

Registration No.
199301022976 (277714-A)

FWD INSURANCE BERHAD
(Incorporated in Malaysia)

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

Climate resilience and operations

As a life insurance operator, we believe we have a role to play in building climate resilience in Malaysia. With extensive coastlines and low-lying territories, Malaysia's topography makes it susceptible to physical climate risks such as intensified floods and storms. Higher temperature also negatively affects human health and food security through impacts such as decreased agricultural productivity and increased prevalence of vector-borne diseases. At the same time, policy makers and business leaders across the region have begun to formulate adaptation strategies to address these challenges. As the world moves towards a lower carbon economy, transition risks, including those associated with policy, legal, technological and market disruptions, may arise for our business.

FWDIB leverages on FWD Group ESG and climate action strategies to guide all actions in managing and adapting to climate-related risks. Through understanding potential risks and prioritising actions, not only do we build climate resilience across our business, but we also support our customers and communities in adapting to climate induced events that may affect their livelihoods.

This chapter outlines our climate strategy, our management of climate risks, our targets, and how we measure our performance.

1. Task Force on Climate-related Financial Disclosures

We start our climate disclosures referencing the recommendations of the Task Force on Climate-related Financial Disclosures ("TCFD"), underpinned by scenario analysis and the identification of climate risks and opportunities. The TCFD recommendations are structured around four core elements on how companies operate - governance, strategy, risk management, and metrics and targets.

Governance

The FWDIB Board of Directors ("The Board") has ultimate accountability for our overall approach towards climate change. The Board is supported by board-level committees and the Enterprise Risk Management Committee ("ERMC") formed by FWDIB Management Teams in providing oversight of climate-related issues, including establishing the overall direction and performance of our climate strategy as well as proper management of climate-related risks and opportunities.

Each function is delegated with specialised responsibilities that assists the Board in managing climate-related issues across the organisation. For example, the Board Risk Management Committee ("BRMC") advises the Board on the identification, measurement, monitoring and management of material climate risks. The ERMC provides quarterly updates to the BRMC and Board on the progress of implementing the ESG strategy, which includes climate actions.

To ensure Board awareness on the latest trends and issues on climate change, we have planned to include climate topics in the Board training schedule from 2025 and implement on it as Board competency is important for climate risk management.

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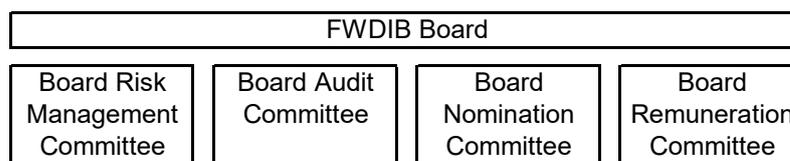
Climate resilience and operations (continued)

1. Task Force on Climate-related Financial Disclosures (continued)

Governance (continued)

Climate-related risk considerations are incorporated into FWDIB's ERM process and our Climate Risk Management Policy sets out the framework for key principles on management of climate risks. It also defines the roles and responsibilities for management of climate risk across FWDIB. The BRMC has delegated authority from the Board to oversee the identification, measurement, monitoring and management of material ESG risks, including climate risks. The BRMC is supported by our Risk Management function who is responsible to establish climate risk management methodologies and processes. The BRMC reports to the Board on such matters at least four times a year.

Board Oversight



Management Oversight



FWDIB ESG Strategy, Performance, and Implementation



FWDIB ESG Implementation Workgroup is supported by representatives from Risk Management, Marketing, Investment, General Administration and Human Resources Departments to ensure close alignment of ESG strategy with our business goals and resource allocation.

Our Group ESG value creation scorecard helps us to monitor the progress and impact of our ESG strategy. FWD Group has a dedicated group-wide ESG function ("Group ESG") to support the implementation of Group ESG strategy and initiatives. Group ESG works with FWDIB teams and functions to track and monitor material ESG issues through Group ESG value creation scorecard, provide advice on ESG-related issues and progress ESG reporting and disclosure.

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Climate resilience and operations (continued)

2. Climate strategy

FWDIB is committed to reducing our environmental footprint and align our climate action strategy with achieving the goals of the 2015 Paris Agreement. We adopt a holistic approach to developing decarbonisation strategy and targets that are in-line with the latest climate science.

