



 **AmMetLife** Takaful

ClimateReport

For Financial Year
2025



Contents

1. Introduction

1.1 AmMetLife Takaful Berhad View on Sustainability	2
1.2 AMT's Role in Climate Change and Commitment to Task Force on Climate-related Financial Disclosures (TCFD)	2

2. Governance

2.1 Overview of Governance for Climate-related Risks and Opportunities	3
2.2 Board-level Governance	5
2.3 Independent Advisory Governance	6
2.4 Management-level Governance	6
2.5 Integration of Sustainability and Climate-related Risks and Opportunities	7

3. Strategy

3.1 AMT's Climate Considerations	8
3.2 AMT's Climate Resilience and Scenario Analysis	9
3.3 Climate Risks & Opportunities	11
3.4 AMT's Climate Strategies	12

4. Risk Management

4.1 Climate Risk Management Overview	13
4.2 AMT's Three Lines of Defence	14
4.3 Climate Risk Identification and Assessment	14
4.4 Risk Monitoring/Management	15

5. Metrics and Targets

5.1 Carbon Emissions	16
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6. Conclusion

7. Glossary of Abbreviations	18
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1. Introduction

1.1 AmMetLife Takaful Berhad View on Sustainability

At AmMetLife Takaful Berhad (AMT, the Company, we, our, and us), we recognise that sustainability presents both challenges and opportunities for our business. As a family Takaful provider, we understand that environmental and social responsibility are integral to our long-term resilience and success. We are taking steps to embed sustainability considerations into our strategy, operations, and stakeholder engagement efforts.

Our report covers the period between April 2024 to March 2025 (FY2025). This report demonstrates our effort in integrating climate considerations into facets of our operations.

We recognise the importance of climate change and are actively adapting our strategies to address the growing impact of the changing environment on our business. AMT's Sustainability Framework reflects a strategic and

structured approach in identifying, managing, and monitoring key sustainability challenges.

AMT recognises that climate change presents potential challenges to our business, including the possibility of more frequent and severe weather events, as well as evolving regulatory, market, and technological conditions. We are taking steps to better understand and respond to these changes, with the aim of supporting a responsible transition to a low-carbon economy. Through these efforts, we seek to manage our environmental impact while exploring opportunities to contribute to a more sustainable future.

1.2 AMT's Role in Climate Change and Commitment to Task Force on Climate-related Financial Disclosures (TCFD)

AMT takes a holistic approach to addressing climate change by embedding sustainability principles across all areas of our business. We aim to create value for our stakeholders and support our communities by minimising our environmental footprint and advancing climate action. This includes efforts to reduce greenhouse gas (GHG) emissions, improve energy efficiency, reduce waste, and integrate sustainable and responsible practices into our Takaful and Shariah compliant investment activities.

Our approach is anchored in the Task Force on Climate-related Financial Disclosures (TCFD) framework, which provides a transparent and structured method for managing climate risks. Our commitment to climate risk management and responsible financial practices is further reinforced by the core principles of Takaful, which emphasize mutual support and Shariah-compliant risk sharing—enabling us to deliver solutions that are both financially resilient and environmentally responsible. We strive to align our climate disclosure practices with the recommendations of the TCFD to effectively assess, understand, and transparently communicate our

considerations of climate change in our business. As part of this effort, we are:

- Conducting climate scenario analysis to assess the potential impact of climate-related factors on the business strategies under a range of time horizons and plausible climate pathways
- Establishing appropriate climate metrics and targets that align with our business strategy and risk appetite
- Developing a performance monitoring mechanism to measure the progress towards our climate aspirations
- Disclosing our greenhouse gas (GHG) emissions, along with the associated metrics and methodologies

To operationalise our sustainability strategy, we have established a sustainability framework which outlines our strategic focus areas and sustainability statement. The Company's Board of Directors (Board) and senior management team provide oversight of climate-related risk to safeguard the resilience of climate strategy.

2. Governance

2.1 Overview of Governance for Climate-related Risks and Opportunities

AMT has put in place a strong governance system aimed at promoting clear oversight and accountability.

The **Board** holds ultimate responsibility for overseeing AMT's sustainability matters, including climate-related risks and opportunities. Through active engagement and strategic direction, the Board maintains a clear understanding of the evolving climate landscape and its impact on AMT's operations, guiding the organisation toward resilient and sustainable growth.

The **Shariah Committee** plays a key role in guiding and overseeing the sustainable management of Takaful operations. It supports the alignment of all activities with the Shariah governance framework, thereby promoting ethical and Shariah-compliant practices. The Committee also works to align operations with **Bank Negara Malaysia's Value-Based Intermediation for Takaful** principles, which emphasise delivering positive and meaningful impact to society, the environment, and the economy through responsible financial solutions.

The **Risk Management Committee of Directors (RMCD)** supports the Board by reviewing and recommending overarching sustainability and risk strategies for approval.

