GENERALI LIFE INSURANCE MALAYSIA BERHAD CLIMATE-RELATED FINANCIAL DISCLOSURE

2024

Introduction

With the Climate-Related Financial Disclosure Report, Generali Life Insurance Malaysia Berhad (GLIMB) aims to provide stakeholders with relevant information of the approaches to climate change and management of the risks and opportunities it brings.

GLIMB welcomed the efforts of the Task Force on Climate-Related Financial Disclosures (TCFD) established by the Financial Stability Board (FSB) and Climate Risk Management and Scenario Analysis (CRMSA) by Bank Negara Malaysia (BNM).Starting from Financial Year 2024, GLIMB commits to disclose the impacts of climate change on our activities, which is aligned with Generali Group's Strategy on Climate Change.

The assessment of the climate-related impacts on the business is a complex activity and the methodologies for the effective reporting on these aspects are still evolving. This exercise is a starting point to the progressive refinement and sophistication of our analysis and disclosure.

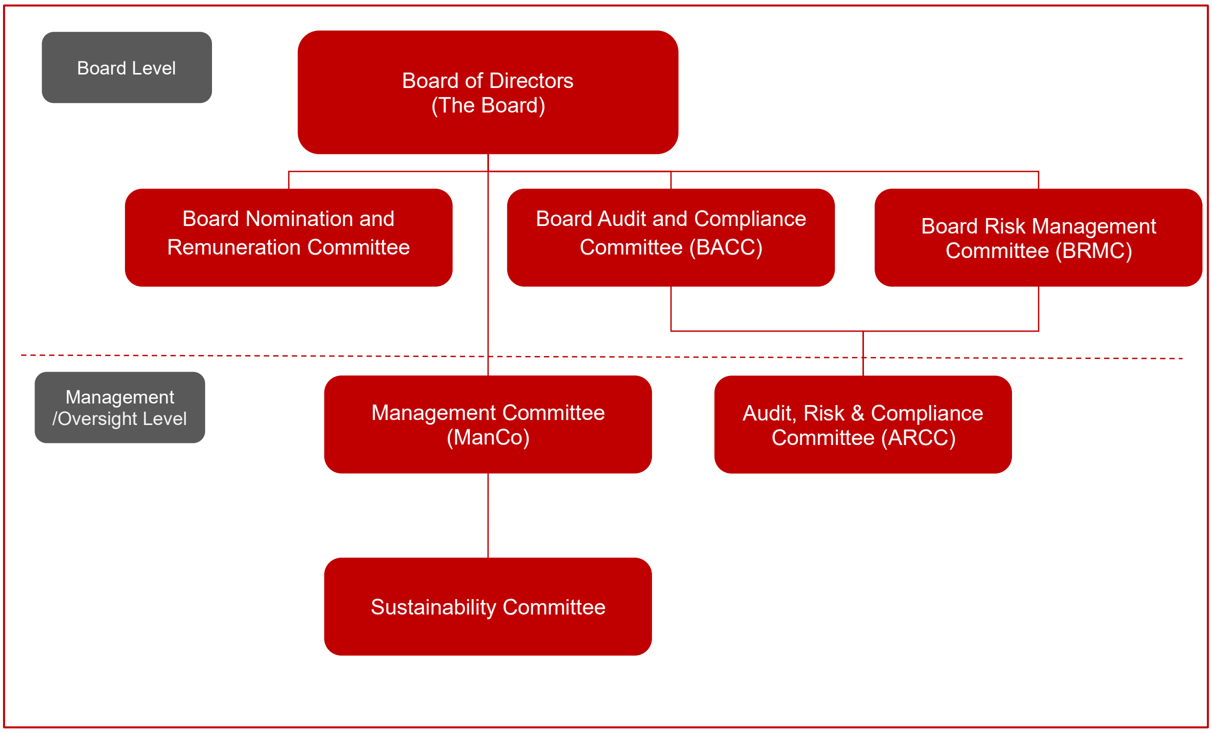
The data and information included in this Disclosure are organised as to illustrate how the company is implementing TCFD's recommendations: **Governance**, **Strategy**, **Risk Management**, and **Metrics and Targets**.

