PACIFIC & ORIENT INSURANCE CO. BERHAD

Registration No. 197201000959 (12557-W)

Climate – Related Disclosure FY 2025

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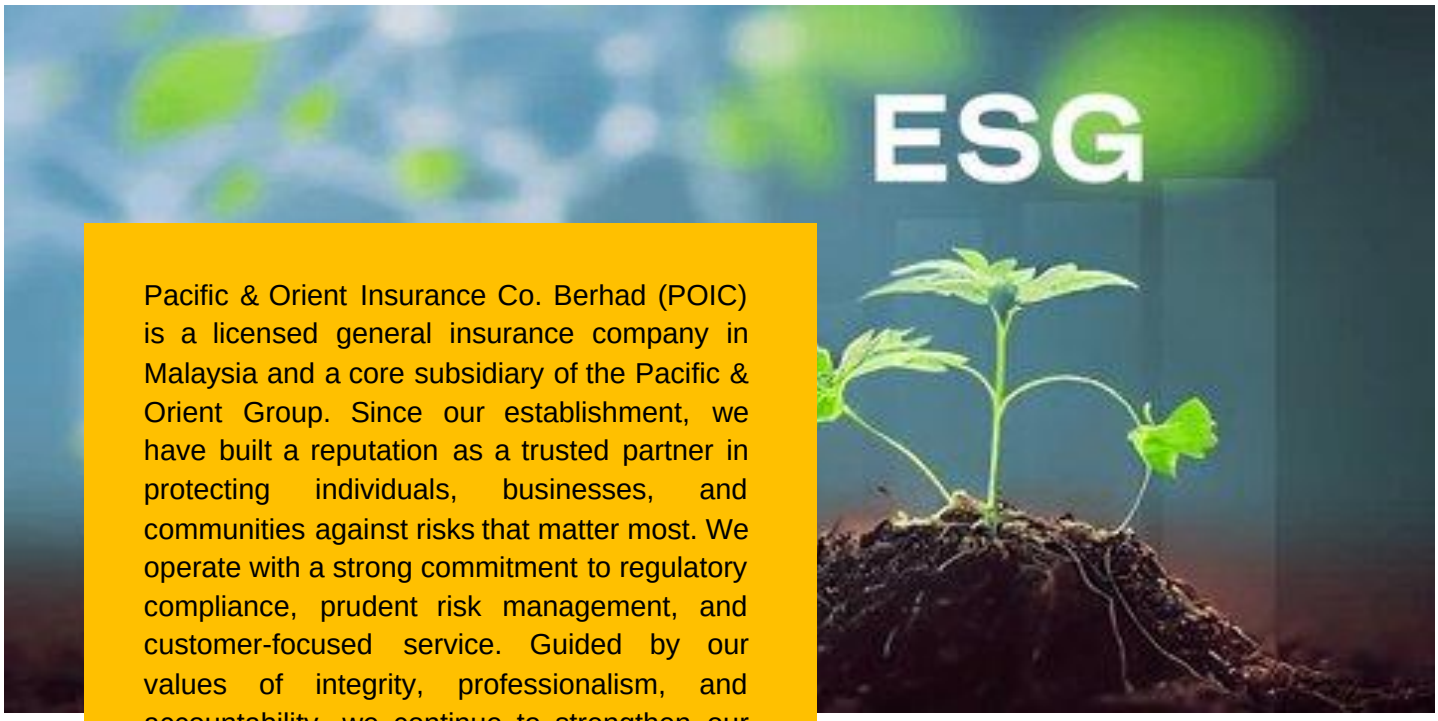
About Us



Pacific & Orient Insurance Co. Berhad (POIC) is a licensed general insurance company in Malaysia and a core subsidiary of the Pacific & Orient Group. Since our establishment, we have built a reputation as a trusted partner in protecting individuals, businesses, and communities against risks that matter most. We operate with a strong commitment to regulatory compliance, prudent risk management, and customer-focused service. Guided by our values of integrity, professionalism, and accountability, we continue to strengthen our financial resilience and operational capabilities to support sustainable growth in the dynamic insurance landscape.

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As a responsible insurer, POIC is committed to embedding climate-related considerations into our strategy, governance, and risk management frameworks. We actively align our practices with guidelines issued by Bank Negara Malaysia (BNM) and international standards such as the Task Force on Climate-related Financial Disclosures (TCFD). This includes assessing climate-related risks and opportunities, enhancing disclosure practices, and ensuring that our business model remains resilient under different climate scenarios.

Executive Summary

Pacific & Orient Insurance Co. Berhad (POIC) recognises that climate change is reshaping the risk landscape for the insurance sector in Malaysia and globally. The increasing frequency and severity of extreme weather events, coupled with accelerating regulatory, market, and technological changes, present both challenges and opportunities for long-term resilience. This disclosure provides transparency on how POIC integrates climate-related considerations into governance, strategy, risk management, and performance measurement in line with the expectations of Bank Negara Malaysia (BNM), Bursa Malaysia, and international frameworks such as the Task Force on Climate-related Financial Disclosures (TCFD).

Key Highlights and Commitments

- Governance Strengthening – Clear oversight of climate-related issues by the Board of Directors and integration of responsibilities across risk and management committees.
- Risk Integration – Embedding physical and transition risk assessments into POIC's enterprise risk management and underwriting processes.
- Strategic Adaptation – Evolving products and services to respond to market shifts, including increasing demand for sustainable insurance and coverage for green technologies.
- Emissions Management – Establishing a baseline of Scope 1, Scope 2, and selected Scope 3 greenhouse gas (GHG) emissions to support measurable reduction targets.
- Regulatory Alignment – Ensuring disclosures and practices meet BNM's Climate Risk Management and Scenario Analysis (CRMSA) guidelines and Bursa Malaysia's sustainability reporting requirements.
- Future Roadmap – Committing to phased improvements: regulatory compliance in the short term, full TCFD alignment in the medium term, and convergence with ISSB/IFRS sustainability standards in the long term.