To further strengthen governance, AMT has established a **Sustainability Committee (SusCom)**, chaired by the Chief Executive Officer, to oversee all sustainability-related matters, including climate change. SusCom comprises senior representatives across functions and serves as a platform for discussing, monitoring, and driving AMT's sustainability agenda.

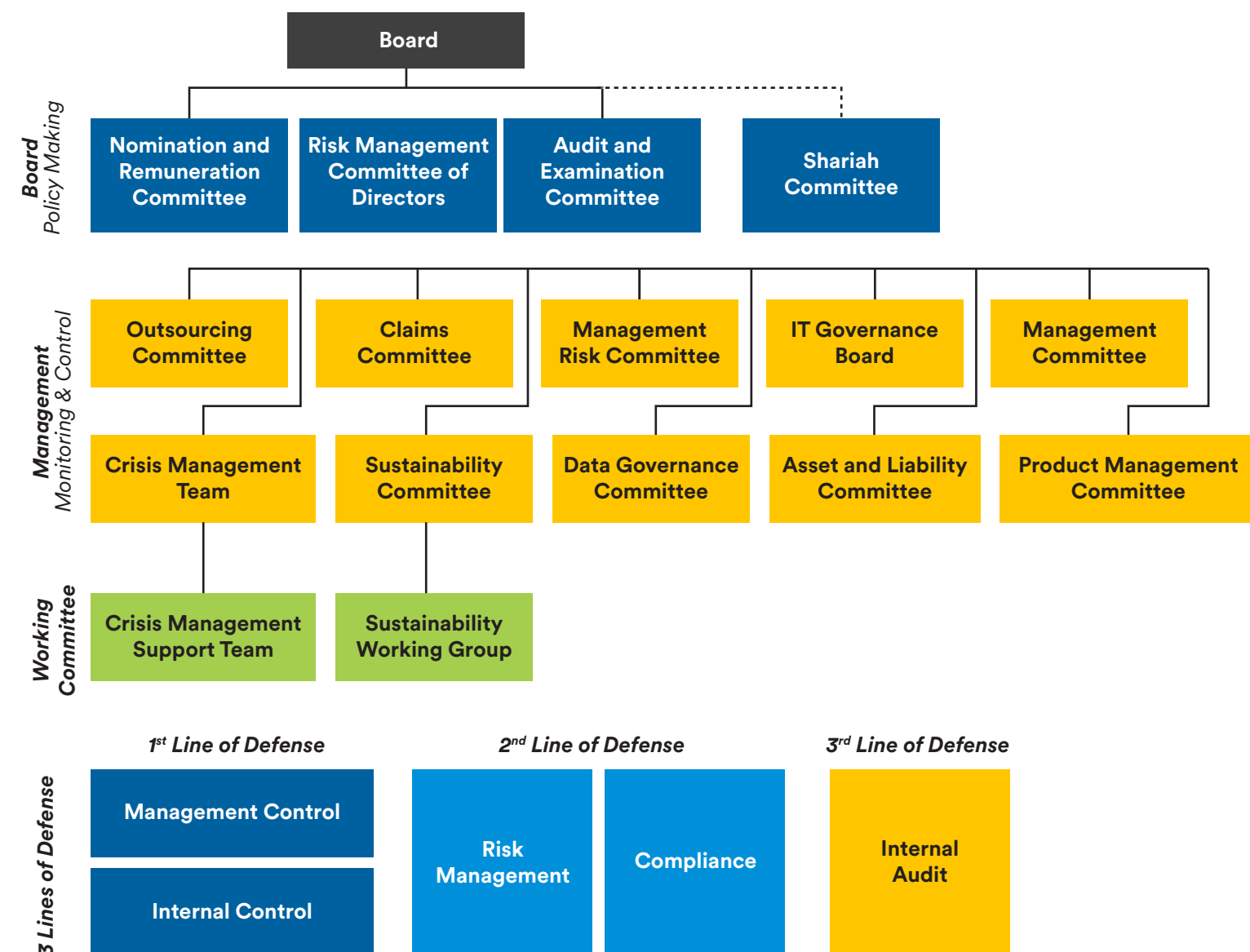


Figure 1: AMT's Sustainability Governance Structure

2.2 Board-level Governance

2.2.1 Board Oversight of Climate-related Risks and Opportunities

The Board holds oversight responsibility for promoting AMT's sustainable growth by integrating relevant sustainability considerations into its strategic decision-making.