1.0 Governance

At Generali Life Insurance Malaysia Berhad (GLIMB), climate-related governance is overseen by the Board of Directors (Board) and senior management via the Management Committee and supported by Audit, Risk and Compliance Committee as well as the Sustainability Committee in addressing Climate topics, initiatives and its risk and opportunities.

The board and senior management exercise effective oversight of climate-related risk activities to safeguard GLIMB against the adverse impacts of climate change and promote just and orderly transition of business activities. By integrating climate and other sustainability considerations into GLIMB's business strategies, the Board ensures that the company's actions contribute positively to a sustainable future, aligning with global sustainability goals and regulatory requirements.

Climate-related governance structure



1.1 Board Oversight

1.1.1 Board of Directors (Board)

The Board promotes sustainability and resilience against the challenges posed by Environmental, Social and Governance (later refer to ESG) through evaluating risks and opportunities and approving GLIMB's strategies and business plan.

The Board, assisted by the Board Risk Management Committee, oversees management of climate-related risks and sustainability, where there will be regular and timely updates to the Board on a half-yearly basis.

1.1.2 Board Risk Management Committee (BRMC)

BRMC serves as the dedicated Board-level committee to oversee all matters related to climate risks by promoting a just and orderly transition. Together with the Board, BRMC reviews the maintenance and development of a strong risk management framework by continuously monitoring the risks faced by GLIMB, including the mitigation actions planned and taken.

In addition, BRMC monitors the risk profiles for all risk categories within the businesses and functions, including climate risk. Sustainability updates are presented in BRMC on a half-yearly basis to ensure that the climate-related risks and sustainability are actively discussed and remained up-to-date on its development.

1.2 Management's Role

1.2.1 Management Committee (ManCo)

ManCo, comprises Chief Executive Officer and key senior officers within the organisation, is responsible in executing and monitoring day-to-day management and embedding climate-related strategies and opportunities as part of GLIMB's business strategy and processes.

ManCo implements strategies to build climate resilience and capacity in addressing risks from climate change through continuous learning and development.

1.2.2 Sustainability Committee

Sustainability Committee acts as the Management-level body in deliberating, reviewing and implementing the sustainability strategy, including climate initiatives.

Sustainability Committee oversees the implementation of plans and actions to support the Company's strategies to build climate resilience and manage climate-related risks in promoting sustainability culture among staff, organises initiatives and activities to raise awareness and preparedness towards climate change.

1.2.3 Audit, Risk and Compliance Committee (ARCC)

ARCC is the local oversight committee established with the purpose of reviewing audit, risk and compliance issues faced by the Company.

ARCC ensures alignment amongst the control functions and management on transversal topics including management of climate risk and initiatives. Deliberations, recommendations and decisions, where applicable, will be escalated to the relevant board level committee.

ARCC identifies and addresses risks including ESG that could potentially impact brand and reputational damage which may lead loss of business and market share.

1.3 Board Credentials and Training

Board Nomination and Remuneration Committee (BNRC) takes into consideration the required competencies to achieve its corporate objectives and fulfil its fiduciary responsibilities during annual review of the effectiveness of Board and individual directors.

In carrying out its oversight activities, the Board recognises the importance of having members from diverse backgrounds with multi-discipline knowledge and experience, which include sustainability, as follows:

Skills and experience	Number of Directors*
Finance & Accounting	6
Banking & Insurance	4
Risk & Governance	5
Business Strategy & Investment	7
Digital & Technology	5
Legal & Regulatory	3
International Experience	4
ESG and Sustainability	2

Note: including resigned director*

Below is the summary of the trainings on relevant topics that have been attended by the Board in 2024:

