

Sustainability Journey



ENSURING SUSTAINABILITY

At EXIM Bank Malaysia (“the Bank”), sustainability is integral to our developmental mandate as a Development Financial Institution (DFI). In line with Group BPMB’s Islamic First Policy and the Bank’s Islamic-Only operating model, our activities are guided by Shariah principles, with reference to the Qur’an and Sunnah as the foundational sources.

This framework reinforces our commitment to responsible stewardship, the safeguarding of creation, and the promotion of balanced and sustainable economic development. We recognise that environmental, social, and governance (“ESG”) considerations are essential to strengthening long-term enterprise resilience, preserving financial stability, and supporting Malaysia’s orderly transition towards a low-carbon and climate-resilient economy.

In FY2025, we further enhanced the integration of climate-related risks and opportunities into our governance, strategy, risk management framework, and performance monitoring processes. This reflects our commitment to prudent risk management, sustainable value creation, and financing practices that are consistent with Shariah principles and responsible stewardship.

Our 2025 Highlights

- Board & Shariah Board member undertook sustainability certification training.
- Continuation of Carbon Calculation Advisory Service (CCAS) for EXIM customers.
- 14 Sustainability training modules completed by the Board and Shariah Board members.
- Obtained the Global Artisan C-Sink certification, Malaysia’s first certified artisanal biochar unit under the Regenerative Biochar Programme.
- 33 staff members completed the Sustainability Certified training with 2 achieving the GHG Lead Verifier Certification.
- Obtained recognition from British Standards Institution (BSI) on carbon footprint reporting.
- RM881 million Sustainability-linked financing approved.

Sustainability Journey

1 GOVERNANCE

1.1 BOARD OVERSIGHT OF CLIMATE-RELATED MATTERS

EXIM Bank's Board of Directors oversees the Bank's sustainability direction, commitments and governance, as demonstrated through its approval of the Framework on Sustainability. The Framework serves as the Bank's overarching guideline that defines its sustainability purpose, goals and targets, including climate-related priorities. This reflects direct Board accountability in setting the governance foundations for sustainability and climate related matters.

In addition, the Board's commitment to climate and sustainability oversight is also reflected in steering EXIM Bank's climate aligned initiatives which supports national decarbonisation goals by 2027. Through these initiatives, the Board demonstrates its strategic oversight of climate related risks and opportunities by guiding the Bank's efforts to reduce carbon emissions, promote sustainable financing, and assist in measuring and managing environmental impacts.

During FY2025:

- Climate-related updates and material matters were tabled to the Board Risk Committee and to the Board members on a monthly basis for deliberation and strategic directions.
- The Board reviewed progress against the Sustainability Implementation Roadmap and carbon reduction targets on quarterly basis.

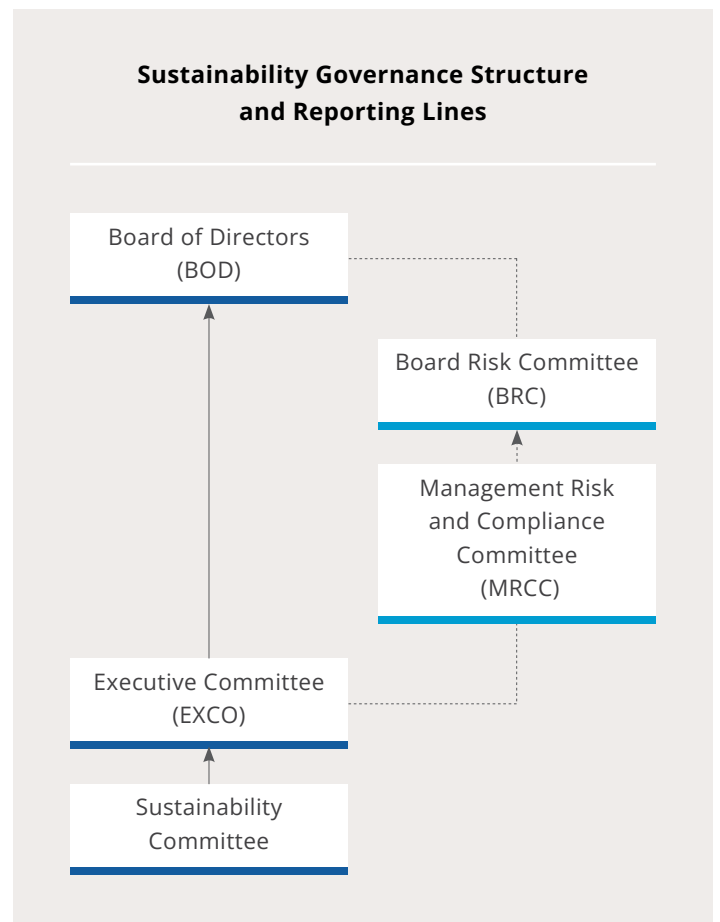
Climate discussions included portfolio exposure to carbon-intensive sectors, progress of green financing initiatives, enterprise carbon performance and developments in regulatory requirements.