Introduction

Purpose of the Disclosure

The purpose of this disclosure is to provide stakeholders with clear and transparent information on Pacific & Orient Insurance Co. Berhad's (POIC) approach to climate-related risks and opportunities. It demonstrates how climate considerations are embedded into the company's governance, strategy, and risk management practices, and outlines progress toward sustainability targets. This disclosure also reflects POIC's commitment to enhancing resilience, supporting Malaysia's transition to a low-carbon economy, and maintaining trust with policyholders, investors, regulators, and employees..

Scope and Boundaries

- This report covers POIC's operations, investment portfolio, and selected elements of its supply chain that are material to climate risk exposure. Specifically:
- Operations: Energy use, resource consumption, and business continuity risks linked to climate events across POIC's offices and branches in Malaysia.
- Investments: Climate risk exposure within the company's investment portfolio, including the transition implications of financing high-carbon industries and opportunities in sustainable assets.
- Supply Chain: Engagement with third-party service providers, vendors, and distribution partners to assess climate-related dependencies, with an emphasis on outsourcing arrangements critical to business continuity.

The scope of this disclosure will evolve over time as data availability, regulatory expectations, and industry practices mature. Through this disclosure, POIC seeks to position itself not only in compliance with current regulations but also as an insurer preparing for the long-term structural changes that climate change will drive across the financial and insurance sectors.

Governance

1.1 Board Oversight of Climate-Related Risks and Opportunities

The Board of Directors of Pacific & Orient Insurance Co. Berhad (POIC) holds ultimate responsibility for overseeing the management of climate-related risks and opportunities. Climate considerations are integrated into the Board's mandate to safeguard long-term business sustainability and resilience. The Board reviews and approves the company's climate strategy, risk appetite, and disclosure practices, ensuring alignment with regulatory requirements from Bank Negara Malaysia (BNM) and Bursa Malaysia, as well as international frameworks such as TCFD.

Regular updates on climate-related issues are provided to the Board through the Risk Management Committee, which highlights potential impacts on underwriting, claims, investments, and capital adequacy. The Board also ensures that climate-related decisions are aligned with POIC's corporate values, stakeholder expectations, and Malaysia's broader climate transition commitments.

This aligns POIC's governance with both BNM expectations and TCFD's "Governance" pillar.

Governance Layer	Role/Committee	Responsibilities for Climate-Related Disclosure	Reporting Frequency
Board Oversight	**Board of Directors**	• Approves climate strategy, risk appetite, and disclosure approach. • Ensures climate risks are considered in strategic decisions and capital planning. • Reviews alignment with BNM, Bursa, and international standards (TCFD, ISSB).	Annual strategy review. Quarterly updates
	Board Risk Management Committee (RMC)	• Oversees integration of climate risks into ERM and ICAAP. • Reviews stress testing, scenario analysis, and capital adequacy impacts. • Monitors risk exposures linked to physical and transition risks.	Quarterly
	Board Audit Committee	• Ensures integrity of climate-related disclosures in financial and sustainability reports. • Reviews external assurance on climate metrics and disclosures.	Annual & as needed
	ESG Committee	• Provides focused oversight on ESG and climate initiatives. • Monitors KPIs, targets, and market trends. • Recommends disclosure enhancements to the Board.	Quarterly

1.2 Climate-Related Training and Capacity Building

Sustainability and climate-related knowledge has been progressively integrated into POIC's governance and leadership development processes. Climate-related considerations form part of the Board's collective competency assessment, including the evaluation of skills relevant to risk management, governance, and regulatory oversight.

To support effective oversight of sustainability and climate-related risks and opportunities, members of the Board and senior management participate in periodic training, briefings, and external engagements. These programmes are designed to enhance understanding of climate-related financial risks, evolving regulatory expectations, and emerging industry practices relevant to the insurance sector.

The table below summarises key sustainability and climate-related training programmes attended by the Board and Management.

Topics	Description	Participation
Climate Risk Management: What Bank Directors Need to Know	A Board-level briefing focused on enhancing Directors' understanding of climate-related financial risks, including physical and transition risks, governance responsibilities, regulatory expectations, and the integration of climate considerations into strategy, risk appetite, and oversight frameworks within financial institutions.	Board of Directors
Climate Talk… or Last? Why Climate Risk Governance Matters for Board Oversight	A Board-level session highlighting the urgency of effective climate risk governance, focusing on Directors' fiduciary duties, regulatory expectations, and the consequences of delayed climate action for financial institutions.	Board of Directors, Senior Management
FRS S1 & IFRS S2 Implementation and Climate Disclosure Requirements	A technical briefing on the International Sustainability Standards Board (ISSB) IFRS S1 and IFRS S2 standards, covering governance, strategy, risk management, metrics, and targets. The session focused on implementation considerations, climate-related financial disclosures, and implications for regulatory compliance and reporting by financial institutions.	Head of Risk, Head of Compliance & Head of Finance
BNM / JC3 Climate Governance & Sustainability Forum	Participation in a regulatory and industry forum organised by Bank Negara Malaysia and the Joint Committee on Climate Change (JC3), focusing on climate governance expectations, sustainability practices, and supervisory developments for financial institutions.	Head of Risk, Head of Compliance & Head of Finance

1.3 Management's Role in Climate Risk Management

Senior management is responsible for embedding climate risk considerations into day-to-day business operations. This includes:

- Risk Management Function: Assessing physical and transition risks, developing climate-related stress tests and scenario analyses, and integrating findings into the company's enterprise risk management framework.