The Board's responsibilities include, to:

- Oversee the design and implementation of our governance and reporting framework, including internal controls and management information systems
- Maintain ongoing compliance with applicable laws, regulations, directives, rules, and guidelines
- Periodically review the appropriateness of governance structures and systems in response to material changes in the nature, scale, and complexity of our business and organisational structure
- Identify, approve, and monitor policies related to the management of all risk categories, including but not limited to credit, financial, market, liquidity, operational, legal, and reputational risks
- Integrate sustainability considerations into our business strategies and decision-making processes
- Provide strategic oversight designed to ensure transparency, accountability, and resilience, particularly in relation to climate-related risks and opportunities
- Review and assess sustainability capacity development in AMT
- Promote the adoption of local and global sustainability requirements, guidance, recommendations and principles
- Actively discuss and remain up-to-date on climate-related developments, including developing a clear understanding of the distinctive elements and transmission channels of climate-related risks

2.2.2 Risk Management Committee of Directors

The RMCD plays a critical role in supporting the Board by overseeing the development and execution of AMT's sustainability and risk strategies.

The RMCD's responsibilities include, to:

- Oversee governance and management of sustainability and risk strategy
- Promote a culture of effective risk management that is embedded across all areas of AMT's operations
- Review and recommend risk management strategies, policies, frameworks, methodologies, and risk tolerance standards, including any proposed changes for Board approval
- Evaluate the overall effectiveness of our risk management and internal control infrastructure
- Assess the adequacy and effectiveness of regulatory compliance activities

2.2.3 Board Skills and Competencies

The Board has actively participated in various capacity-building initiatives to enhance its climate governance capabilities. These include training sessions on Climate Risk Management, Sustainable Finance, Regulatory Compliance, and Sustainability Practices, specifically designed for Directors and Senior Management to deepen their understanding of sustainability and climate-related matters.

2.2.4 Frequency of Board Engagement

The SusCom provides the RMCD and the Board with updates on sustainability-related topics (including climate-related matters) on a bi-monthly basis, ensuring regular oversight and alignment with AMT's sustainability objectives

2.3 Independent Advisory Governance

2.3.1 Shariah Committee

The Shariah Committee plays an oversight role that aims to ensure that our business operations and activities comply with Shariah principles and any rulings issued by the Shariah Advisory Council (SAC) of Bank Negara Malaysia (BNM). The responsibilities include, to:

- Approve policies related to governance structure, reporting arrangements, and Shariah non-compliance risk management.
- Oversee the implementation of rulings from BNM's SAC and our Shariah Committee across all business and functional areas.
- Ensure internal controls are in place to prevent and rectify Shariah non-compliance.
- Monitor the performance of Senior Management in implementing the Shariah governance framework.
- Promote a corporate culture that upholds Shariah principles in product development, strategy, operations, and risk management.

The Nomination and Remuneration Committee (NRC) is responsible for overseeing the overall composition of the Board, ensuring it reflects the appropriate size, skills, experience, and qualifications. The NRC also ensures a balanced representation of Executive, Non-Executive, and Independent Directors. Additionally, the NRC sets minimum requirements for Board members, Shariah Committee members, and Key Management Personnel, with all criteria subject to approval by the full Board.

2.4 Management-level Governance

2.4.1 Sustainability Committee (SusCom)

SusCom serves as a key governance platform for senior management to collectively deliberate, monitor, and drive the implementation of the Company's sustainability agenda across all business functions. The Committee also reviews relevant reports prepared by AMT, as needed, for inclusion in disclosure documents. The Committee's responsibilities include, to:

- Develop the overall sustainability and risk strategy for AMT.
- Develop and execute the sustainability and risk plan for AMT.
- Drive sustainability strategies and initiatives as part of the overall business strategies.
- Conduct regular review of sustainability strategies, plans and initiatives at AMT.
- Establish risk and sustainability communication, experience sharing, as well as sustainability reporting.

- Implement sustainability policies and procedures.
- Ensure development of organisation capacity to manage sustainability risks and opportunities.
- Provide regular and timely updates to the Board with material information on sustainability and climate-related risks and opportunities.
- Define the roles and responsibilities of key business and risk functions in supporting sustainability and climate-related strategies.
- Ensure roles, responsibilities and accountabilities in managing sustainability and climate-related risks are clearly allocated across three lines of defence.
- Review the effectiveness of AMT's organisational structure in supporting strategies to build climate resilience and manage climate-related risks and opportunities.

2.4.2 Sustainability Working Group (SWG)

- The Company’s SWG provides support on sustainability practices at the departmental level by:
- Evaluating and coordinating the implementation of sustainability action plans across functions to ensure alignment
 - Appointing sustainability coordinators to facilitate communication, experience sharing, and sustainability reporting

2.4.3 Frequency of Committee Meetings

SusCom meets at least once every quarter or more frequently if deemed necessary by the Chairman or, in their absence, the Alternate Chairman, to explore key issues and share updates with the Board.

2.5 Integration of Sustainability and Climate-related Risks and Opportunities

AMT’s policies and procedures are regularly reviewed and enhanced to manage climate-related risks and opportunities in order to adapt to regulatory developments and evolving industry best practices. A dedicated Climate Disclosure Policy has been introduced to enhance transparency and accountability in line with global reporting standards.