1.2 SUSTAINABILITY GOVERNANCE STRUCTURE

The Bank maintains a structured governance framework to ensure accountability and transparency in sustainability oversight.

The Sustainability Committee, comprising senior management representatives, reports directly to the Executive Committee ("EXCO"). The Committee is responsible for:

- Overseeing implementation of the Sustainability Roadmap;
- Monitoring ESG-related initiatives;
- Recommending sustainability targets and metrics; and
- Reviewing sustainability disclosures prior to Board endorsement.



Board of Directors

The Board of Directors (BOD) exercises overall effective oversight of climate-related risks to safeguard the Bank's resilience against the adverse impacts of climate change.

Board Risk Committee

Board Risk Committee (BRC) is responsible and accountable to safeguard the Bank's resilience against adverse impacts of climate change while actively promoting a just and orderly transition of the economy. The committee is also overseeing the sustainability & Environmental, Social and Governance ("ESG") elements and climate-related risk and other risk and to ensure that the risk management process is in place and functioning.

Executive Committee

Executive Committee (EXCO) oversees the Bank's overall Sustainability Implementation Roadmap in ensuring alignment to the sustainability strategy and corporate strategy.

Management Risk and Compliance Committee

Management Risk and Compliance Committee (MRCC) oversees the policies and procedures implementation and to support climate resilience as well as actively promote a just and orderly transition of customers and counterparties.

Sustainability Committee

The Sustainability Committee comprises six (6) appointed committee members and three (3) permanent invitees. The composition includes individuals whose roles are critical to the success of the Bank's sustainability agenda. These members are strategically selected for their leadership capabilities and their ability to drive meaningful progress in embedding sustainability across the organisation.

In FY2025, the Sustainability Committee convened six (6) meetings, including the quarterly updates presented to EXCO and Board, and Board Risk Committee and the Board were provided with monthly updates on climate risk related matters.

1.3 BOARD/MANAGEMENT AND STAFF COMPETENCY

Recognising the importance of effective climate governance, the Bank continued to enhance sustainability competency at all levels of staff.

During FY2025:

- Board and Shariah Board members completed 14 sustainability or climate-related training modules
- Sustainability developments and regulatory updates were incorporated into Board induction and continuing education programmes
- Board & Shariah Board member undertook sustainability certification training:

Mr. Raymond Fam Chye Soon

Independent Non-Executive Director

Certification:	Organiser:	Status:
Oxford Leading Sustainable Corporations Programme	Saïd Business School, University of Oxford	16 November 2022 – 24 January 2023 (Completed)

Date of Completion: Issued 6 March 2023

Dr. Muhammad Syahmi Mohd Karim

Shariah Committee Member

Certification:	Organiser:	Status:
ESG and Sustainable Financial Strategy	Saïd Business School, University of Oxford	24 September 2025 – 12 November 2025 (Completed)

Date of Completion: Issued 28 November 2025

- A total of 33 EXIM Sustainability Leads (ESLs) completed structured sustainability-related certification programmes including two (2) candidates achieved the GHG Lead Verifier certification. In addition, sustainability awareness and capability-building initiatives were strengthened through the organisation of two (2) sustainability-related staff engagement events and the delivery of three (3) Brown Bag sessions on sustainability, impact, and value creation across all departments.

These efforts strengthen institutional capacity in managing climate-related risks and sustainability awareness from all levels.

