



Responsible Investing

*Towards a Net
Zero Future*

*Begins with
a Strong Tone
from the Top*



TUN ARIFIN ZAKARIA
GROUP CHAIRMAN

Joint Statement by Group Chairman and President & Group Chief Executive

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It is our great honour to be able to share this significant milestone in PNB's corporate journey today as we officially launch PNB's Sustainability Framework. It is an important development that crystalises our sustainability aspirations and commitments.

PNB has, since its inception, been an advocate of long-term sustainable value creation, largely a reflection of our mandate to enhance the wealth of Bumiputeras and all Malaysians.

However, with the impact of human activity on the planet becoming ever more apparent and businesses grappling with new risks and challenges as a result, our own approach to value creation must also be adjusted and adapted, lest we be left behind.

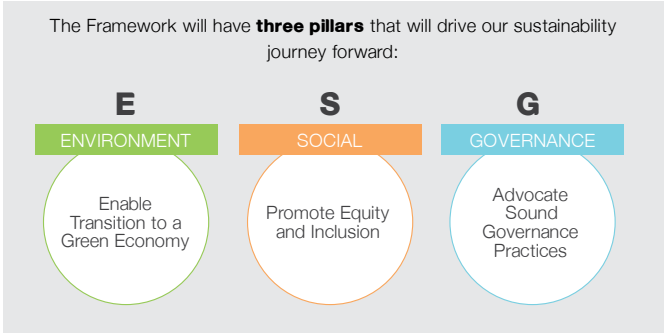
Our Sustainability Journey

From the time PNB was formed, we have put the interests of the Bumiputera community and Malaysians first, driven by our mandate to not only ensure that communities are able to sustain their livelihoods, but to also contribute to the sustainability of the nation's economy. This has been our approach all this while, by inviting Malaysians to invest in our funds which were then carefully put to good use to help Malaysian corporates grow. In this regard, it has also been crucial for our funds to be able to generate sustainable returns for our unit holders, which we have helped along in a number of ways.





AHMAD ZULQARNAIN ONN
PRESIDENT & GROUP CHIEF EXECUTIVE



These three pillars are further supported by 10 commitments that will see us pursuing a path of decarbonisation where we will prioritise achieving net zero emissions at the enterprise level, besides reducing our indirect emission contributions from our portfolio. We will also prioritise labour rights, while being more transparent about our voting policies as well as the rationale for our voting intentions at the annual general meetings of our investee companies.

Most importantly, we want to forge a partnership approach with all our investee companies as we seek to develop value creation plans to ensure sustainable operational and financial performance. We believe that our leadership in this matter is crucial, considering our position as one of the nation's largest fund management companies. Above all, we understand we will not be able to achieve all our aspirations immediately. We are reminded that sustainability, just like any other journey, is a learning process which we approach with a learning mindset that values progress over perfection.

In closing, we would like to share that in the context of sustainability, PNB will continue to be guided by a number of beliefs which includes:

- The integration of Environmental, Social and Governance (ESG) practices into our investing and operations will position us to identify opportunities and risks within an investment more comprehensively. This will enable us to deliver sustainable returns to our unit holders and uphold our social mandate.
- With our size and influence, especially within Malaysia and the greater Southeast Asia region, we have an important role to play to help address the systemic challenges facing our communities and stakeholders today.
- We are cognisant that we alone cannot solve these challenges. Only with collective action and greater partnership between private and public sectors, will we be able to make an enduring real world impact and address these challenges effectively.
- To see change in others, we first have to change ourselves. We have to walk the talk, so to speak.
- We believe in progress over perfection. As the science around climate change continues to evolve, that will not deter us from continuing to improve on our commitment.

This is where we laid the groundwork, by focusing on our human capital both internally and externally. Over the years, PNB has invested consistently in education, upskilling and training as we believe in creating a talent pool that will not only help us perform, but to also help Malaysia and its corporates perform. PNB is also a strong advocate of sound risk management and governance practices, which is a critical component of the value creation process.

✓

We have **contributed RM360 million worth of scholarships** to date for **more than 5,000 students**

✓

We further **support financial literacy programmes, provide endowments and grants to tertiary institutions**

Nevertheless, as times have changed, so too have the risks to business as well as the issues surrounding human capital. Systemic changes such as climate change, unsustainable resource use and inequalities have made it more challenging to deliver returns, while also affecting our communities and the environment we operate in. This is one of the reasons why the Environmental, Social and Governance (ESG) agenda has gained significant momentum in recent years and was further accelerated by the COVID-19 pandemic which caused widespread disruption in economies and societies. ESG is therefore now an agenda that countries and corporations have embraced in order to evolve into a better state for the good of the planet.

Thus, the creation of our Sustainability Framework is a natural progression as it will help focus our efforts on areas that we believe are important to address within the ESG landscape.

To Determine Our Sustainability Aspirations & Commitments

>> 3 ESG PILLARS

OUR THREE ESG PILLARS & 10 ESG COMMITMENTS

Our three ESG pillars will not only help PNB to produce more sustainable returns but will also impact how we engage with our investee companies as we work together to produce value that is sustainable in all aspects. Our efforts here will also align us with the United Nations Sustainable Development Goals, which is a universal call to action to end poverty, protect the planet and ensure that all will enjoy peace and prosperity by 2030.