	Induction[1]	Risk, Compliance, Cyber-security	Strategy, Corporate Gover-nance	ESG	FIDE
Mr. Choong Tuck Oon	○	○	○	●	●
Mr. Fabrice Claude Joseph Bénard	●	●	●	●	○
Mr. Fong Seow Kee	○	●	●	●	○
Mr. Pushpanathan A/L S.A. Kanagarayar (Ken)	●	●	●	●	○
En. Irwin Bin Mohd Eusoff [2] (appointed w.e.f. 25 November 2024)	○	○	○	●	○
En. Abdul Malek bin Said (resigned w.e.f 24 November 2024)	○	○	○	●	○
Datuk Khairul Anuar Bin Yahya	○	●	●	●	○
Ms. Chong Kwai Ying	○	●	●	●	○
Datin Zaimah Binti Zakaria	●	●	●	●	○
Dr. Sharlene Thiagarajah	○	●	●	●	○

Legend: ● Training attended in 2024

[1] Induction programme was delivered through formal briefings and introductory sessions to board members by senior management and others. Topics covered include Overview of the Company, Finance, Investment, Appointed Actuary & Actuarial Department, Agency, Bancassurance and Risk Management. This programme is mandatory for new board members only.

[2] All Directors, required by Bank Negara Malaysia, have attended and completed the "Financial Institutions Directors' Education Programme" (FIDE Programme), save for new appointed director who will attend in 2025.

Mandatory sustainability trainings for all staff were completed through We LEARN, Generali's digital learning platform, which are as follows:

We LEARN Course	Completion Rate	
	Senior Management	Staff
The Sustainability Awareness Journey	100%	100%
The Climate Awareness Journey	100%	100%

These trainings cover topics such as climate change, sustainable business practices, and the importance of reducing our environmental impacts.

By embedding sustainability into the learning framework, the staff are equipped with sustainability knowledge to improve the sustainability performance.

1.4 Sustainability and Climate-related Discussions

Sustainability (ESG) updates are provided half-yearly to BRMC and the Board which cover:

#	Areas	Description
1	CRMSA Implementation Plan	Status update on the action plan to close the gap toward the CRMSA requirement.
2	Climate Change and Principle-based Taxonomy (CCPT)	Deliberate the Investment exposure position as per CCPT Classification.
3	Carbon Footprint	Deliberate the methodology to be adopted, and emission for disclosure.

CRMSA Implementation Plan

GLIMB performed the gap assessment towards compliance with the CRMSA released in 2023. An implementation plan covering the action plans for Governance, Strategy, Risk Appetite, Scenario Analysis, Metrics and Targets, and Disclosures was established and approved by the Board. These action plans are tracked and reported to the Management and BRMC.

Climate Change and Principle-based Taxonomy

BNM has issued the CCPT document on 30 April 2021 to encourage mobilisation of capital and financial flows to facilitate orderly transition to low-carbon and climate resilient activities. GLIMB remains committed to classify the investment assets to align with the CCPT classification and report to BNM on half-yearly basis.

Carbon Footprint

Plans and initiatives have been put in place GLIMB to track the carbon footprint as a crucial part of sustainable implementation and started to quantify the Greenhouse Gas (GHG) emissions for the financial year 2024. Please refer to Section 4.1 for further details on GLIMB's GHG emissions.

1.5 Sustainability and Climate-linked Remuneration

A component of the variable remuneration of the relevant management depends on the results achieved in the implementation of the Generali Group Strategy on Climate Change.

2.0 Risk Appetite and Strategy

This section defines GLIMB's approach and Strategy in terms of climate risk management.