Sustainability Journey

2 STRATEGY

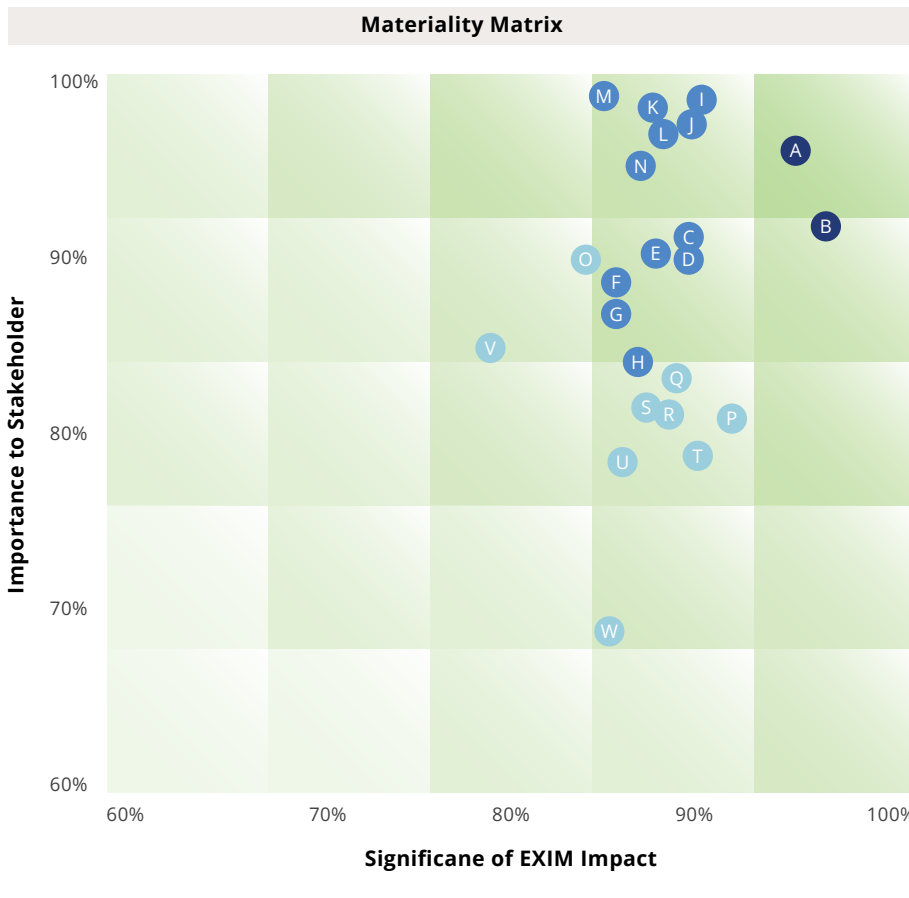
2.1 MATERIALITY ASSESSMENT AND APPROACH

The Bank continues to align its developmental mandate with national climate ambitions, including Malaysia’s aspiration towards Net Zero by 2050 by the following initiatives.

EXIM Bank conducted a structured materiality assessment in 2023 to identify sustainability matters that are most relevant to the Bank and its stakeholders. The assessment considered both the significance of impact on EXIM Bank’s business and strategy and the importance of these matters to stakeholders, ensuring alignment with the Bank’s developmental mandate, enterprise risk management framework, global sustainability trends, and Bursa Malaysia’s guidance on stakeholder engagement and materiality.

The process involved engagement with a broad range of internal and external stakeholders, including management, employees, customers, regulators, and strategic partners. Inputs from these stakeholders were assessed alongside regulatory expectations, industry benchmarks, and emerging sustainability and climate-related risks and opportunities.

As a result of this assessment, 23 sustainability matters were identified and prioritised based on their relative importance and impact.



