carbon by 2050."



TAN SRI DATO' SRI (DR) TAY AH LEK

Managing Director & Chief Executive Officer, and
Chairman of the Sustainability Management Committee



What progress has the Public Bank Group made in advancing its sustainability agenda, and what milestones stand out?

The Public Bank Group has made steady progress in embedding sustainability across its business, operations, and culture. The Group continues to strengthen its governance and oversight mechanisms to ensure that sustainability remains a shared responsibility at every level of the organisation.

To support the Public Bank Group's objective of reducing its operational carbon footprint, the Group has commenced the installation of solar photovoltaic systems across its domestic bank branches. To date, more than 40% of Public Bank-owned branches in Malaysia have been equipped with solar panels, delivering a combined installed capacity of 2,766 kWp. This initiative will be progressively expanded, with total planned capacity at Malaysian branches expected to reach 7,110 kWp by 2027.

We are on track towards exceeding our sustainable finance target. The Public Bank Group has achieved over 77% of its target to mobilise RM100 billion in sustainable finance by 2030. The Group has expanded its sectoral decarbonisation targets to include the real estate sector, in addition to the targets established in 2024 for the cement, construction, and palm oil sectors. This expansion reflects the Group's strategic approach to managing climate-related risks and opportunities. It ensures that lending decisions are increasingly aligned with measurable, impactful emission-reduction pathways across its most material sectors.

One of the year's highlights was the inaugural Public Bank Sustainability Week 2025. Conducted in collaboration with local non-governmental organisations ("NGOs"), the programme featured talks, exhibitions, and hands-on activities that encouraged employees to reduce waste and adopt more responsible consumption habits. These sessions offered valuable insights that will advance the Public Bank Group's ongoing sustainability goals.

On the social front, the Public Bank Group's employees remained actively engaged in community initiatives, contributing 56,314 volunteer hours and exceeding our 2025 target of 50,000 hours from 2024. With about RM9.6 million spent on the community since 2023, the Group remains committed to supporting the community it serves.



The global and regional sustainability landscape is evolving rapidly. How is the Public Bank Group adapting to these changes?

Indeed, the pace of change has accelerated. With Malaysia assuming the ASEAN ("Association of Southeast Asian Nations") Chairmanship in 2025 under the theme of *'Inclusivity and Sustainability'*, the focus on a just and equitable transition has never been stronger.

Across the region, evolving policies such as the EU Carbon Border Adjustment Mechanism ("CBAM"), EU Deforestation Regulations ("EUDR"), No Deforestation, No Peat, No Exploitation ("NDPE") commitments, and the expansion of carbon exchanges are reshaping global trade and investment. These developments signal an era where sustainability performance increasingly drives competitiveness and resilience.

The Public Bank Group recognises that this changing landscape presents both challenges and opportunities. In response, the Group is strengthening internal capacity to better manage climate risks in financing, including through targeted training and capability-building programmes that equip customer-facing officers with the tools to apply Bank Negara Malaysia ("BNM")'s Climate Change and Principle-based Taxonomy ("CCPT") and Due Diligence Questionnaire ("DDQ") when assessing clients' climate-related risks and transition readiness, while facilitating meaningful engagement with customers on their sustainability journey.

In parallel with Malaysia's National Sustainability Reporting Framework ("NSRF")'s timeline, the Public Bank Group's climate-related disclosures are guided by the International Sustainability Standards Board ("ISSB") S2 Standards. The Group is developing methodologies to quantify and disclose the financial effects of material sustainability-related risks and opportunities in line with the IFRS S1. These disclosures will be introduced in future reporting periods as the methodologies and underlying data continue to mature.

Recognising biodiversity loss as an emerging systemic risk, the Public Bank Group has begun assessing biodiversity-related risks and dependencies within our portfolio, under the Taskforce on Nature-related Financial Disclosures ("TNFD") framework. This early assessment enhances the Group's understanding of customers' exposure to nature-related risks, particularly in sectors reliant on or that impact natural capital. It lays the foundation for integrating nature-related considerations into the Group's future risk management and disclosure.

The Public Bank Group also continues to play an active role as a member of BNM's Joint Committee on Climate Change ("JC3") and as a signatory to the Partnership for Carbon Accounting Financials ("PCAF"). These collaborations reinforce the Group's commitment to advancing climate resilience and promoting greater transparency within the financial sector.

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Could you share how the Public Bank Group is expanding its sustainable finance initiatives?

Sustainable finance remains a core pillar of the Public Bank Group's strategy. The Group's sustainable finance strategy is anchored in our overarching commitment to mobilise RM100 billion in sustainable finance by 2030.

The Public Bank Group's sustainable finance commitment remains guided by the Sustainable Finance Framework ("SFF"), which outlines our strategic approach to sustainable financing. The SFF is complemented by our Sustainable Products and Services Guideline ("SPSG"), listing more than 80 environmental and socioeconomic activities eligible for financing.

All sustainable financing by the Public Bank Group continues to be subject to rigorous evaluation under the ESG Risk Acceptance Criteria ("ESG RAC") and BNM CCPT risk assessment, ensuring that financing remains aligned with environmental objectives and supports credible transition pathways.