- Underwriting and Product Development: Evaluating exposure to climate-sensitive sectors and developing products that address emerging sustainability needs, such as electric vehicle coverage and green property insurance.

- Investment Management: Aligning the investment portfolio with climate objectives, including assessing high-carbon exposures and identifying opportunities in sustainable finance.

- Operations and Sustainability Team: Monitoring operational emissions, energy efficiency, and resource use, while implementing initiatives to reduce POIC's environmental footprint.

Management ensures that climate-related responsibilities are clearly defined and cascaded across business units, with performance indicators linked to climate and sustainability outcomes where appropriate.

Management Roles and Contributions to Climate-Related Disclosure at POIC

Management Role	Key Responsibilities	Disclosure Contributions	Reporting Frequency
Chief Executive Officer (CEO)	• Leads implementation of Board approved climate strategy. • Ensures climate integration into POIC's business and operational plans. • Champions culture of accountability for climate disclosure.	Provides CEO statement on climate strategy in reports; ensures alignment of management reporting with Board expectations.	Quarterly to Board; Annual in reports
Head of Risk Management	• Embeds climate risks into ERM, risk register, ICAAP, and stress testing. • Coordinates climate scenario analysis and transition/physical risk assessments. • Aligns climate risk management with BNM CCPT and CRMSA. • Coordinates all climate-related disclosure activities. • Collects, validates, and consolidates climate data across functions. • Leads preparation of TCFD-aligned reporting. • Engages regulators, rating agencies, and investors on ESG/climate.	Drafts Sustainability Report climate sections, metrics, and targets.	Quarterly to RMC; Annual for reporting
Financial Controller	• Evaluates financial impacts of climate risks and opportunities. • Oversees integration of climate considerations into Annual Report and Sustainability Report. • Ensures Bursa/BNM compliance in disclosure formats.	Provides financial sections of disclosure (e.g., capex, reserves, reinsurance impacts).	Annual + interim updates
Head of Underwriting	• Integrates climate risk into underwriting policies, guidelines, and pricing. • Monitors exposure to climate-sensitive sectors (property in flood-prone zones, high-carbon industries). • Develops climate-aligned insurance products.	Contributes underwriting and exposure data for disclosure.	Semi-annual
Compliance Officer	• Ensures disclosures comply with BNM CCPT, Bursa requirements, and international standards (TCFD, ISSB). • Monitors regulatory updates on Climate disclosure.	Provides compliance review notes for draft disclosures.	Ongoing

1.4 Remuneration and Climate-Related Performance Considerations

POIC's remuneration framework is designed to support long-term value creation, prudent risk management, and alignment with the Company's strategic objectives. Performance assessments for the Board of Directors (excluding independent directors) and senior management are currently based on overall business, financial, and risk outcomes.

The Company recognises the increasing importance of sustainability and climate-related considerations in strengthening long-term resilience and governance effectiveness. In this regard, Management is considering the progressive incorporation of sustainability and climate-related performance considerations into the remuneration framework for the Board of Directors (excluding independent directors) and senior management, in line with the Company's climate strategy and transition roadmap.

Such considerations may include qualitative performance indicators related to the effective implementation of climate-related initiatives, enhancement of climate risk management practices, and the quality of climate-related governance and disclosures. Any future linkage will be subject to further governance review, regulatory expectations, and the maturity of relevant data and measurement capabilities.

Strategy

2.1 Climate-Related Risks, Opportunities, Appetite and Strategic Measures

Pacific & Orient Insurance Co. Berhad ("POI") recognises that climate change presents both material risks and strategic opportunities that may affect the Company's underwriting performance, investment outcomes, operational resilience, and long-term financial sustainability. In response, POI has reviewed its business strategy to identify climate-related risks and opportunities over the short-, medium-, and long-term and has integrated these considerations into strategic planning and decision-making processes.

Climate-related risks and opportunities are assessed across POI's core business activities, including underwriting, investments, operations, and capital planning. These assessments inform management actions and support the Board's oversight of strategic resilience under different climate and transition scenarios.

To address these challenges and harness new opportunities, POIC's strategic priorities include:

- Adjusting underwriting practices and pricing models to incorporate climate-adjusted risk factors.
- Expanding insurance solutions for emerging risks, including products tailored for electric vehicles and incentives for property resilience measures.
- Diversifying investment portfolios towards green and sustainable assets, aligning with Malaysia's national low-carbon transition agenda.
- Embedding climate scenario analysis into long-term capital planning and ICAAP assessments to safeguard resilience against systemic risks.

Category	Risks / Opportunities	Short-Term (1–3 yrs)	Medium-Term (3–5 yrs)	Long-Term (5+ yrs)	Strategic Responses
Physical Risks	Higher claims from floods, storms, and heat events	Establish baseline claims data and climate risk mapping	Integrate physical risk into underwriting models	Expand reinsurance and capital buffers	Enhance catastrophe modelling, strengthen business continuity, diversify portfolio
Transition Risks	Regulatory changes, tech disruption (EVs, renewables), customer expectations	Ensure compliance with BNM CRMSA & Bursa standards	Adjust underwriting for EVs and green properties; integrate ESG in investments	Reallocate capital to low-carbon sectors	Align risk appetite with net-zero, embed carbon pricing in risk models
Opportunities	Demand for sustainable insurance & investment products	Explore pilot products (EV, renewable coverage)	Scale sustainable product offerings; develop partnerships with green tech providers	Position as climate-resilient insurer in Malaysia	Increase allocation to green bonds, sustainable infrastructure, and inclusive insurance solutions
Operations	Emissions from energy use, travel, supply chain	Establish GHG baseline (Scope 1, 2, and key Scope 3)	Improve energy efficiency, digitisation, supplier engagement	Achieve significant operational carbon reduction targets	Embed sustainability KPIs in operations and vendor contracts