List of Sustainability Matters

- A Customer Experience
- B Digitalisation and Transformation
- C Industry Partnership and Collaboration/ Strategic Alliance
- D Financial Inclusion & Literacy
- E Advancing National Agenda
- F Innovative Products & Service Offerings
- G GHG Emissions
- H Climate Change
- I Business Ethics and Compliance
- J Human Rights
- K Occupational Health and Safety
- L Diversity and Inclusion
- M Data Privacy and Security
- N Talent Attraction and Engagement
- O Talent Development
- P Responsible Financing
- Q Islamic First Strategy
- R Energy Management
- S Responsible Investment
- T Waste Management
- U Water Management
- V Supply Chain Management
- W Community Development and Engagement

● Critical Importance ● Very High Importance ● High Importance

2.2 CLIMATE-RELATED RISKS AND OPPORTUNITIES

The Bank reviews its business strategy regularly to identify climate-related risks and opportunities across the short-, medium- and long-term horizons. Recognising the evolving nature of climate-related risks and opportunities, the Bank continues to enhance its internal frameworks, processes and climate-related analytical capabilities.

Following are the climate-related risks and opportunities across the time horizons identified by Risk Management Division:

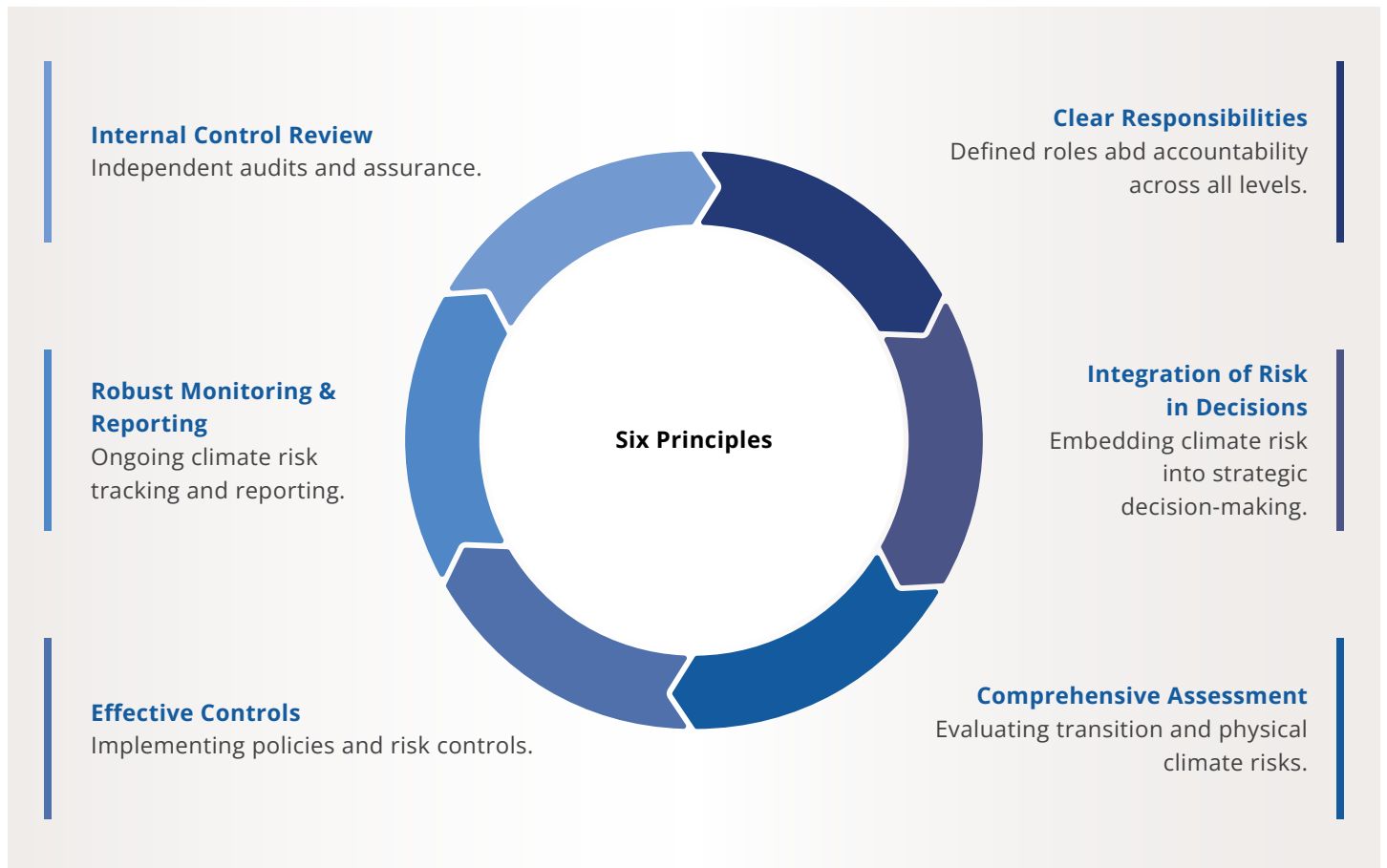
Climate-related risks and opportunities		
Short-term	Medium-term	Long-term
1	2	3
<ul style="list-style-type: none"> • Monthly climate related updates tabled to the Board Risk Committee • Data sanitization on customer's CCPT at MIS • Enhancement of Summary CCPT Assessment • Review on Policy on Climate Risk Management • Provides independent review on product proposal or initiatives driven by Product Development Department 	<ul style="list-style-type: none"> • E-learning module on Climate-related risk • Progressively integrating climate related parameters into the Bank's stress testing 	<ul style="list-style-type: none"> • Leveraging climate insights to guide the Bank's strategic direction, including business planning, portfolio alignment and operational improvements