We are taking a comprehensive approach to strengthening our climate risk management capabilities. This includes incorporating climate risk in the Company’s risk appetite statement, developing Key Risk Indicators (KRIs), and updating climate-related policies. We have completed climate scenario analysis to further understand potential climate risks and opportunities. The Company will continue to develop its approach for identifying, assessing, and managing climate risks, ensuring

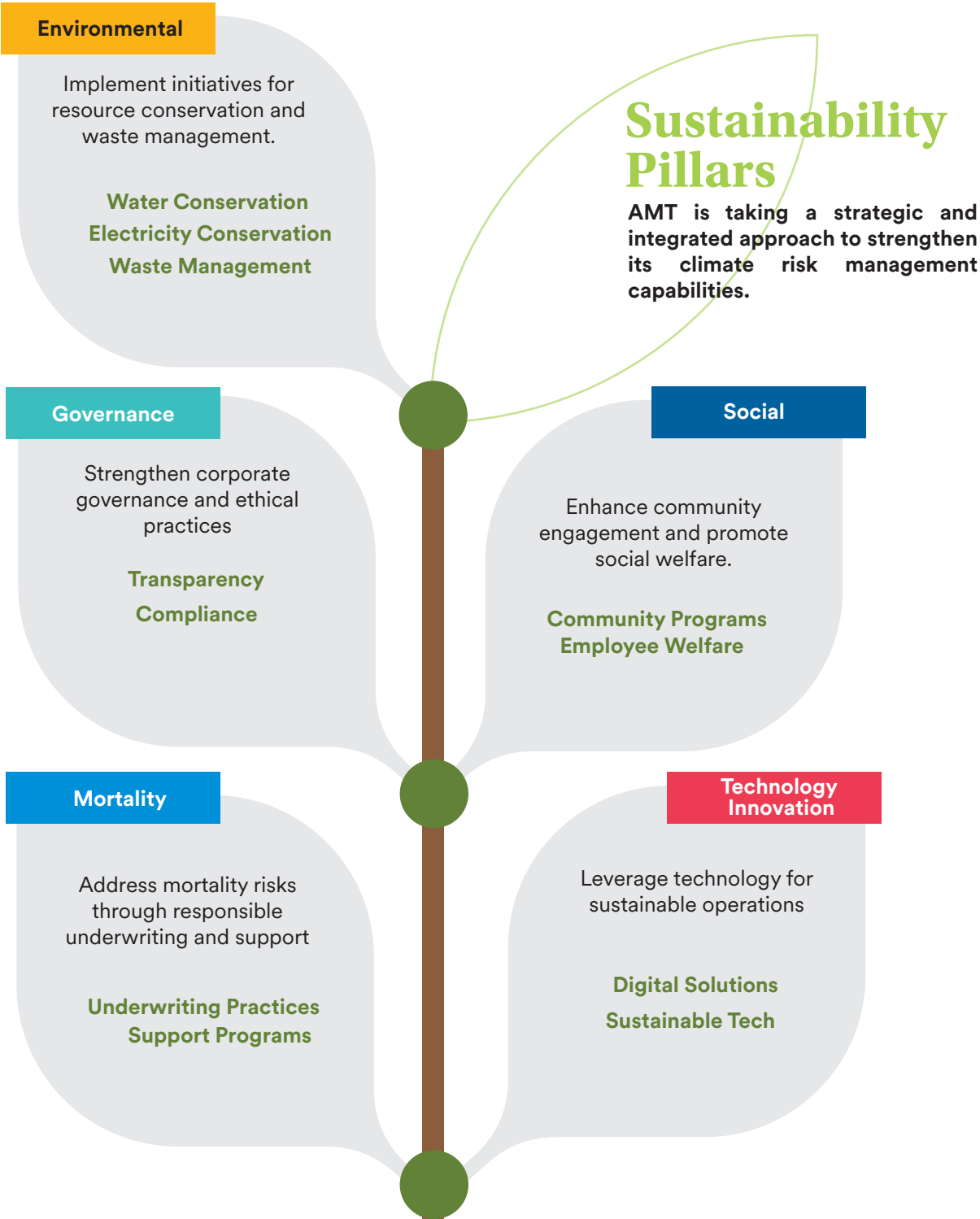
alignment with our existing risk management framework. Sustainability initiatives are integrated into AMT’s strategic planning, along with establishment of defined Key Performance Indicators (KPIs) in the annual goal-setting process. The key initiatives are diligently tracked, with updates and reporting to the management committees and the Board.

3.Strategy

3.1 AMT’s Climate Considerations

We recognise that climate risks could impact AMT’s operations, financial results, and reputation. To manage these risks and leverage emerging opportunities, we are strengthening our organisational resiliency, exploring opportunities for sustainable growth, and aligning business strategies with climate goals to support long-term success and value creation.

The table below outlines the five strategic pillars, each with key focus areas designed to support the effective management of climate-related risks.