E
ENVIRONMENT
Enable Transition to a
Green Economy

S
SOCIAL
Promote Equity and
Inclusion

G
GOVERNANCE
Advocate Sound
Governance Practices



>> 10 ESG COMMITMENTS

1

Net Zero Enterprise by 2025

2

Net Zero Portfolio by 2050

3

RM10 billion in Green & Transition Assets by 2030

- The crux of this pillar is decarbonisation. Under Net Zero Enterprise, PNB will strive to achieve net zero emissions of Scope 1 and Scope 2 by 2025. More importantly, under Net Zero Portfolio, PNB's commitment will be to gradually reduce overall Scope 3 emissions contained in our portfolio by 2050. This will involve some rebalancing of our portfolio over time and active engagement with investee companies to encourage them to reduce their emissions. Both these commitments are in line with the government's aim of making Malaysia carbon-neutral by 2050. PNB also aims to set aside RM10 billion of fresh capital to be invested by 2030 into green and transition assets such as lower-carbon and energy efficient practices, investments with low GHG emitters or intensities and the purchase of carbon offsets, among others.

4

Living Wage in PNB by 2023

5

Labour Rights Policy Paper by 2022

6

40% Women in PNB Leadership by 2025

7

Balancing Profitability and Social Investments

- PNB will focus on labour rights in our engagements with investee companies as labour issues, including migrant labour, is now a risk that can impede the performance of many Malaysian companies. This is an important issue as it can affect both revenue and the valuations of companies. We will also continue to encourage greater diversity in our leadership team and uphold our commitment to CSR programmes via educational sponsorships and supporting the communities around us.

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Triple Bottom Line Stewardship Model

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Transparency in Voting

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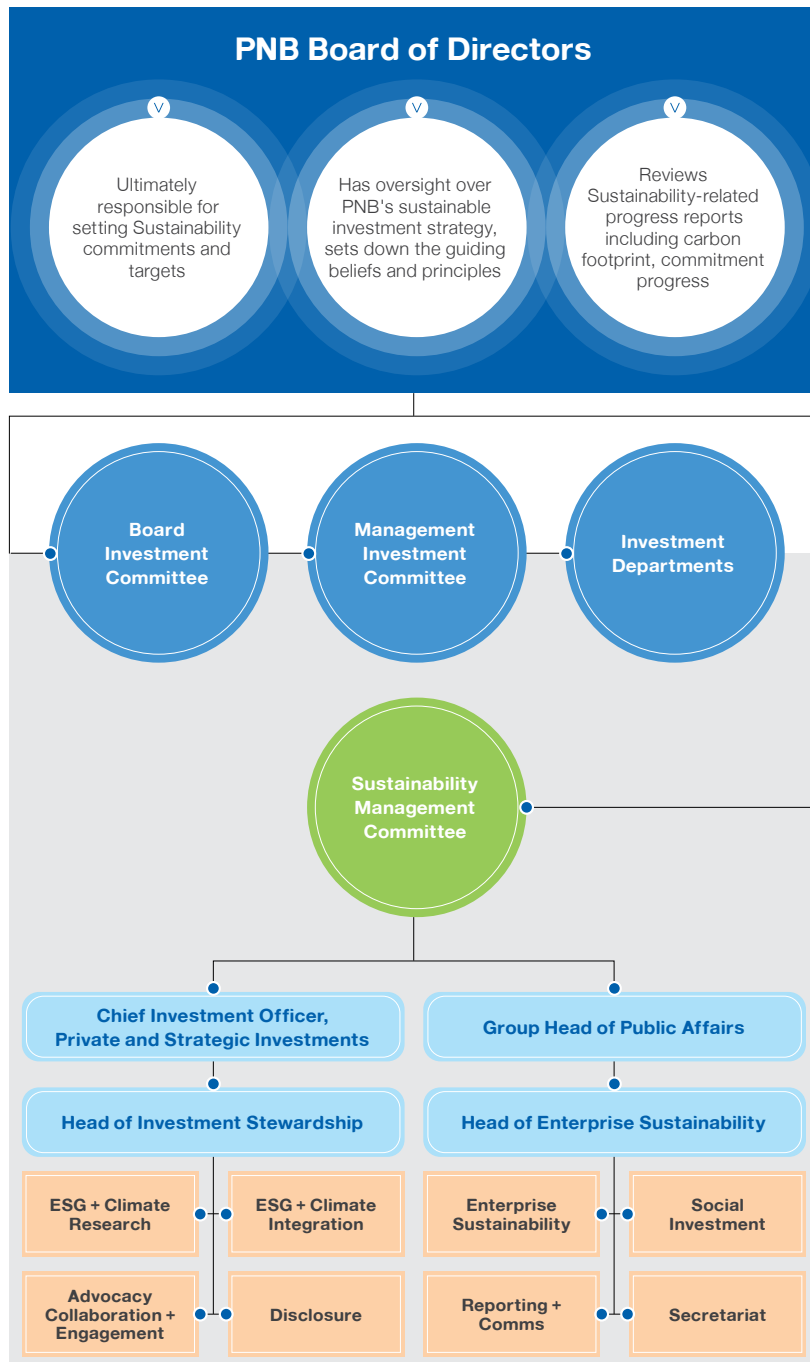
TCFD-aligned Disclosure

- Governance has been an important foundational building block for PNB and will continue to play a crucial role in our sustainability journey. We take the view that governance goes beyond compliance or adherence to practices, but also involves proper and effective engagement with our investee companies. This is where we plan to make our voting choices and rationales clear to the public and investee companies to provide transparency to the marketplace about our position, which is important considering our position as a large investor in many Malaysian public companies.

*Which
Listens to
Our
Stakeholder
Concerns*



Driven by a Committed Governance Structure



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