To strengthen the Bank's ability to monitor and report climate-related exposures more effectively, the Bank is enhancing the digitalisation of its Climate Change and Principle-based Taxonomy (CCPT) database within the Management Information System (MIS). This enhancement aims to improve the accuracy, timeliness and accessibility of CCPT related data, enabling more seamless tracking of customer classifications, portfolio risk shifts and compliance with regulatory expectations. In FY2025, a total of 136 customers underwent CCPT assessments, supporting more robust portfolio level climate risk insights and reporting. The evaluation helps the Bank to track the customer's classification for the purpose of portfolio risk and regulatory reporting to internal & BNM.

As part of its risk mitigation approach, the Bank analyses CCPT classifications to determine customers' transition readiness to facilitate for internal & regulatory reporting to BNM. Through this assessment, the Bank identifies customers with potential for transition and engages them with appropriate advisory support and sustainability aligned financing solutions. This approach ensures that climate-related risks are proactively managed while supporting customers' progression towards lower carbon operating models.

Sustainability Journey

The Bank's Risk Management Strategies are anchored on six (6) principles:



These principles support a risk appetite that is linked to strategic objectives, capital and business plans and is translated into risk limits and qualitative statements (e.g., reputational risk) across business lines. Climate considerations are incorporated within this risk appetite statement.

2.3 CLIMATE-RELATED SCENARIO ANALYSIS AND STRESS TESTING

The Bank conducts climate related scenario analysis and stress testing to assess the potential financial and operational impacts of climate change across its portfolios. These exercises form a core component of the Bank's Risk Management Framework and align with BNM's Climate Risk Stress Testing (CRST) methodology, which sets expectations around scenario design, time horizons, technical parameters and counterparty assessments.

In accordance with the CRST requirements, EXIM Bank's climate stress testing covers both on and off-balance sheet exposures, including commitments, guarantees and contingent liabilities, ensuring a comprehensive view of vulnerabilities under different climate pathways. The assessment incorporates physical risks — such as extreme weather events and asset impairment as well as transition risks, including regulatory shifts.

The results of climate related stress tests are integrated into informing risk appetite calibration, portfolio monitoring and client engagement. The results under the Delayed Net Zero ("DNZ") scenario indicate differing levels of Expected Credit Loss (ECL) impact across sectors in the years 2025, 2030 and 2050. The Top Five (5) sectors with the highest simulated ECL are highlighted in the analysis are Transportation and Storage, Mining and Quarrying, Construction, Manufacturing and Electricity, Gas, Steam and Air Conditioning Supply, with the Electricity, Gas, Steam and Air Conditioning Supply sector showing the most pronounced potential increase in Year 2050. Although the Financial and Insurance/Takaful Activities sector records the largest overall change in ECL under the scenario, its contribution to the Bank's total ECL remains comparatively small due to its limited portfolio exposure.

These insights strengthen EXIM Bank's ability to anticipate emerging climate vulnerabilities, support forward looking risk assessments and guide resource allocation toward sectors and customers better positioned for low-carbon transition. The Bank has completed and submitted the CRST within the stipulated regulatory timeframe, demonstrating adherence to national climate risk supervisory standards.