3.2 Board-level Governance

In 2025, we conducted our first Climate Scenario Analysis aligned with BNM’s Climate Risk Management and Scenario Analysis (CRMSA) Policy Document. The scenarios considered made reference to the Network for Greening the Financial System (NGFS) Phase III integrated assessment model outputs, published in September 2022. Three NGFS scenarios were selected for the analysis:

Orderly: Net Zero (NZ) 2050

This climate scenario rests on strong climate policies and significant green technology breakthroughs to rapidly reduce GHG emissions, limiting global warming to 1.5°C. It reflects a key feature of an early and orderly transition to a low carbon world. To achieve this goal, stringent climate policies are applied immediately across all sectors of the economy, while significant innovation and technology breakthrough will have to take place. This includes major strides in the carbon dioxide removal (CDR) technology and a sharp shift toward renewable energy production, resulting in high transition risks.

Disorderly: Divergent Net Zero 2050

This scenario differs from the NZ 2050 scenario in several aspects. Here, global climate policies are much more stringent in selected economic sectors, reflecting a quicker phase-out of fossil fuels and the impact thereof. The distributional impacts from climate policies are uneven with some sectors being affected even more relative to the rest, suggesting varied focus of climate policies being introduced at different points in time. This could result from the imposition of differentiated carbon taxes or carbon prices across certain economic sectors. Moreover, technology advancements in CDR and renewable energy are lower relative to NZ 2050 reflecting inherent limitations of adequate financial funding and constraints within existing economic structure. The combination of these factors is expected to result in medium to higher transition risks, relative to the NZ 2050 scenario, while the impact from physical risks on the economy will be lower than the Nationally Determined Contributions (NDCs) scenario.

Hot House World: Nationally Determined Contributions (NDC)

The NDCs scenario assumes both implemented and pledged policy measures are fully implemented but remains inadequate to facilitate an orderly transition. While emissions decline, the limited policy actions taken are insufficient and will lead to an approximately 2.5°C increase in temperatures, and a materialisation of moderate to severe physical risks. Compared to the other two scenarios, impact from transition risks is expected to be lower for this scenario.

Strategy

Risk Management

Metrics and Target

Conclusion

Glossary of Abbreviations

NGFS Scenarios

Orderly: Net Zero 2050	Disorderly: Divergent Net Zero 2050	Hot House World: Nationally Determined Contributions
Orderly scenarios assume climate policies are introduced early and become gradually more stringent. Both physical and transition risks are relatively subdued.	Disorderly scenarios explore higher transition risks due to policies being delayed or divergent across countries and sectors. For example, carbon prices are typically higher for a given temperature outcome	Hot house world scenarios assume that some climate policies are implemented in some jurisdictions, but globally efforts are insufficient to halt significant global warming. The scenarios result in severe physical risks, including irreversible impacts like sea-level rise.

Figure 2: Network for Greening the Financial System (NGFS) Scenarios

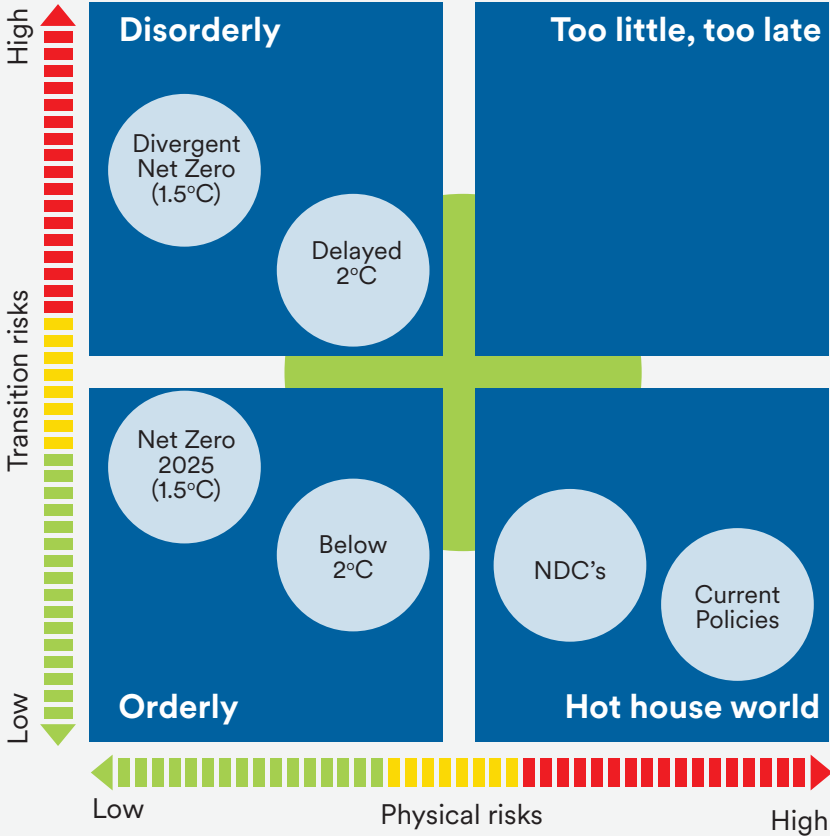


Figure 3: Network for Greening the Financial System (NGFS) Scenarios

The climate-related risks and opportunities identified were assessed over a long-term horizon (up to 2050) through the scenario analysis exercise to ensure better alignment with NGFS Phase III scenario timeframe.