2.2 Sustainability and Climate Risk Appetite

POIC adopts a prudent and progressive sustainability and climate risk appetite that is aligned with its overall risk appetite framework and long-term business objectives. This appetite reflects:

- Low tolerance for climate-related risks that may materially impact regulatory compliance, financial soundness, or reputational standing.
- Managed acceptance of climate-related risks within underwriting and investment activities where risks are appropriately identified, priced, mitigated, and monitored.
- Positive appetite for opportunities that support sustainable growth, climate resilience, and alignment with the transition towards a more sustainable economy.

POIC's sustainability and climate risk appetite is applied consistently across business activities and is reviewed periodically in line with regulatory developments, market conditions, and the Company's strategic priorities.

Climate-Related Risks, Opportunities, and Strategic Responses

Climate Scenario / Risk Driver	Key Impacts Identified	Sustainability & Climate Risk Appetite	Management Measures
Physical Risk – Increased Frequency and Severity of Flood Events	• Higher claims frequency and severity for motor and property insurance • Increased volatility in loss ratios and reinsurance utilisation • Potential operational disruption to branches and service providers	Low tolerance for unmanaged physical climate risk exposures that may materially affect underwriting performance or operational resilience	• Integrate physical climate risk considerations into underwriting guidelines and risk selection • Adjust pricing, coverage terms, and limits where appropriate • Strengthen reinsurance arrangements to manage catastrophe exposure • Enhance business continuity and disaster recovery planning
Physical Risk – Extreme Weather Events Affecting Operations	• Disruption to business operations and service delivery • Increased operational costs and downtime	Low tolerance for operational disruptions arising from climate-related events	• Implement business continuity and contingency plans • Enhance operational resilience through digitisation and remote capabilities • Engage key vendors and service providers on continuity and resilience measures
Transition Risk – Regulatory and Policy Changes	• Increased compliance and reporting requirements • Potential changes to underwriting and investment practices • Additional governance and operational costs	Low tolerance for non-compliance with regulatory and disclosure requirements	• Monitor regulatory developments (BNM, Bursa Malaysia, ISSB) • Enhance governance oversight and internal controls • Strengthen climate-related disclosures and reporting processes
Transition Risk – Market and Technology Shifts (e.g. EV adoption, green technologies)	• Changes in risk profiles for insured assets • Potential underwriting and pricing uncertainties • Opportunities for new insurance products	Managed acceptance of transition risks with a positive appetite for sustainable growth opportunities	• Review and update underwriting guidelines for emerging risk profiles • Develop or enhance products aligned with climate transition (e.g. EV coverage) • Monitor claims experience and adjust pricing models
Investment Transition Risk – Exposure to Climate-Sensitive or Carbon-Intensive Sectors	• Potential asset value Volatility or impairment • Increased investment risk under disorderly transition scenarios	Prudent and progressive approach to managing transition risks while supporting long-term portfolio resilience	• Monitor portfolio exposure to climate-sensitive sectors • Consider sustainability and climate factors in investment decision-making • Progressively evaluate sustainable and transition-aligned investment opportunities
Climate-Related Opportunities – Demand for Sustainable Insurance and Investments	• Growth opportunities in climate-resilient insurance products • Potential for long-term value creation and portfolio diversification	Positive appetite for opportunities that support sustainability and long-term resilience	• Explore and scale sustainable insurance solutions • Align product development and investment strategy with sustainability objectives • Engage stakeholders on evolving sustainability expectations

2.3 Strategic Resilience and Ongoing Enhancement

POIC's strategy aims to enhance resilience to climate-related risks while positioning POIC to capture opportunities arising from the transition to a more sustainable economy. POIC will continue to refine its sustainability and climate strategy, appetite, and measures as data availability, methodologies, and regulatory expectations evolve.

Through this approach, POIC ensures that climate-related considerations are embedded into strategic planning and business activities, supporting long-term value creation and alignment with Bank Negara Malaysia's expectations, Bursa Malaysia sustainability requirements, and relevant international frameworks.

Risk Management

3.1 Climate Risk Classification Framework and Alignment

POIC manages climate-related risks within its existing Enterprise Risk Management ("ERM") framework, which is aligned with Bank Negara Malaysia's Climate Risk Management and Scenario Analysis ("CRMSA") guidelines and is consistent with the Task Force on Climate-related Financial Disclosures ("TCFD") recommendations.

Climate-related risks are classified using a structured risk taxonomy that distinguishes between:

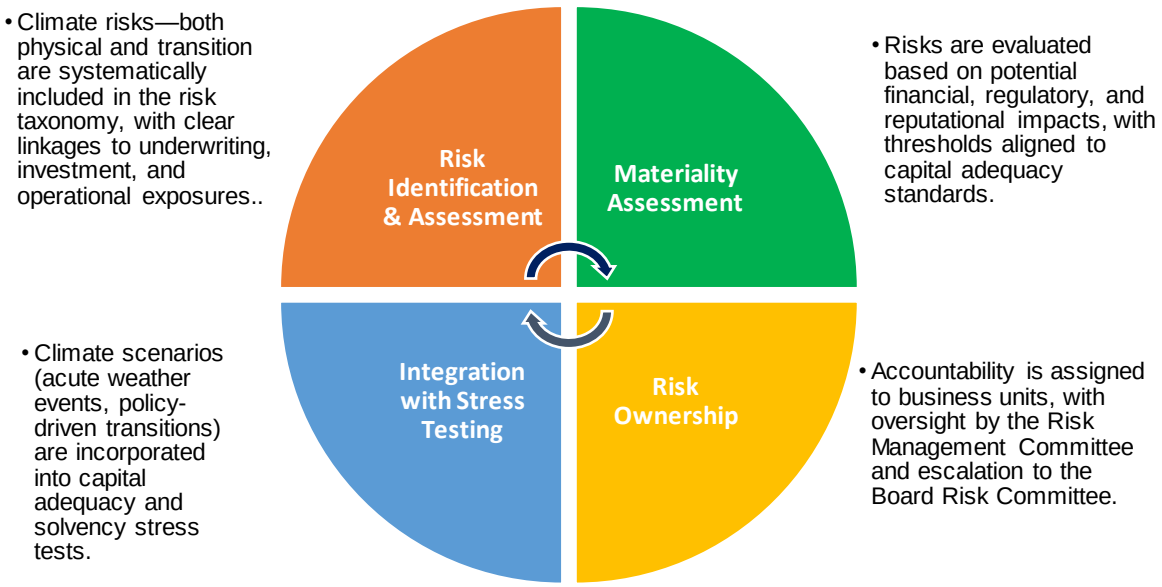
- Physical Risks (acute and chronic climate-related events such as floods, extreme weather, and long-term climate shifts); and
- Transition Risks (policy and regulatory changes, market and technology shifts, and reputational considerations arising from the transition to a low-carbon economy).

This classification approach is consistent with the CRMSA and TCFD risk categorisation and ensures comparability with regulatory and industry practices.

Risk Category	Risk Type	Description	Framework Alignment
Physical Risk	Acute	Event-driven risks such as floods, storms, and extreme rainfall affecting underwriting, claims, and operations	BNM CRMSA / TCFD
Physical Risk	Chronic	Longer-term climate shifts impacting asset values, claims patterns, and operational resilience	BNM CRMSA / TCFD
Transition Risk	Policy & Legal	Regulatory changes, compliance requirements, and policy shifts related to climate and sustainability	BNM CRMSA / TCFD
Transition Risk	Market & Technology	Changes in customer preferences, technology adoption (e.g. EVs), and market dynamics	BNM CRMSA / TCFD
Transition Risk	Reputational	Stakeholder expectations and reputational impacts arising from sustainability practices	BNM CRMSA / TCFD

3.2 Embedding Climate Risks into ERM

POIC applies a structured process to identify and evaluate climate-related risks across its operations, underwriting, and investment portfolios. The approach includes:



Risk Appetite Framework

POIC's climate-related risk appetite defines the levels of risk the company is willing to accept in pursuit of its objectives, balancing profitability, solvency, and sustainability.

- Underwriting: Moderate appetite for traditional motor/property risks, but low tolerance for excessive exposure to climate-vulnerable geographies without adequate reinsurance.
- Investments: Gradual reduction in carbon-intensive asset exposure; active reallocation toward green and sustainable assets.
- Operations: Low appetite for operational disruptions from climate events; strong emphasis on business continuity planning.
- Regulatory & Reputational: Zero tolerance for non-compliance with BNM, Bursa Malaysia, and ISSB/IFRS climate disclosure requirements.

3.3 Climate Risk Identification, Assessment, Management and Materiality

POIC manages climate-related risks as an integral component of its Enterprise Risk Management ("ERM") framework, rather than as standalone risks. Climate risks are identified, assessed, prioritised, and managed using the same structured risk management discipline applied to other material risks, with enhancements to reflect the unique characteristics of climate-related risk drivers.

Identification of Climate-Related Risks

Climate-related risks are identified through a combination of:

- periodic enterprise-wide risk assessments.
- emerging risk reviews conducted by the Risk Management function.
- analysis of internal loss experience and external industry developments; and
- monitoring of regulatory, market, and environmental trends.

The identification process considers both physical risks (acute and chronic climate events) and transition risks (policy, regulatory, market, technology, and reputational factors) across key business activities, including underwriting, investments, operations, and outsourcing arrangements.

Assessment and Management of Climate-Related Risks

Identified climate-related risks are assessed using POI's risk assessment methodology, which evaluates:

- likelihood of occurrence; and
- potential impact, including financial, operational, regulatory, and reputational implications.

Assessments are conducted across short-, medium-, and long-term horizons to capture the evolving nature of climate-related risks. Where relevant, climate-related risks are recorded in the risk register and are subject to risk treatment actions, including underwriting controls, reinsurance arrangements, investment guidelines, operational resilience measures, and governance oversight.

Climate-related risks are monitored through ongoing risk reviews, management reporting, and scenario analysis, and are escalated in accordance with established ERM escalation thresholds.

Prioritisation of Climate-Related Risks

Climate-related risks are prioritised based on their assessed risk ratings, considering:

- severity of potential financial and operational impacts.
- time horizon over which impacts may materialise; and
- the effectiveness of existing risk mitigants.

Higher-rated climate-related risks receive greater management attention and oversight, including escalation to senior management and the Board Risk Management Committee, where appropriate.

Materiality Determination

POI applies a structured materiality assessment to determine whether climate-related risks and opportunities are considered material to the Company. This assessment considers:

- potential impacts on underwriting performance, claims experience, investment outcomes, and capital adequacy.
- operational resilience and business continuity implications.
- regulatory and compliance considerations; and
- reputational and strategic impacts.