As climate risk evolves, EXIM Bank continues to enhance its climate risk stress testing capabilities by improving data quality, refining modelling approaches and strengthening linkages between climate scenarios and enterprise-wide risk metrics. These ongoing enhancements support the Bank's broader objective of embedding climate considerations into risk management practices and ensuring long-term resilience of its business model.

2.4 REALISING OUR STRATEGY

> Sustainability-linked Financing Facilities

Under the Green Global Initiative that was launched in September 2024 by YB Datuk Seri Utama Tengku Zafrul, the former Minister of Investment, Trade and Industry (MITI), EXIM Bank has pledged the amount of RM1.5 billion for Green Financing Schemes up to FY2027.

In FY2025, RM881million has been approved for Sustainability-Linked Financing representing 19 clients and RM234 million has been approved for Sustainability-linked Insurance/Takaful representing 16 clients in supporting social and environmental green activities/business.

> Carbon Calculation Advisory Service (CCAS)

The Bank offers a complimentary carbon calculation software platform to assist customers in quantifying Scope 1 and Scope 2 emissions. This initiative aims to enhance customers' readiness in addressing international trade requirements and environmental disclosure obligations.

60 customers were supported for the Carbon Calculation Advisory Service (CCAS) under the Green Global Initiative. 4 interactive sessions were carried out to enlighten the customers on the importance and benefit of carbon emission calculation and related matters such as exposure to carbon tax and carbon credits, carbon reporting requirements for exporters.

Sustainability Journey

Regenerative Agriculture: Biochar Initiative

In 2025, the Bank continued to support the exploration of regenerative agriculture solutions as part of its commitment to facilitate the transition of Malaysia's export-oriented sectors towards a lower-carbon and more climate-resilient future.

Building on the biochar project in collaboration with non-profit organisation Wild Asia Sdn Bhd, the Bank remained focused on assessing practical and scalable nature-based solutions that could contribute to emissions reduction, carbon sequestration and the long-term decarbonisation of key export industries, while creating positive environmental and socio-economic value.

A significant milestone was achieved in May 2025 when the Project site was successfully certified under the Global Artisan C-Sink standards by Carbon Standards International, making it Malaysia's first certified artisanal biochar production unit under these standards. With an estimated capacity to generate up to 100 verified carbon credits annually, the Project also demonstrated the potential to create high-integrity carbon assets through independently verified carbon removals while creating opportunities for future carbon market participation and innovative green financing solutions.

Beyond its carbon removal potential, the Project has also generated positive environmental and socio-economic outcomes through the distribution and application of activated biochar-compost by indigenous smallholder farmers in rural Sabah. Project findings indicated up to 60% lower farm-level emissions, alongside improvements in agricultural productivity, including higher Fresh Fruit Bunch (FFB) yields and improved Crude Palm Oil (CPO) quality. Farmers also recorded an estimated 40-50% increase in income at comparable farm cost level, primarily driven by reduced chemical fertiliser usage, highlighting the broader potential of regenerative agriculture in strengthening the resilience and livelihoods of rural farming communities.

Moving forward, the Bank will continue to support practical transition initiatives that integrate emissions reduction, carbon sequestration, circular economy principles and inclusive socio-economic development. In doing so, the Bank aims to facilitate innovative and scalable solutions that support Malaysia's decarbonisation ambitions while strengthening the long-term sustainability and competitiveness of its export-oriented industries.

3 RISK MANAGEMENT

3.1 CLIMATE RISK IDENTIFICATION AND ASSESSMENT

The Bank's Risk Management Framework sets out the key principles, roles and functions that guide the management of risks across the organisation, including those arising from climate change. The framework addresses both transition risks, which encompass efforts to manage economic disruptions through long-term transition strategies for customers and scenario analysis of future emissions pathways financed by the Bank, and physical risks, which relate to weather and climate driven impacts on internal operations and business activities, including exposure of data centres and critical infrastructure to climate hazards.

As part of its governance principles, the Bank ensures that operational risks including climate-related risks are identified and assessed for all material products, activities, processes and systems, with new initiatives subjected to comprehensive risk assessments prior to implementation. Climate risk identification and assessment are embedded into customer financing evaluations at both initiation and review stages to ensure alignment with internal policies and procedures. The classifications of CCPT were reviewed independently by the Credit Risk Department before any financing application proceeds for approval.