3.3 Climate Risk & opportunities

The tables below provide a summary of the climate-related risks and opportunities identified by AMT:

Physical	Acute	Extreme weather events, such as severe flooding and haze, pose potential operational disruptions and may lead to increased claim payouts
	Chronic	Long-term climate change introduces operational and financial disruptions, including increased weather-related claims, pressure on Retakaful coverage, and broader challenges in adapting underwriting frameworks to manage evolving climate risks
Transition	Policy and Legal	Stricter climate-related regulations may increase compliance burden, influence strategic direction, and reduce the value of investments in carbon-intensive sectors due to rising operational costs and lower profitability driven by measures such as carbon pricing and green investment requirements.
	Technology	Risk of operational disruption and information leakage arising from unsuccessful adoption of advanced technologies, inability to keep pace with competitive innovation, or poor management of emerging cybersecurity threats particularly under climate transition pressures.
	Market	Changes in participant preferences and market demand towards sustainable products driven by the increasing societal awareness of climate change impacts.
	Reputation	Challenges in maintaining resilience amid evolving industry regulations and climate-related expectations from stakeholders and public demands, including upskilling internal capabilities for sustainable climate practices and transparent disclosures.
Liability	The risk that Takaful participants or operators may face claims for compensation from third parties who have suffered losses as a result of physical impacts (such as extreme weather events) or transition risks (such as regulatory or market changes) related to climate change.	

Figure 4: AMT’s categorisation of climate-related risks, aligned to TCFD and CRMSA guidance

Opportunities	Adoption of resource-efficient technology and improvement in the efficiency and effectiveness of internal controls can lead to a decrease in operational costs and an increase in market share by enhancing sustainability performance and operational competitiveness
	Adoption of renewable energy and investing in low carbon technology reduce utility cost and decrease carbon pricing exposure
	Developing family Takaful products that address climate risks such as protection plans linked to environmental metrics or investment-linked offerings supporting renewable energy can unlock new revenue streams, justify higher contributions, expand market reach, enhance competitiveness, and strengthen reputation, while aligning with ethical and sustainable principles
	Diversifying investments and participant portfolios can support stable growth and returns, attract new participants, and enhance overall risk mitigation
	Promoting a sustainable working environment, aligning operations with regulatory requirements, adopting carbon reduction measures, enhancing cybersecurity, providing sustainability-focused training, and integrating climate considerations into investment decisions can collectively improve operational efficiency, expand market reach, reduce emissions and associated costs, strengthen data protection, attract and retain talent, minimise exposure to climate-related investment risks, and enable access to subsidies and incentives

Figure 5: AMT’s climate-related opportunities and its impact.

While these opportunities align with AMT’s strategic direction and sustainability objectives, they are currently under review for feasibility and potential impact and have not yet been implemented.

3.4 AMT’s Climate Strategies

AMT’s sustainability strategy is designed to proactively manage risks and harness opportunities related to environmental and social factors. Key areas of emphasis include:

- **Proactive risk management:** Emphasising the identification and management of sustainability-related risks
- **Sustainability:** Integrating sustainability considerations into business operations and decision-making processes
- **Resilience building:** Strengthening the organisation's ability to adapt and respond to environmental and social challenges
- **Stakeholder collaboration:** Engaging with stakeholders to foster sustainable practices and address shared sustainability goals
- **Customer Protection and Fair Treatment:** Promoting fair pricing and accessibility of products, transparent disclosures and communications, complaint handling and dispute resolution, privacy and data protection

3.4.1 Investment Opportunities Management

AMT believes that certain industries and sectors of the economy pose risks that are contrary to our interests and mission. Therefore, AMT does not invest in businesses that derive any revenue from the production, sale, or distribution of non-Shariah compliant products and services, including entertainment, gaming, tobacco, alcohol, and non-halal food and food-based items.

4. Risk Management

4.1 Climate Risk Management Overview

AMT is in the business of mitigating risks and protecting families and their futures. We manage risks so that individuals and communities can realise their full potential.

As noted in the Strategy section, we recognise that climate risks could impact AMT's operations, investments, participants, and supply chain. Climate change may increase the frequency and severity of short-, medium- or long-term climate-related disasters, public health incidents, rising sea levels and pandemics, and their effects may increase over time. Changes in policy, regulation, technology or market behaviours in response to climate change may harm the value of investments we hold or harm our counterparties, including Retakaful Operators, or increase our compliance costs. Our regulators may also increasingly focus their examinations on our management of climate-related risks. We have established climate change emerging risk assessment tools and methodology to identify, assess, control, mitigate and monitor the emerging risks for climate change.