We adopted FWD Group's climate action strategy as a guidance for our decarbonisation efforts around five areas:

- i. managing carbon risk in our investment portfolio and our everyday operations;
- ii. diversifying into new and emerging opportunities in high-growth sustainable sectors and industries;
- iii. adopting a digital-first and cloud-first infrastructure to reduce our carbon footprint and enhance product accessibility for our customers;
- iv. supporting initiatives to promote natural climate solutions and climate resilience; and
- v. supporting research that will benefit our customers and communities under a changing climate.

Going forward, we will continue to monitor developments on climate change at both a global and a local level to take appropriate actions in response.

Our climate action strategy focuses on five areas

- i. Manage carbon risk
 - Reducing financed emissions through a sector-based approach
 - Engaging with issuers for greater transparency on how they are transitioning their
 - Reducing our own day-to-day operational emissions
- ii. Digitisation, cloud-first & customer journey
 - Our digital-first and cloud-first infrastructure will help reduce our own day-to-day operational emissions, and make our products more accessible for our customers
- iii. Diversification
 - We will leverage opportunities to invest in new, emerging and high- growth sustainable sectors and industries
- iv. Natural climate solutions
 - We will support investor-led and community-led initiatives to promote natural climate solutions and climate resilience
- v. Air quality, decarbonisation & health
 - Reducing air pollution levels will reduce the disease burden on our local communities, as well as improve the environment. With this in mind, we'll continue to research and define the multifaceted benefits of climate action

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Climate resilience and operations (continued)

3. Climate risk management

At FWDIB, we are continuing to develop the way we identify, assess and manage climate-related risks. The management of climate risk is part of the overall ERM Framework.

We have defined the risk management process in five steps:

- (i) Risk identification;
- (ii) Risk assessment;
- (iii) Risk response;
- (iv) Risk monitoring and review; and
- (v) Communication and improvement.

The risk management process enables us to identify risks it is exposed to and provides guidance on how the risks are to be mitigated or transferred.

Risk identification: We undertake risk identification to systematically and comprehensively identify any risks in our process, leveraging our people, tools and capabilities to capture the risks that FWDIB is exposed to.

Risk assessment: Risk assessment is performed by classifying risks into different levels. We then assess the impacts against their inherent, residual and expected risks – considering the current control environment and future mitigation actions.

Risk response: Based on the results of risk assessment, response measures are determined to manage risk in accordance with our risk appetite

Risk monitoring and review: Risk monitoring describes our process of assessing whether FWDIB is in control of its risks. Risk monitoring is a continuous process to measure and evaluate the effectiveness of our internal controls; to determine whether any risks are within our risk appetite and in line with our desired levels; and whether policies, minimum standards and regulations continue to be adhered to.

Environmental and Climate Risk is classified as one of the sub-risk factors in FWDIB major risk categories of Strategic Risk. FWDIB has expressed the Risk Appetite Statements for Environmental and Climate Risk as follows:

Appetite Statement: FWDIB accepts the long term risks posed by climate change (e.g. physical and transition risk) where it is identified, assessed and incorporated into the business planning process.

Actionable Statement: FWDIB have identified the risks posed by climate changes and incorporates climate-related assessments into key strategic planning processes and decisions. We will continue to monitor climate-related risks and concentrations, and assess and mitigate the impacts to the FWDIB's long term strategy.

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Climate resilience and operations (continued)

3. Climate risk management (continued)

Climate-related risks and opportunities

In anticipating the emerging climate-related risks and potential impacts, we have actively conducted a climate risk assessment to identify and assess our exposure to the related physical, transition and liability risks.

Climate change risks emerge over a longer time frame than is reflected in traditional reporting. In assessing the longer-term risks of climate change, we categorise the time periods during which specific risks may emerge into the following categories:

- Short-term: 0 to 1 year
- Medium term: 1 to 5 years
- Long term: 5 years and beyond

While climate change will lead to a wide range of related risks, our process identified the following risks which we consider most relevant for life and health insurers:

Risk from regulatory, legislative and disclosure expectations: The pace and volume of new climate-related regulations could pose compliance and operational challenges. For example, these may impact us through additional compliance costs, impacts of the financial performance of investments we hold, requirements on products we sell or through resource allocation. We are closely monitoring the regulatory developments across the region. (Short, Medium and Long term)