Where climate-related risks are assessed as not currently material, POI applies scenario analysis and sensitivity testing to validate this conclusion and to assess the potential impact under adverse or plausible future conditions. The materiality assessment is reviewed periodically and updated as data quality, methodologies, and regulatory expectations evolve.

POI recognises that climate risk management practices continue to mature. The Company will continue to enhance its methodologies for identifying, assessing, prioritising, and managing climate-related risks, as well as its disclosures, to ensure continued alignment with Bank Negara Malaysia's Climate Risk Management and Scenario Analysis ("CRMSA") guidance and international best practices.

3.4 Risk Management Controls, Oversight and Escalation

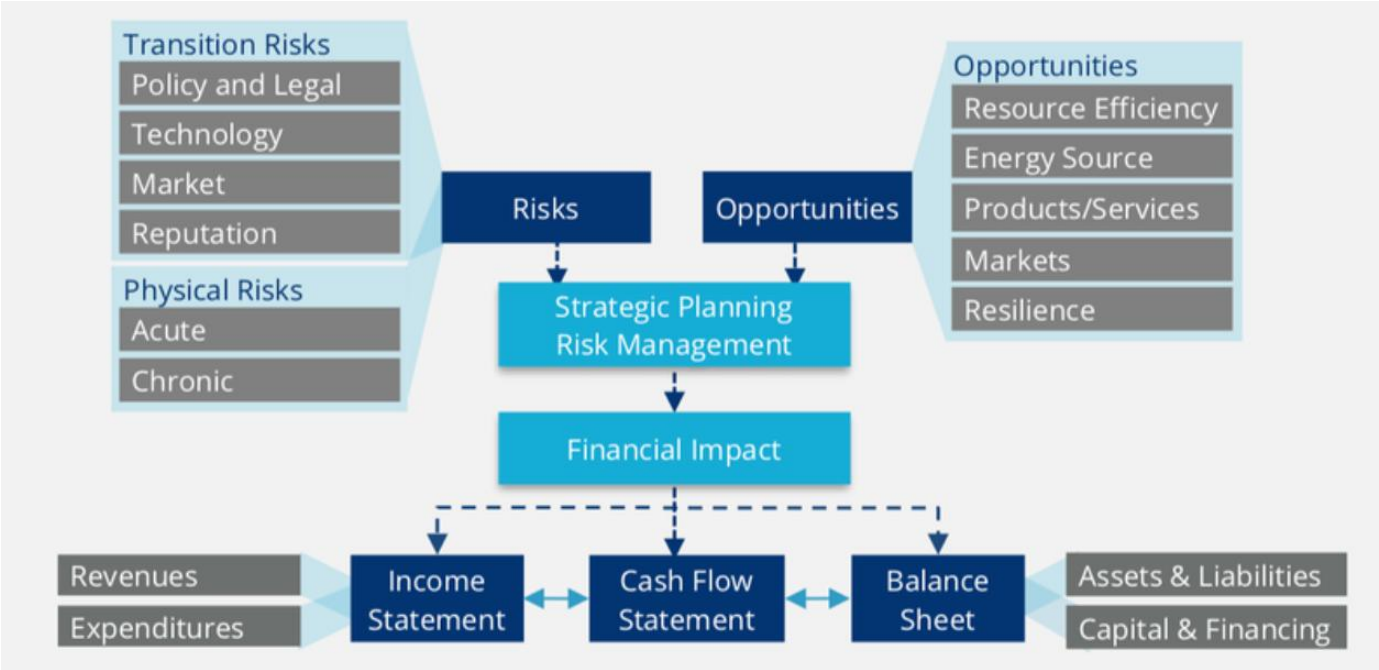
POIC manages climate-related risks through established risk management controls embedded within its Enterprise Risk Management framework. These controls ensure that climate-related risks are identified, assessed, monitored, and escalated appropriately, and that clear accountability is maintained across governance and business functions.

Area	Controls in Place	Responsible Function
Policy & Framework Controls	ERM Framework, Risk Appetite Statement, underwriting, and investment guidelines incorporating climate considerations	Board of Directors / Management
Risk Identification & Assessment	Periodic risk assessments, climate risk mapping, scenario and sensitivity analysis	Risk Management Function
Risk Monitoring	Risk dashboards, key risk indicators, emerging risk reviews	Risk Management Function
Governance & Oversight	Review of climate risks, scenario outcomes, and mitigation actions	Board Risk Management Committee
Business Ownership	Day-to-day management of climate-related risks within operations, underwriting, and investments	Business Units
Escalation & Reporting	Escalation of material risks through management committees to the Board	Management / Risk

3.5 Climate – Related Risks and Opportunities

POIC recognises that climate change presents a range of climate-related risks and opportunities that may affect underwriting performance, investment outcomes, operational resilience, and long-term financial sustainability. These risks primarily arise from physical climate impacts, such as extreme weather events, and transition dynamics, including regulatory developments, market expectations, and technological changes. POIC assesses these risks across short-, medium-, and long-term horizons and integrates them into strategic and risk management decision-making processes.

At the same time, POIC identifies opportunities arising from the transition to a more sustainable economy, including product innovation, sustainable investment considerations, and enhanced strategic positioning. These opportunities are evaluated in line with the Company's sustainability and climate risk appetite and are embedded into business activities, governance oversight, and long-term planning to support resilience, responsible growth, and stakeholder confidence.