Climate-related risks are embedded within AMT's Enterprise Risk Management Framework (ERMF), which outlines the overarching principles, objectives, and methodologies for managing risks at the enterprise level. The ERMF facilitates structured risks identification, assessment, escalation, and reporting, ensuring alignment with both AmBank Group Risk and MetLife Regional Risk Management oversight functions.

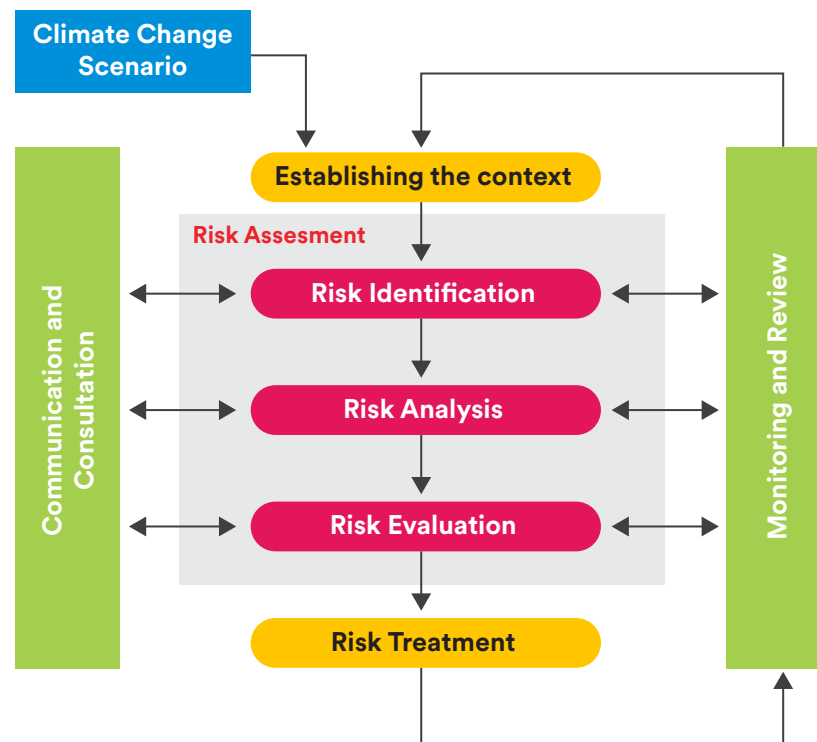


Figure 6: AMT's Climate Risk Management Cycle

The ERMF is anchored by the Board-approved Risk Appetite Statement, which shapes our risk/reward profile and informs related strategies, controls, and policies. It is supported by detailed processes maintained by the Risk Management team and aligns with regulatory requirements, including SAC rulings and internal risk standards.

4.2 AMT's Three Lines of Defence

Climate-related issues identified through the ERMF are subject to Board oversight to safeguard AMT's resilience against the adverse impacts of climate change. While fostering a risk-aware culture across all levels of the organisation, the primary responsibility for managing risks lies with our management. Each member shares the accountability for identifying and managing risks within their respective business functions.

The ERMF is underpinned by the Three Lines of Defence model, which clearly delineates roles and responsibilities across the organisation.