Risk to our investment portfolio: Our investment portfolio is exposed to transition risk, which can result in increased uncertainty in performance due to heightened price volatility and reduced liquidity. We continually monitor our exposures within the investment portfolio and manage investment risks in a manner that aligns with our ESG strategy and policyholder interests. (Medium and Long term)

Risk to our policyholders and products: Extreme weather events and long-term change in climate patterns may negatively impact the health and livelihood of our customers, potentially resulting in changes in mortality, morbidity and persistency of our portfolio. Changing customer expectations influenced by climate change may also impact the demand for products and the perception of the brand. As we continue to enhance our understanding of climate-related risks, the longer-term impact of climate change will be considered when developing products and adjusting our pricing structures. (Long term)

Risk to our daily operations: Extreme weather events could have physical impacts or disruptions to our branches and offices. We have undertaken an assessment on the exposure of our offices and branches to severe flooding or typhoons and the immediate risk exposure is not significant. We also have appropriate business continuity plans in place to maintain our ability to service our customers. (Long term)

We assess climate-related opportunities on an ongoing basis in line with our broader business strategy. We proactively monitor market conditions, regulatory developments, consumer needs and consider these in our business plans.

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Climate resilience and operations (continued)

3. Climate risk management (continued)

Scenario analysis and stress testing

We continue to adapt the Climate Risk Scenario and included it as one of the Group Prescribed Scenarios for FWD Group Own Risk and Solvency Assessment (“ORSA”) and Business Planning Stress and Scenario Testing processes. This scenario references various climate stress testing exercises of regulators/ climate related organisations, which have been adapted for FWDIB.

This scenario considers both transition and physical risks. Through the scenario analysis, we gain an understanding of the impact of climate risks on our business, and we develop further strategies to mitigate the risks, which paves the road towards a low-carbon and more sustainable society.

FWDIB has also considered the material climate-related risks when assessing the internal capital adequacy over relevant time horizons during the implementation of Internal Capital Adequacy Assessment process (“ICAAP”). This includes evaluating the impact of climate-related risks that may negatively affect the capital position as part of ICAAP.

FWDIB is in the midst of preparing the long-term assessment based on the BNM 2024 Climate Risk Stress Testing Exercise Methodology Paper. We are engaging an external consultant to advise and perform the BNM stress test scenarios and parameters. Stress parameters will be developed using variables provided by BNM by combining tailored insight arising from the workshop with our actuarial and risk team and the consultant’s expert judgement to translate the qualitative scenario narratives into quantified stress parameters. The consultant will provide the final report and guide us in completing the BNM submission template by December 2025.

Targets and milestones: transitioning towards a low-carbon economy

FWDIB’s approach towards climate change is set out in FWD Group’s climate action strategy. We support the global transition towards a low-carbon economy to help achieve net-zero by 2050 in an orderly, just and inclusive manner. In 2023, FWD Group has worked with FWDIB to study our greenhouse gas (“GHG”) emission profile across both our investment portfolio and our operations. The findings have enabled us to progress our journey to integrating ESG considerations into both our investment process and across our operations.

As an asset owner, we recognise the impact we have through the investments we make and actively engage our fund managers to drive progress towards decarbonising our investment portfolio. At the same time, we maintain a relatively low office footprint due to the nature of our business and our digitally-enabled infrastructure. We will continue to find ways to be more energy-efficient and embed low-carbon practices into our operations.

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Climate resilience and operations (continued)

3. Climate risk management (continued)

Targets and milestones: transitioning towards a low-carbon economy (continued)

In 2024, FWD Group introduced a series of measures on improving the robustness of our ESG data. These measures include the implementation of a more structured data governance and management process, updating our internal ESG data management guidelines, as well as strengthening the awareness of the employees responsible for ESG data across our business. FWD Group also launched a new centralised lease management system to help track key property information across all our markets. Going forward, we will continue to work on improving the accuracy and comprehensiveness of our ESG data for more meaningful comparisons over time.

We measure and monitor environmental performance through Group value creation scorecard and work closely with our business units to build operational resilience to climate change impacts. We monitor our own operational emissions, which include, scope 1 (direct emissions from mobile combustion from own mobile vehicles) and scope 2 (indirect emissions from the purchase of electricity) GHG emissions. We calculate these emissions using the GHG Protocol Corporate Accounting Standards and report our scope 2 emissions in line with the GHG Protocol Scope 2 Guidance.