Area	Appetite / Strategy
Life Underwriting / Insurance	GLIMB provides coverage to all customers and does not place restrictions on access to life insurance based on climate considerations, including for Employee Benefit business. On the potential long-term impact of climate risk, GLIMB accepts this risk and will actively manage any change or development in insurance risks particularly mortality and morbidity risks as a result of climate change.
Investment	As part of Generali Group, GLIMB excludes issuers with poor ESG practices, representing higher sustainability and reputational risks, from its investment. In promoting a just and orderly transition, GLIMB does not intent to take drastic actions but will ensure a gradual approach in its transition towards greener counterparties. For new investments, GLIMB has no appetite to invest in companies which are part of Generali Group's ESG restriction list. For existing holdings, GLIMB has an appetite to maintain these investments until maturity and will only reduce exposure where there are opportunities.
Procurement / Outsourcing	GLIMB engages its material outsourcing service providers to identify and manage any potential physical, transition risks e.g. reputational risk that may arise as a result of unfavourable or lack of climate practices. In promoting a just and orderly transition, GLIMB does not intend to take drastic actions e.g. immediate change of outsourcing service providers but will ensure a gradual approach in ensuring orderly transition towards more sustainable and climate-resilient practices.
Reputational	As part of Generali Group, GLIMB expects to sustain its reputation, which depends on the perception and expectations of stakeholders. GLIMB recognises that sudden and disorderly transition to more climate-resilient practices may potentially result in higher reputational risk and thus will ensure climate-related initiatives are gradually rolled out as part of our commitment to a just and orderly transition.
Business Continuity Management (BCM)	As per the Business Continuity Management Framework, the current view of the company's risk appetite on BCM, which includes any climate-related events is described below: • A comprehensive Business Continuity Plan (BCP) must be developed which covers all critical business activities in the event of a major disaster or possible emergence of a pandemic or infectious disease. • Timely communication to staff and relevant stakeholders during the time of disaster. • All systems for the Critical Business Functions (CBF) should set up within its agreed Recovery Time Objective (RTO) and

Area	Appetite / Strategy
	Maximum Tolerable Downtime (MTD) in supporting the Minimum Business Continuity Objectives (MBCO). The BCP should be periodically tested in a simulated environment to ensure that it can be implemented in emergency situations and that the management and staff understand how it is to be executed.

2.1 Strategy

GLIMB reviews its business strategy in a timely manner to take into account material developments in their management of climate-related risks.

- Annual Strategic Plan

  As part of the annual strategic planning process, GLIMB identifies and assesses the potential impact of climate-related risks and opportunities when developing the business strategies in order to make informed forward-looking decisions when navigating structural changes in the business environment during the transition towards a low-carbon economy.

- Climate-related Targets

  Internal climate-related targets are set to ensure that GLIMB has a clear goal in place in terms of its contribution towards supporting an orderly transition towards a low-carbon economy. These internal targets are set by Senior Management team and approved by the Board.

  Upon approval, these are communicated and cascaded to all staff in GLIMB. This is to promote effective understanding and coordination with appropriate levels of accountability and oversight across functions.

2.2 Climate-Related Risks and Opportunities

Climate change is a material megatrend with complex impacts in different geographies and different sectors. Climate-change risks can be divided into:

- physical risks, arising from the worsening of catastrophic events such as storms, floods, heat waves and progressive manifestation of chronic events, such as temperature and sea-level rise;
- transition risks, arising from the economic developments generated by the transition to a greener economy, with lower or virtually zero levels of greenhouse gas emissions, in addition to legal and litigation risks.

Climate change provides opportunities for GLIMB to develop mitigation and adaptation strategies in meeting the climate objectives and targets over the medium and long-term horizon:

Climate Risk Analysed	Impacts	Opportunities
Physical	• Increase in insurance claim payouts • Decrease in investment portfolio value • Implications on business continuity	• Opportunity to develop climate-resilient investment portfolios through enhanced risk management and diversification. • Innovation in resilient infrastructure and technology • Vendor selection and opportunity for operational resilience
Transition	• Increase costs, reduce margins • Losses from repricing of financial assets • Shrinkage of market related to carbon-intensive businesses • Litigation losses • Negative reputation	• Expanding investment strategies to capitalise on emerging sustainable sectors and technologies. • Leveraging sustainable investments practices to meet growing market demand for ESG-compliant solutions.

3.0 Risk Management

3.1 Risk Management Cycle

Climate risks pose uncertainties to the business and may be closely linked to other risks faced by GLIMB. Thus, a comprehensive risk management process is required to ensure that all impact of climate-related risks on existing risk types such as credit, market, liquidity, operational, insurance underwriting and reserving, strategic, reputational, and regulatory compliance risks are well identified and assessed.