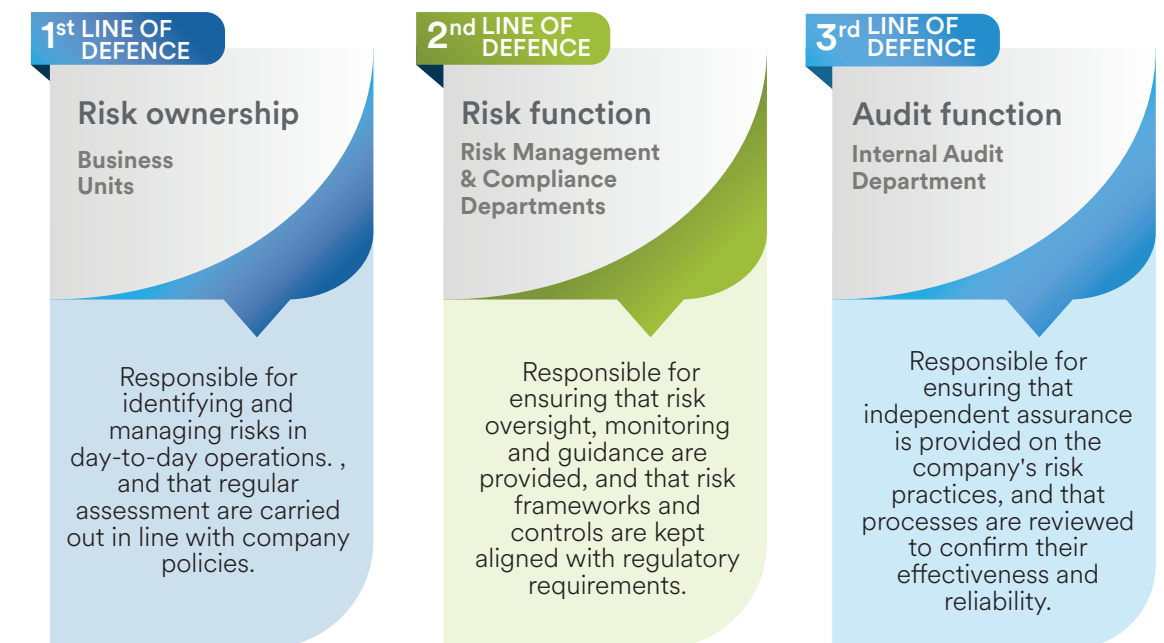


Figure 7: The Three Lines of Defence model

4.3 Climate Risk Identification and Assessment

In 2025, we conducted our first Climate Scenario Analysis aligned with BNM's CRMSA Policy Document. This proactive approach enables the identification and evaluation of climate-related risks— physical, transition and liability—across AMT's operations, financial results, and reputation.

- **Physical Risk** refers to the potential economic impact on the Takaful Fund and the participants due to increasing severity and frequency of climate-related weather events (i.e. acute physical risks) and long-term gradual shifts of the climate, such as sea-level rise (i.e. chronic physical risks).
- **Transition Risk** refers to the potential economic impact on operations and investments resulting from the transition to a low carbon economy. Transition Risk encompasses market, reputation, technology, and policy/legal shifts.
- **Liabilities Risk** refers to potential legal and ethical risks arising from claims related to climate impacts, which may affect the Takaful operator or fund. Climate-related litigation can directly and indirectly impact the financial resilience of Takaful operators.

Insights from these assessments are embedded into AMT's strategic planning process to ensure that the identified risks are addressed through prioritised and targeted actions, thereby reinforcing our long-term resilience, strengthening adaptive capacity, and aligning with evolving regulatory requirements and sustainability commitments.

4.4 Risk Monitoring/Management

We have explored ways to embed climate risk management into our ERMF. Our key initiatives include establishment of:

- **Climate risk** in Risk Appetite Statement
- Climate risk-related **KRIs** for Risk Appetite Statement

To ensure continuous monitoring, management and their respective operational teams are expected to reassess climate risks whenever there are material changes in internal or external factors—such as shifts in strategy, operations, regulatory landscapes, or socio-political environments

5. Metrics and Target

5.1 Carbon Emissions

AMT aspires to achieve Net Zero GHG emissions by 2050. As we progress toward this ambition, we continue to enhance our strategies, foster collaboration with business partners, and implement sustainable initiatives that deliver measurable impact. We understand that reaching Net Zero requires both adaptability and innovation, and we are focused on setting interim targets, investing in effective solutions, and maintaining transparency throughout our journey.

Currently, we are measuring our Scope 1 and Scope 2 GHG emissions and preparing to establish reduction targets that will help lower our carbon footprint and advance our sustainability objectives. In parallel, AMT is building internal capabilities and strengthening data collection processes to support future disclosure of Scope 3 emissions, in alignment with the GHG Protocol standards.

Our Absolute Scope 1 and Scope 2 GHG Emissions for FY2023, FY2024 and FY2025 are listed in the table below.

	Baseline (FY2022)	FY2023	FY2024	FY2025
Absolute Scope 1 GHG Emissions ¹	10.12	11.09	10.12	10.21
Absolute Scope 2 GHG Emissions ²	112.81	128.07	141.15	142.10

¹ Absolute Scope 1 GHG emissions include direct emissions from fuel combustion by the Company’s vehicle.
² Absolute Scope 2 GHG emissions include indirect emissions from purchased electricity at Company facilities.

6. Conclusion

At AMT, we are accelerating our journey toward a low-carbon future with a focus on developing a transition roadmap aimed at achieving Net Zero by 2050. By proactively exploring opportunities to manage potential transition and physical risks associated with climate change, particularly over the coming decade, we aim to enhance our organisational resilience and long-term value creation.



7. Glossary of Abbreviations

Abbreviation	Full Terms
AMT	AmMetLife Takaful Berhad
BNM	Bank Negara Malaysia
CRMSA	Climate Risk Management and Scenario Analysis
ERMF	Enterprise Risk Management Framework
GHG	Greenhouse Gas
KRIs	Key Risk Indicators
NGFS	Network for Greening the Financial System
RMCD	Risk Management Committee of Directors
SusCom	Sustainability Committee
SWG	Sustainability Working Group
TCFD	Task Force on Climate-related Financial Disclosures
SAC	Shariah Advisory Council