As of December 2024, electricity consumption continues to be the largest contributor to our scope 1 and 2 emissions, accounting for 99% of our reported GHG emissions.

Snapshot	2024 (Q1 – Q4)	2024 (Q2 – Q4)	2023 (Q2 – Q4)*
Scope 1 (MT CO ₂ e)	1.3	1.2	0.3
Scope 2 (MT CO ₂ e)	282.9	207	217.5
Total GHG emissions (Scope 1, & 2)	284.2	208.2	217.8
Total GHG emissions intensity (MT CO ₂ e/employee)**	1.21	0.89	0.80

* FWDIB started to track emissions from Q2 2023, upon the completion of the merger acquisition. We have included the Q2 – Q4 2024 GHG emission numbers for comparison purposes. A year-on-year reduction in total GHG emissions from 2023 (217.8 MT CO₂e) to 2024 (208.2 MT CO₂e) was achieved. The increase in absolute Scope 1 emissions was attributed to the fuel consumed in a company vehicle acquired in Q4 2024 and an increase in total GHG emission intensity in 2024 is due to staff reduction from 273 employees at the end of FY 2023 to 234 employees at the end of FY 2024.

** Employees include all employees (full time and part time) as of 31 December of the respective year.

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Climate resilience and operations (continued)

3. Climate risk management (continued)

Reduce our own day-to-day emissions

During 2023, FWD Group developed Sustainable Operations Framework (SOF) to assist FWDIB in taking practical actions to decarbonise throughout our entire office lifecycle. The SOF outlines a consistent approach to integrating sustainability and wellness elements into our office spaces, from site selection and lease negotiation, to fit-out and ongoing operations.

In 2024, the office relocation of FWDIB was selected to pilot the SOF. Sustainability considerations were incorporated from the site selection stage through to the fit-out stage which included details on energy and water efficiency as well as the use of sustainable materials within the office. The new office is situated within good access to public transportation to help reduce emissions as a result of commuting to and from the office.

We also continued to accelerate our cloud adoption strategy. In 2024, FWDIB achieved more than 95 per cent cloud adoption rate. As we progressively move away from on-site data centres, we work closely with our two key partners, AWS and Microsoft, to reduce our carbon emissions through their commitments to operate their data centres using 100 per cent of electricity from renewable energy sources.

Phase out thermal coal by 2030

We aim to ensure the long-term sustainability of our investments. Since 2023, we have adopted the Sustainable Investment Guidelines from FWD Group. As part of our sustainable investment approach, we are working to phase out investments in thermal coal and exit by 2030, which includes no new thermal coal investments. FWDIB has collaborated with fund managers to support the investment effort adopted from FWD Group. For 2024, FWDIBs portfolio has not been flagged for any thermal coal exposures requiring phasing out.

Reduce financed emissions

We recognise the advantages of a comprehensive investment portfolio carbon footprint calculation as an important measure for assessing climate transition risks and facilitating sustainable decarbonisation strategies. In 2024, FWDIB continues to benefit from the foundations FWD Group built in 2023, where the Group partnered with an external consultant to strengthen the financed carbon footprint calculations, aligning the process with the Partnership for Carbon Accounting Financials calculation methodology. FWD Group has also built an automated platform to integrate carbon emissions data into FWD's proprietary investment management system after validating and enhancing data from multiple vendors. In this way, we are able to reliably track and monitor our investment portfolio carbon footprint and how we progress towards future targets.

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Climate resilience and operations (continued)

3. Climate risk management (continued)

Reduce financed emissions (continued)

Based on the portfolio analysis undertaken, FWDIB adopted FWD Group's stewardship prioritisation framework to facilitate engagement with high emitters and accelerate portfolio decarbonisation objectives. The framework aims to assess issuers with the highest climate transition risk scaled from not-aligned to net-zero following the Net Zero stewardship toolkit developed by the Institutional Investors Group on Climate Change ("IIGCC"). We do this by setting out a categorisation of net-zero criteria, alignment levels, and track progress over time.