Climate risks are considered as part of the risk management cycle, which includes identifying, measuring, monitoring, and controlling material risks.

To ensure effective management of these risks, GLIMB aims to continuously develop its internal capabilities including data capabilities, tools and methodologies through:

- Identifying, collecting and improving the quality and granularity of climate-related data and metrics by using an increasingly wider range of global and domestic sources, including public sources, scientific reports, third-party products and services and proprietary data collected from customers and counterparties;
- Using appropriate qualitative and quantitative risk management tools to measure and manage climate-related risks under business-as-usual and stress conditions;
- Ensuring risk management approaches are forward looking when managing climate-related risks under different time horizons over the long term, which includes enhancing capabilities on scenario analysis; and
- Strengthening practices on model risk management in line with an increasing use of models to manage climate-related risks.

3.1.1 Risk Identification and Measurement

In identifying and measuring climate-related risks, GLIMB will:

- map the transmission from climate-related risks such as physical, transition and liability risks to financial and non-financial risks to assess materiality, likelihood as well as concentration of risks, if any. GLIMB identifies the potential impact of climate-related risks through its Top-down (Corporate Risk Profiling) and Bottom-up (Risk Control Self-Assessment) risk exercises.
- compute climate-related metrics, such as GHG emissions (Please refer to section 4.1 for further information) and translate these metrics into financial impact to develop climate-related risk metrics;
- use scenario analysis to inform the risk identification and measurement process under different time horizons;
- assess climate-related risks along multiple key dimensions to identify current and potential concentration of risks;
- enhance the existing due diligence policy and process to adequately identify and evaluate climate-related risks at the inception of a contractual relationship and on an on-going basis, at the portfolio, counterparty and transaction levels;

- engage with material customers and counterparties to develop a better understanding of their exposures to climate-related risks, track record, as well as their commitment and transition strategies in managing these risks;
- collect and aggregate climate-related financial risk data across the financial institution while ensuring that the aggregated data is accurate and reliable.

3.1.2 Risk Monitoring and Controls

As part of the management of climate-related risks, GLIMB actively monitors and reports climate-related risks to ARCC and BRMC on a regular basis. GLIMB will:

- progressively use a range of quantitative and qualitative metrics, which at minimum shall include climate-related metrics such as GHG emission (please refer to section 4.1 for the details) and climate-related risk metrics such as exposure to physical and transition risks;
- integrate climate-related metrics and corresponding risks metrics into the existing risk monitoring, reporting and escalation framework to support effective decision making when managing climate-related risks, which shall include monitoring the approved risk appetite, business strategy, business plans and climate-related targets;
- include metrics that are forward looking in order to pre-emptively detect and respond to current and potential climate-related risks;
- reflect the appropriate dimension and granularity, by considering at minimum, the concentration of climate-related risks by portfolios, economic sectors, geographical locations and material customers and counterparties, where applicable;
- include vulnerabilities of internal operations to climate-related risks;
- provide early-warning signals and thresholds in order to take remedial actions to manage climate-related risks in a pre-emptive manner; and
- monitor the implementation remedial actions and potential non-compliance with the financial institution's polices on climate-related risks.

3.2 Scenario Analysis

Scenario analysis is often used in the context of climate risk management given the uncertainty and complexity associated with the future outcomes of climate change and challenges to the financial sector that have not yet materialised.

In addressing climate resilience over the long term, GLIMB uses scenario analysis to assess the impact of climate-related factors and resilience of business strategies to material climate-related risks under a range of time horizons and plausible climate pathways.

BNM issued Climate Risk Stress Testing (CRST) Exercise in Feb 2024 which states the requirement of completing the CRST exercise by 31 December 2025 using three long-term climate scenarios: Net-Zero 2050 (NZ2050), Divergent Net Zero 2050 (DNZ2050), and Nationally Determined Contributions (NDCs), where this will provide GLIMB opportunities to build capacity in addressing the climate change and to evaluate its risk management strategies and stress testing approach for assessing the climate-related risk.