3.2 INTEGRATION INTO OVERALL RISK MANAGEMENT

Under EXIM Bank's Risk Management Framework, climate risk is treated as an emerging and increasingly material risk, integrated across the full risk lifecycle. This lifecycle covers Risk Identification, Risk Assessment, Risk Measurement, Treatment & Control, and Risk Monitoring & Reporting, ensuring that climate-related considerations are embedded into the Bank's broader risk governance processes.







Methodologies and tools such as Risk and Control Self Assessment (RCSA), Key Risk Indicator (KRI), Key Control Test (KCT), and Risk and Business Impact Assessment (RABIA) are applied where relevant to assess and monitor climate linked exposures, with escalation to senior management and Board committees in accordance with established governance protocols.

Illustrations of Climate Related Mitigations (Aligned to RMF Principles)

Risk Type	Climate-Relevant Mitigations
Credit Risk	Integrating climate considerations into independent credit evaluations; assessing transition and physical climate risks within Financing Proposal Paper (FPP) reviews; incorporating climate related indicators into Significant Increase in Credit Risk (SICR) monitoring; aligning underwriting with the Bank's risk appetite.
Liquidity Risk	The Bank applies forward looking stress testing to identify climate related liquidity pressures and maintain adequate buffers and contingency funding plans. Embedding climate assumptions into liquidity planning mitigates market disruptions, safeguards funding stability, and strengthens resilience under adverse climate impacted conditions.
Operational Risk	The Bank manages climate related operational risk across people, processes, facilities and third party dependencies. This includes strengthened business continuity, incident response and recovery arrangements, supported by governance oversight to proactively address climate driven disruptions and ensure continuity of critical operations and customer services.
Information and Cyber Security Risk	The Bank reinforces its information and cyber security controls to protect critical systems and data from climate-related and technology driven threats. Strengthened monitoring, recovery capabilities, and governance oversight support system availability, data integrity, and uninterrupted digital services during adverse climate events.
Compliance Risk	Updating policies and controls to reflect evolving climate-related regulatory requirements; conducting climate-related compliance reviews; strengthening staff awareness and training on regulatory developments.
Climate-related Risk	Embedding climate considerations into risk management processes and methodologies for evaluating physical and transition risks; integrating climate factors into governance, operations and reporting.

Sustainability Journey

Following are the areas and achievements on the process of identifying and assessing, managing & integrating climate related risk into overall risk management:

Risk Integration	Decision Making	Risk Exposure Assessment	Customer Support	Risk Controls	Capability Enhancement
 <p>Embedded climate risks into credit, market, operational and liquidity assessments.</p>	 <p>Integrated climate factors into financing, underwriting, ratings and pricing.</p>	 <p>Assessed physical & transition risks at portfolio, transaction and geographic levels.</p>	 <p>Provided sustainable-finance solutions and transition advisory.</p>	 <p>Applied risk-based considerations for higher-risk sectors.</p>	 <p>Improved data quality, scenario-analysis tools and predictive methodologies.</p>

4 METRICS AND TARGETS

4.1 ENTERPRISE CARBON EMISSIONS

EXIM Bank employs the Greenhouse Gas (GHG) Protocol as its standard for calculating Scope 1 and 2 emissions. After evaluating several international methodologies, the GHG Protocol was adopted for its international recognition, methodological rigour, transparency, and consistency with global best practices.

EXIM Bank adopts an operational control approach under the GHG Protocol to define its organisational boundary. Under the operational control approach, EXIM Bank accounts for emissions from operations, assets, and facilities over which the Bank has full authority to introduce and implement operating policies such as:

Company-owned vehicles	On-site diesel generator	Electricity consumption at EXIM Bank's offices and data centres
------------------------	--------------------------	---

Scopes	Total FY2025	Emission factors applied:
Scope 1		
Company vehicles	RM16,422.81	Petrol combustion: approximately 2.3 – 2.5 kg CO ₂ per litre of fuel consumed
Generator	nil	Diesel combustion (generator): standard fuel based emission factor applied per litre of diesel consumed
Scope 2		
Electricity	2,067,751.04 kwh	Location based Grid Emission Factor (Peninsular Malaysia): 0.78 tCO ₂ e per MWh (or equivalent factor per kWh), based on the Peninsular Grid based Emission Factor (GBEF) for the reporting year Location based Grid Emission Factor (Sarawak-2023): 0.206 tCO ₂ e per MWh (equivalent to 0.000206 tCO ₂ e per kWh), based on Sarawak Energy Berhad (SEB) annual and sustainability reports and consolidated under Malaysia's Grid Emission Factor (GEF) in Malaysia (2022–2024, Provisional) publication.