Transition Risks
Policy and Legal
Technology
Market
Reputation
Physical Risks
Acute
Chronic
Risks
Opportunities
Opportunities
Resource Efficiency
Energy Source
Products/Services
Markets
Resilience
Strategic Planning
Risk Management
Financial Impact
Revenues
Expenditures
Income Statement
Cash Flow Statement
Balance Sheet
Assets & Liabilities
Capital & Financing

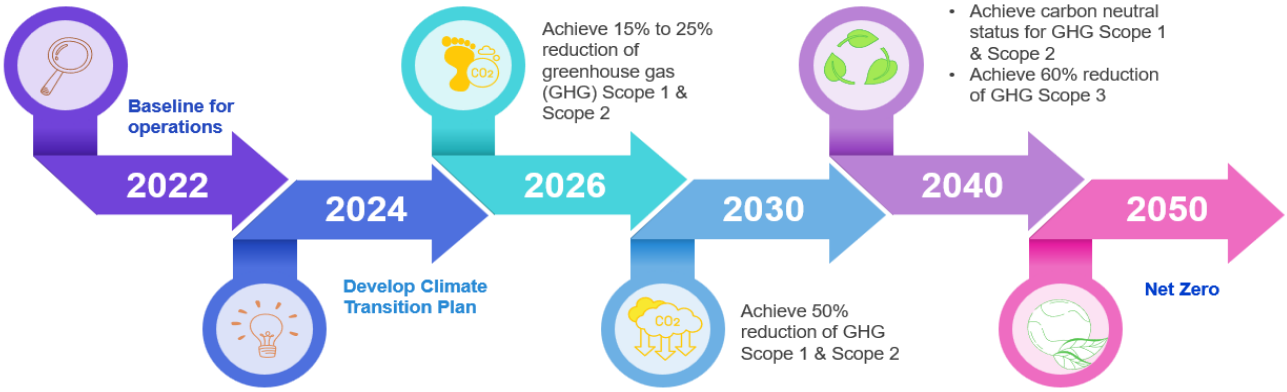
Metrics and Targets

Pacific & Orient Insurance Co. Berhad (POIC) recognises climate change as a material risk to its operations, investments, and underwriting portfolio. In line with regulatory expectations from Bank Negara Malaysia (BNM) and international frameworks such as the Task Force on Climate-related Financial Disclosures (TCFD), POIC has established a set of climate-related metrics and targets. These metrics are designed to monitor, manage, and mitigate both physical and transition climate risks, while promoting sustainability and operational resilience. The purpose of this framework is to ensure that climate-related exposures are quantitatively tracked, integrated into risk management practices, and aligned with the company's broader ESG objectives.

Roadmap to Net Zero

Pacific & Orient Insurance Co. Berhad (POIC) recognises the urgency of climate change and the associated financial and operational risks to the insurance sector. In alignment with Malaysia's commitment to achieve carbon neutrality by 2050, the Paris Agreement, and Bank Negara Malaysia's Climate Risk Management and Scenario Analysis (CRMSA) requirements, POIC has established a Roadmap to Net Zero.

This roadmap provides a phased strategy that integrates operational efficiency, underwriting policies, investment portfolio alignment, and stakeholder engagement to reduce greenhouse gas (GHG) emissions and achieve Net Zero by 2050.



Greenhouse Gas (GHG) Emissions Inventory

POIC recognises that understanding and disclosing greenhouse gas (GHG) emissions across the value chain is essential for measuring climate impact and setting credible reduction targets. Emissions are reported in alignment with the GHG Protocol Corporate Standard, categorised into three scopes:

Scope	Sources	Examples
Scope 1 (Direct emissions)	Fuel combustion from owned/controlled assets	• Company vehicles. • Backup generators (diesel/gas)
Scope 2 (Indirect energy emissions)	Purchased electricity, heating, cooling	• Office electricity consumption. • Data centre energy use
Scope 3 (Other indirect emissions)	Value chain activities not directly controlled by POIC	• Employee commuting & business Travel. • Outsourced services & suppliers. • Financed & insured emissions from investments/underwriting

Data collection systems are being strengthened to improve coverage and accuracy, with third-party verification planned for future disclosures.

Reduction Targets

POIC has established clear and measurable emissions reduction targets aligned with our sustainability commitments and the national low-carbon transition agenda. These targets are structured across three-time horizons to ensure consistent progress toward achieving net-zero emissions by 2050.

Time Horizon	Target	Scope	Key Actions
Short-Term (by 2027)	**15% reduction** from 2024 baseline	Scope 1 & Scope 2	• Operational energy efficiency upgrades. • Employee awareness & behavioural change programmes. • Smart monitoring for energy optimisation
Medium-Term (By 2030)	**30% reduction** in total operational emissions	Scope 1, 2 & selected Scope 3	• Renewable energy adoption (solar, green electricity). • Sustainable procurement practices. • Low-carbon technology adoption
Long-Term (by 2050)	**Net-zero emissions**	All Scopes	• Innovation in decarbonisation technologies • Sectoral collaboration • Certified carbon offsets & nature-based solutions

These targets will be reviewed periodically to incorporate technological advancements, evolving regulations, and updated emission baselines, ensuring POIC remains on track toward its climate commitments.

GHG emissions (in tCO2e)

	2022 (In tCO2e)	2023 (In tCO2e)	2024 (In tCO2e)	2025 (In tCO2e)
Scope 1				
Company-owned Vehicle	146.57	136	138.01	123.7
Scope 2				
Purchased Electricity	60.84	47.75	44.28	80.94
Scope 3				
Category 1: Purchased Goods & Services	0.18	0.11	0.12	0.14
Category 6: Business Travel	10.8	23.17	9.48	6.56
Category 7: Employee Commute	-	-	-	227.58
Total (In tCO2e)	**218.39**	**207.03**	**191.89**	**438.92**

POIC has continued to advance its climate ambitions through steady improvements in operational efficiency and enhanced transparency in environmental disclosures. Since establishing our emissions baseline in 2022, the Company has implemented a series of initiatives that have contributed to year-on-year reductions in operational emissions through 2024, particularly in vehicle fuel consumption and electricity use. These early achievements demonstrate POIC's commitment to a structured and long-term climate transition pathway.