3.3 GLIMB's Three lines of Defence

The first line of defence in GLIMB lies with its business units, whose role is to identify and manage risks associated with their day-to-day operations. The first line of defence is responsible for driving climate initiatives from a business perspective e.g. achieving long-term sustainability targets, reduction in Greenhouse Gas emissions, etc in line with those defined by Board.

The second line of defence is provided by the Company's independent risk management and compliance functions. The Risk Management function undertakes climate-related risk assessments and monitoring, independent of the first line of defence. The Compliance function entails ensuring adherence to applicable laws, regulations and internal policies.

The third line of defence is provided by an independent Internal Audit function. This function provides independent review and objective assurance of the quality and effectiveness of the overall internal control framework and systems, the first and second lines of defence and the risk governance framework taking into account changes in methodology, business and risk profile, as well as the quality of underlying data.

4.0 Metrics & Target

4.1 Greenhouse Gas ("GHG") Emissions

GLIMB is committed to achieving net-zero greenhouse gas (GHG) emissions by 2050, reflecting its alignment with global sustainability goals and climate change mitigation efforts. GLIMB shall define its interim targets by 2025.

GLIMB's GHG emissions is defined and calculated according to the principles of the GHG Protocol – A Corporate Accounting and Reporting Standard and PCAF (Partnership for Carbon Accounting Financials). Both are recognised by the sustainability reporting standard related to climate change and reported in the table below:

GHG Emissions (in tCO_2e)	**2024**	**2023**
Scope 1: Direct Emissions		
- Mobile Combustions	11	8
Scope 2: Indirect Emissions		
- Purchased Electricity	315	363
Scope 3: Other Indirect Emissions		
- Category 6: Business travel	65	46
- Category 7: Employee commuting	260	275
Total GHG Emissions (in tCO_2e)	**650**	**692**

Emission Category		**Scope and methodology**
Scope 1		Scope 1 emissions are direct emissions that occur from sources controlled or owned by GLIMB (amongst others, emissions associated with company fleet vehicles).
Scope 2		Scope 2 emissions are indirect GHG emissions associated with the purchase of electricity which is generated by the energy supplier of GLIMB.
Scope 3		Scope 3 emissions are all indirect GHG emissions (not included in Scope 1 and 2) that occur in GLIMB's value chain, including upstream and downstream emissions.
	Category 6	Indirect GHG emissions that result from business-related travel activities, such as flights, car rentals, and train journeys, undertaken by a company's employees.
	Category 7	Indirect GHG emissions produced by employees as they travel between their homes and workplaces.

4.2 Investment

GLIMB is committed to supporting the just transition of economy by investing in solutions that support mitigation and/or adaptation to climate change, gradually reducing its investments in companies involved in the most carbon-intensive activities and using engagement approaches to push issuers to adopt sound decarbonisation strategies with the following actions:

- For direct investment, Negative screening (Restricted List) contains exclusions where new investment is not permitted.
- For indirect investment, ESG criteria for selection and monitoring of asset manager/ undertakings for collective investment which contains the following requirements:

Investment strategy with adequate climate-related objective and CCPT requirements; and adequate level of transparency and disclosure on them.

- In line with the commitment to support the climate transition, GLIMB started its journey in SRI funds to align its investment with sustainability value, seeking both financial return and a positive impact on the investment on ESG.

Metrics and targets on investment:

Target	Metric	Metric Value as at 31/12/2024	Target level to achieve
Decarbonisation of corporate bonds portfolio	Total Investment in Negative screening (Restricted List)	108.0m	No new investment and divestment* of existing exposure
Support to the Climate Transition	New Sustainable and Responsible Investment (SRI) Funds	3 funds	Successfully launched the SRI funds in 2024

Note: Divestment means opportunistic selling if equity investments or maturity without renewal if bonds.*

5.0 Mapping of the Climate-related Financial Disclosure against the TCFD Framework

In order to facilitate the use of this document, below is a prospectus of the GLIMB Climate-related Financial Information with respect to the Pillars, Recommendations and Recommended Disclosures of the TCFD.

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