The Bank has subscribed to PANTAS for its tools for calculating carbon emissions scopes. The results are as follows:

Scope 1 Emissions (tCO ₂ e)		Scope 2 Emissions (tCO ₂ e)	
2019 (baseline)	56.30	2019 (baseline)	1,759.00
2024	12.62	2024	1,655.18
2025	17.62	2025	1,618.78

The emission data above represents the HQ, 3 regional offices and 3 data centres:

- Scope 1 emissions decreased by 69% relative to the 2019 baseline but increase 39.6% compared to last year. This is primarily caused by the heavy usage of company cars in encouraging staff/officials for carpooling to meetings outside the office. This action is to reduce carbon emission by staff personal travelling for official meetings.
- Scope 2 emissions declined by 2.2%, compared to FY2024, reflecting the effectiveness of energy efficiency initiatives across the Bank's offices and data centres. The bank has set up initiative and campaign in promoting energy reduction usage in the office.
- Both scope 1 and 2 carbon emission results in FY2025 are below the FY2019 baseline.

Sustainability Journey

4.2 CARBON REDUCTION INITIATIVES

The main contributor for EXIM carbon emission derives from Scope 2: electricity consumption. Efforts have been taken in collaboration with the Bank's Property and Administration department initiating several methods to reduce scope 2 as follows:

Scope 2 Reduction Activities Conducted in 2025

- **Adjustment of AC Temperature**
 - Office temperature increased to 23–25°C to reduce energy use.
 - AC operating hours shortened to 8:30am–5:30pm.
 - Chiller usage optimised: two (2) in the morning, one (1) in the afternoon.

- **Lift Zoning Strategy**
 - Lift operations optimised by floor zoning to reduce movement and energy use.
 - Goods and emergency lifts deactivated during normal hours.
 - Two (2) lifts shut down during non-peak periods.

- **Targeted Awareness Competition and Campaign championed by Property and Administration Department (PAD)**
 - Internal electricity-saving competition held from August–December 2025 to promote responsible energy use and support Scope 2 reductions.

Emission reductions were primarily driven by improved energy efficiency, operational optimisation and behavioural change initiatives.

4.3 RECOGNITION ON SCOPE 1 AND 2 REPORTING

To enhance transparency and data reliability, the Bank obtained recognition from British Standards Institution (BSI) on its Scope 1 and Scope 2 carbon emission calculation for FY2025.

BSI an international business standards company that helps organisations make excellence a habit through standards creation, system certification, supplier verification and training activities that help organisations manage risk, reduce costs and ensure sustainability. In the EXIM context, this refers to the application of the International Standard on Assurance Engagements (ISAE) 3000 for assurance on EXIM's carbon emissions reporting.

The engagement was conducted in accordance with internationally recognised assurance standards and provides an independent assessment of the accuracy and completeness of disclosed emissions data.

5 OUTLOOK - FY2026

Looking ahead, the Bank will continue to strengthen climate risk integration across governance, strategy and operations. Priorities for the coming financial year include:

- Enhancing climate scenario analysis capability.
- Expanding green and sustainability-linked financing solutions with new product launching.
- Increasing customer transition advisory support.
- Strengthening climate-related data governance and disclosure transparency.

As part of the broader BPMB Group integration, the Bank remains committed to supporting Malaysia's economic transformation while continuing to discharge its responsibilities in environmental stewardship. With the Group becoming larger and operating under multiple mandates, there is a need to reassess and rebuild the Materiality Assessment framework. Accordingly, the Materiality Assessment will be redesigned at group level to address the evolving challenges and complexities of a larger, integrated organisation.