In 2025, POIC strengthened the breadth and quality of its greenhouse gas reporting by expanding its Scope 3 boundary to include Category 7 (Employee Commute). This enhancement significantly improves the completeness of our emissions profile and aligns the Company with emerging best practices under Bursa Malaysia's enhanced Sustainability Reporting Framework and global standards such as the GHG Protocol and TCFD. The addition of this category resulted in a higher reported total for 2025, reflecting increased transparency rather than an increase in operational emissions.

Operational emissions (Scope 1 and Scope 2), which form the basis of POIC's 2026 and 2030 climate targets, have remained stable overall, with reductions achieved across 2022–2024 and a continued focus on efficiency initiatives in 2025. The introduction of more detailed Scope 3 reporting allows POIC to better identify future reduction opportunities across its value chain and to prioritise targeted programmes under the Climate Transition Plan.

Throughout this period, POIC has strengthened its climate governance, improved data quality, and enhanced internal capacity to support climate-related decision making. These advancements position the Company well to accelerate its emission-reduction efforts in the coming years and to remain aligned with the milestones set for 2026, 2030, and 2040. As POIC progresses on its transition journey, the Company remains committed to responsible growth, transparency, and long-term resilience in support of Malaysia's broader net-zero aspirations.

Our Environment – Resource Management

The Group remains committed to the responsible stewardship of natural resources. Guided by the Group Sustainability Policy, we align our actions with local regulations and international sustainability standards, focusing on:

i. Energy Efficiency – Ongoing upgrades in lighting and HVAC systems, renewable energy sourcing, and smart monitoring of electricity usage.
ii. Water and Waste Management – Initiatives to reduce consumption, encourage reuse, and enhance recycling.
iii. Paper Reduction – Digitalisation initiatives aimed at transitioning towards a paperless environment.

Through these actions, POIC aims not only to reduce operational costs but also to foster long-term environmental resilience and contribute to broader sustainable development goals.

POIC's climate-related disclosure reflects our commitment to transparency, accountability, and alignment with globally recognised frameworks such as the TCFD, IFRS S1 and S2, and Bursa Malaysia's sustainability reporting requirements. By disclosing our governance structures, risk management practices, metrics, and targets, we aim to provide stakeholders with a clear view of how climate considerations are integrated into our strategy and operations.

Our approach is guided by the belief that managing climate risks and seizing opportunities in the transition to a low-carbon economy is essential to ensuring long-term business resilience. The establishment of interim milestones and measurable performance indicators demonstrates our determination to monitor progress, enhance operational efficiency, decarbonise our portfolio, and scale up sustainable finance solutions.

Looking ahead, POIC will continue to strengthen the scope and depth of its disclosures, including expanding Scope 3 emissions coverage, refining climate risk stress testing, and advancing towards our Net Zero 2050 roadmap. Through these initiatives, we remain committed to supporting Malaysia's national climate ambitions and contributing to a more sustainable global economy, while creating lasting value for our policyholders, shareholders, employees, and the communities we serve.

Conclusion

POIC's climate-related disclosures demonstrate a structured and progressive approach to integrating climate considerations into POIC's governance, strategy, and risk management frameworks, in alignment with Bank Negara Malaysia's Climate Risk Management and Scenario Analysis (CRMSA) guidance and relevant international frameworks such as the Task Force on Climate-related Financial Disclosures (TCFD) and IFRS Sustainability Disclosure Standards. The disclosures reflect the POIC's recognition that climate-related risks and opportunities have the potential to affect underwriting performance, investment outcomes, operational resilience, and long-term financial sustainability.

During the reporting period, POI has focused on establishing and strengthening the foundational elements of climate risk governance. This includes clear Board and management oversight, defined roles and responsibilities, integration of climate-related risks into the Enterprise Risk Management framework, and the articulation of a sustainability and climate risk appetite. POIC has also enhanced transparency around how climate-related risks and opportunities are identified, assessed, prioritised, and managed across short-, medium-, and long-term horizons, supported by scenario analysis and sensitivity assessments.

POIC's strategy disclosures outline how climate-related risks and opportunities are considered within business planning and decision-making processes. POIC has described strategic responses across key business activities, including underwriting, investments, operations, and capital planning, and has identified opportunities arising from product innovation, sustainable investments, and enhanced strategic positioning. These disclosures demonstrate POIC's intention to manage climate-related risks prudently while positioning POIC to capture opportunities associated with the transition towards a more sustainable economy.

In relation to metrics and targets, POIC has prioritised the establishment of reliable baseline information, including disclosures on Scope 1 and Scope 2 greenhouse gas emissions, while recognising that certain quantitative disclosures such as financed emissions, sectoral exposure metrics, physical risk exposure metrics, and sustainability-linked remuneration indicators require further data development and methodological refinement. POIC has therefore adopted a phased implementation approach, which balances transparency with data integrity and regulatory expectations.

Looking ahead, POIC remains committed to the continuous enhancement of its climate risk management capabilities and disclosures. As data availability improves, methodologies mature, and regulatory guidance evolves, POIC will progressively expand its metrics, targets, and analytical depth to provide greater insight into climate-related risks and opportunities. Through this approach, POIC seeks to strengthen its resilience to climate-related impacts, support sound risk-based decision-making, and contribute to long-term sustainable value creation for stakeholders.

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