Given the complexities of the Asian energy transition, the Group has realised that comprehensive decarbonisation will take time and require action from all stakeholders across both the public and private sectors. To support sustainable development, we will need to balance our decarbonisation practices and make provisions for a just and inclusive transition. This is why our preferred approach to facilitate portfolio decarbonisation is through engagement.

Eliminate commodity-driven deforestation

Earlier, FWD Group stated we would endeavour to manage biodiversity risk and deforestation from our investments by 2025. To improve our understanding and develop guidelines, the Group actively participated in the Principles for Responsible Investment ("PRI") Sustainable Commodities Practitioners Group since its inception in 2021. In 2024, FWD Group participated in the PRI's Nature Reference Group, formed the prior year with the aim of building investor capacity for addressing nature and biodiversity loss by providing a forum for signatories to advance their awareness of nature-related impacts, dependencies, risks and opportunities. As the wider community evolves frameworks and thinking around biodiversity risks, FWD Group will seek to develop similar biodiversity and deforestation-related guidelines to manage risks for our portfolios.

FWDIB will continue to support FWD Group initiatives for sustainable development and energy transition in all our markets through collaborative and collective engagement.

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Climate resilience and operations (continued)

2024 Climate-related KPIs and Metrics

Climate resilience: Transitioning towards a low-carbon economy

	2024 (Q1 – Q4)	2024 (Q2 – Q4)	2023 (Q2 – Q4)*
Climate			
Absolute GHG emissions			
Scope 1 GHG emissions (MT CO ₂ e)			
Mobile combustion (owned vehicles)	1.3	1.2	0.3
Scope 2 GHG emissions (MT CO ₂ e)			
Purchased electricity (Location-based)	282.9	207	217.5
FWDIB total Scope 1 + 2 (MT CO₂e)	284.2	208.2	217.8
Intensity GHG emissions (by employee)			
Employees (headcount)**	234	234	273
Scope 1 GHG emissions (MT CO ₂ e/employee)	0.01	0.01	0.00
Scope 2 GHG emissions (MT CO ₂ e/employee)	1.21	0.88	0.80
FWDIB total Scope 1 + 2 (MT CO₂e/employee)	1.21	0.89	0.80

* FWDIB started to track emissions from Q2 2023, upon the completion of the merger acquisition. We have included the Q2 – Q4 2024 GHG emission numbers for comparison purposes.

** Employees include all employees (full time and part time) as of 31 December of the respective year.

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Climate resilience and operations (continued)

GHG and energy data

Information on data collection, scope, methodologies, assumptions and source of conversion factors used, for the reporting of emissions and energy consumption:

- GHG data includes scope 1 and 2 emissions from 1 January to 31 December 2024.
- FWDIB uses operational control to consolidate GHG emissions and follows the Greenhouse Gas (GHG) Protocol Corporate Accounting Standard (“GHG Protocol”).
- FWDIB has operational control over an operation (e.g. office facility) if FWDIB has full authority to introduce and implement operating policies. This includes corporate offices that FWDIB manages and operates for own use, agency offices where FWDIB determines the office location and establishment. Operations that do not fall under this scope include general agency and bancassurance partners.
- Scope 1 GHG emissions include direct emissions that occur from energy sources that are owned or controlled by the company, such as combustion of fuels in mobile sources (i.e. motor vehicles).
- Scope 2 GHG emissions include indirect GHG emissions from the generation of purchased electricity consumed by our office operations.
- Carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O) are included in our GHG calculations.
- The global warming potential rates used also follow GHG Protocol which refers to IPCC Fifth Assessment Report (AR5). FWDIB uses GHG emissions conversion factors for purchased electricity from the International Energy Agency (“IEA”).
- Where possible, actual consumption data, supported through primary data sources were used to calculate emissions, a small amount of consumption data was estimated using a proxy-based methodology since reporting was established.
- Where estimations are required, the following methodology was used:
 - If actual data existed for previous month, pro-rated daily consumption was used to estimate consumption for the following month based on number of days to be accrued that month.
 - If actual data for the premises did not exist for more than a 2 month period or was unavailable because there were no independent meters or was included in rental costs, then the intensity ratio by square meter from the same month of a similar premises in the same region would be used to estimate monthly consumption.
- All intensity ratios by employee include all employees (full time and part time) as of 31 December of the respective year.