The Public Bank Group recognises significant opportunities in supporting small and medium enterprises ("SMEs") – the backbone of Malaysia's economy – on their sustainability journey. Many SMEs are at the early stages of adopting sustainable practices, and the Group aims to bridge the gap between awareness and implementation by providing tailored financing solutions.

Since 2023, the Public Bank Group has been supporting SMEs' sustainability transitions through dedicated sustainability seminars. This year, the Group organised a sustainability seminar for SME manufacturers, which drew over 180 delegates from across the sector. The session not only raises awareness on sustainable manufacturing, green certification and sustainable financing opportunities, but also strengthens the Group's engagement with customers, helping us better understand their sustainability priorities and financing needs.

Building on these efforts, the Public Bank Group began rolling out various campaigns in 2025 to encourage the transition to low carbon and energy-efficient operations, such as 'PB WISE Ecobiz', 'PB WISE EV', 'PIBB WISE Ecobiz' and 'PIBB WISE EV'. Leveraging BNM's Fund for SMEs, the Group's Low Carbon Transition Facility has mobilised over RM63 million since 2020, supporting SMEs in adopting sustainable practices and enhancing business resilience.



The Public Bank Group has developed a Decarbonisation Plan. Could you share more about its progress?

On the operational front (Scope 1 and 2), the Public Bank Group continued to implement energy and resource-efficiency measures across its branches and offices. Aside from solar panel installations, efforts include replacing aged air-conditioning systems with more energy-efficient models in our domestic branches, and retrofitting elevators and chillers in our main buildings to reduce electricity consumption. Collectively, these initiatives have resulted in a reduction of 4.1% in Scope 1 and Scope 2 emissions, since 2024.

In addressing Scope 3 emissions, the Public Bank Group continued to engage closely with its vendors and business partners through the Group's Vendor Code of Conduct to ensure alignment on environmental and social standards across its value chain.

At the same time, the Public Bank Group recognises that financed emissions account for the largest share of its overall carbon footprint and, therefore, are the most critical to address. To this end, the Group had in 2024 developed sectoral decarbonisation targets that guide its engagement with customers from high-emitting sectors. This year, the scope was expanded to include the real estate sector. Given that the building sector accounts for 49% of electricity use and 12% of final energy demand in Malaysia, it has a substantial impact on the country's emissions footprint.

Setting clear targets for these sectors enables the Public Bank Group to measure and manage portfolio emissions more effectively, identify clients that are ready to transition, and channel financing to low carbon and energy-efficient projects. Beyond risk mitigation, the Group sees new opportunities to support green building development, energy retrofits, and renewable integration—areas where sustainable finance can deliver tangible environmental and economic value.

Looking ahead, the Public Bank Group will continue to strengthen collaboration with its clients to advance their decarbonisation journeys, aligning financing decisions with Malaysia's broader transition goals and the Group's long-term ambition to achieve Net Zero Carbon by 2050.



How is the Public Bank Group embedding sustainability within its own workforce?

Sustainability begins with the Public Bank Group's own actions. Beyond greening our operations, the Group recognises that meaningful progress depends on fostering a shift in culture and mindset among employees.

To build awareness and encourage everyday sustainable habits, the Public Bank Group hosted its first Public Bank Sustainability Week 2025, focusing on waste education and recycling. Complementing this is the Public Bank Group's 'A.C.T. for Change Sustainability Campaign' ("the Campaign"). This two-pronged initiative rewarded branches nationwide for robust reporting of environmental data and active implementation of energy-saving initiatives. Guided by the principle that "we cannot change what we cannot measure," the Campaign encouraged branches to strengthen data accuracy and ownership in tracking energy use. Through these efforts, the Group recorded a 6.3% reduction in total energy usage from 2024.

The Knowledge & Learning team also introduced the 'PB Dash Campaign', a gamified learning initiative that used team challenges to inspire employees to take tangible sustainability actions and support the Public Bank Group's business and sustainability goals.

At the same time, the Public Bank Group continued building sustainability competencies across all levels of the organisation – from the Board and Senior Management to frontline employees. In 2025, employees achieved an average of 2.9 sustainability-related learning hours, surpassing the Group's target of 2.0 hours per year. The Group also invested over RM64 million in capacity-building programmes during the year, underscoring its commitment to developing a capable, dynamic and future-ready workforce.

Together, these efforts demonstrate the Public Bank Group's commitment to "walking the talk" – embedding sustainability not only in our business operations but also in the way our people think and act.



Looking ahead, how does the Public Bank Group see its role evolving in advancing Malaysia's and the region's sustainability progress?

The Public Bank Group aims to play an increasingly proactive role in shaping and supporting Malaysia and the region's collective progress. The Group will continue to expand its sustainable finance offerings, explore innovative green financial products, and strengthen collaboration with regulators, industry bodies, and relevant stakeholders to accelerate the transition to a low-carbon economy.

Malaysia's leadership as ASEAN Chair in 2025 has provided an important platform to advance regional cooperation in green finance, low carbon development, and social inclusion. The Public Bank Group intends to contribute meaningfully to this agenda – by serving as a trusted financial partner that empowers customers and communities to grow and thrive in a sustainable, inclusive future.